

1. Industry and Company

1.1 Industry

The Australian automotive industry comprises of - motor vehicle manufacturers, retailers, suppliers and researchers that design, develop, manufacture and innovate motor vehicles (electric and traditional) (IBIS World, 2020). The Electric Vehicle (EV) industry has witnessed a boom in the past few years, despite the impact of COVID-19. The rise in trends towards sustainability, and greener products are factors that influence the increase of sales (Deloitte, 2020).

1.2 Company

Tesla was founded in 2003 and named after Nikola Tesla (The Street, 2020). It expanded to Australia in 2008 and had a taxing journey to encourage consumer shifts to EV and contend with the current automotive market (The Sydney Morning Herald, 2021). The consumers find Tesla expensive for the value it provides and prefer traditional cars (The Sydney Morning Herald, 2021). The evolution of the brand can be found in Appendix Figure 1.

2. Competitor Analysis

In terms of marketing positioning in EV industry, Tesla is defined as a modern, innovator and market disrupter and competes with traditional (BMW, Mercedes) and new entrants (Volkswagen) (Appendix Figure 2). Tesla accounts for over 70% of all EV sales in Australia in 2020, while Model 3 accounts for two-thirds of these sales (Renew Economy, 2020). Whilst Mercedes Benz came in second with their C-class by selling over 6,000 vehicles. BMW 3, came in third with 3,000+ sales (Renew Economy, 2020). Furthermore, Volkswagen aims to compete with Tesla using their newly launched EV – VW ID that is more affordable (Automobile Mag, 2020).

3. Key Challenges

3.1 Brand loyalty to competitors is a challenge for attracting middle-aged customers

Tesla focuses on 46-54 years old business executives that are considered wealthy and in the upper-middle class (Hedges & Company, 2019). Most of these middle-aged people have their own home and may have purchased other car brands before. Some of them would like to be the

early adopters that they consider Tesla's vehicles as prestigious and part of their lifestyle, but others may still prefer other familiar car brands due to brand loyalty.

3.2 Consumer anxiety over driving range and charging

Tesla targets families and travellers by selling Model S and X equipped with spaciously aligned seats (Tesla, 2021). This offer is attractive for vacations and holidays. However, according to a survey in Australia, accessibility to charging equipment and driving range per charge are factors that discourage consumers from purchasing an electric vehicle (Electric Vehicle Council, 2020). Almost 80% of customers who indicated a range of less than 400km per charge underestimate the range of EVs where the actual range varies from 260-650km (Electric Vehicle Council, 2020).

4. Marketing Programs

4.1 Promotion

In comparison with competitors, Tesla's marketing spend is fairly low (Fox, 2021). Tesla attracts consumers by using co-collaborative methods; firstly, the Tesla's referral program, if existing consumers introduce new customers to Tesla, the introducer and the new buyer can avail rewards for battery purchases (Tesla, 2021). This has improved Tesla sales drastically ("Top Tesla referrers", 2021).

Secondly, Tesla uses social media to educate and engage with consumers. Tesla limits promotion to product information and technology releases. Although Elon Musk, the CEO is a renowned influencer for Tesla on Social Media (Folschette, 2021).

4.2 Place

Tesla is the only vehicle manufacturer without a traditional dealership system (Tesla, 2021). Products can only be sold online, while offline stores are for product education. Hence, consumers avoid push selling by salesmen. With transparent selling channels, consumers are more involved and informed. This contemporary service channel design helped Tesla win the "best consumers satisfaction" among vehicles for four years since 2017 (Nedelea, 2021).

4.3 Price

Price is an obstacle for Australian consumers to buy EVs (Budget Direct, 2020). 35.5% of consumers believe that if the price of EVs is the same as that of diesel/gasoline vehicles, they will consider buying EVs. The average cost of a new car is \$40,128 in Australian market (Biro, 2020). Although Tesla has made strides to produce a cheaper model, it does not appeal to the current market. With the differentiation strategy, Tesla focuses on luxury EVs that cost more than \$100,000 which is much higher than similar products. Therefore, due to the price sensitivity of Australian consumers towards EVs, Tesla's EV faces challenges in the Australian market.

4.4 Product

Tesla adopts a disruptive strategy to improve its competitiveness, thus its investment in R&D is three times that of traditional automakers (Pressman, 2016). Tesla leverages product automation, quality and value-added benefits to create demand; customers can co-collaborate with Tesla to customise a car that suits their needs rather than choosing from a narrow pool of options provided by traditional manufacturers. Moreover, Tesla supports regular software updates, which increases the value of owning a Tesla (Furrier, 2020). In addition, Tesla is an innovative leader company in self-driving. Now, the technology assists the driver with a few functions but aims to generate a fully self-driving car in the future (Bloomberg, 2020).

5. SWOT Analysis

5.1 Strength

The leading automotive company

Tesla has been the leading EV brand since it entered the Australian market in 2012 (Joshua, 2021). According to Australian national registration, up to December 2020, 9,588 Tesla EV have been registered. From 2019 to 2020, Tesla sold approximately twice as many EVs compared to all other direct competitors combined (Joshua, 2021). This significantly benefits Tesla's brand awareness, and market impact in Australia.

5.2 Weakness

Low productivity

Due to production complications and limitation in supplying materials, Tesla's production was reduced by 31% in 2019 (Scheyder, 2021). Tesla's CEO Elon Musk admitted that low productivity due to limited battery supply that significantly affects the sales of Tesla (Joshua, 2021). Unable to meet the market demand in the long-term could deplete customers' enthusiasm for Tesla, and cause switching.

5.3 Opportunity

Environmentally friendly product has an enormous potential market in Australia

Australian customers are well-educated about environmental protection and lean towards greener choices. According to the Australian government's EV market study, EV sales in Australia will rise to 70,700 in the next five years, and the trend (Appendix Figure 3) will exponentially rise over the next decades (Australian Electric Vehicle Market Study, 2018).

5.4 Threat

Lack of regulation and policy support

The Morrison government lacks policies to encourage EV uptake, such as tax cuts policy for purchasing EV or infrastructure plan to include more superchargers (Lewis, 2021). The do-nothing approach resulted in low EV consumption, only 0.6% of new vehicle sales in Australia compared with a global average of 4.2% (Lewis, 2021).

Overall, despite the challenges, Tesla may capture the marketing opportunity: high/potential demand in Australia.

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7. Appendix

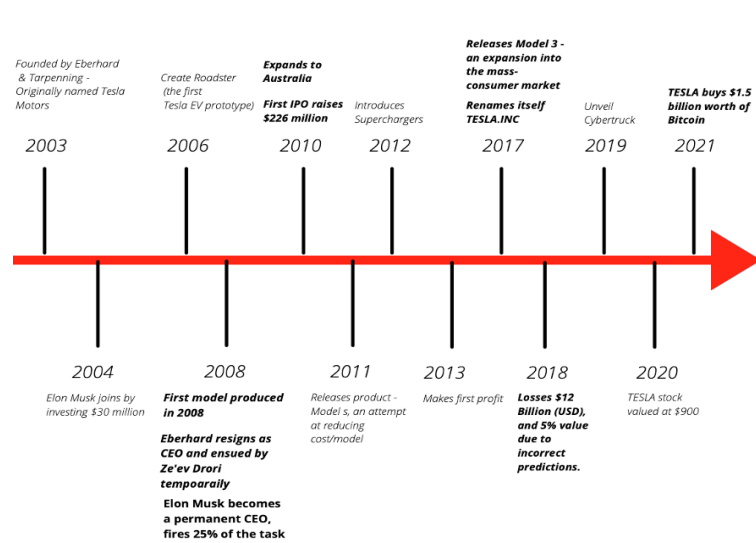


Figure 1. Brief Timeline of Tesla (The Street, 2020; IBIS World, 2020)

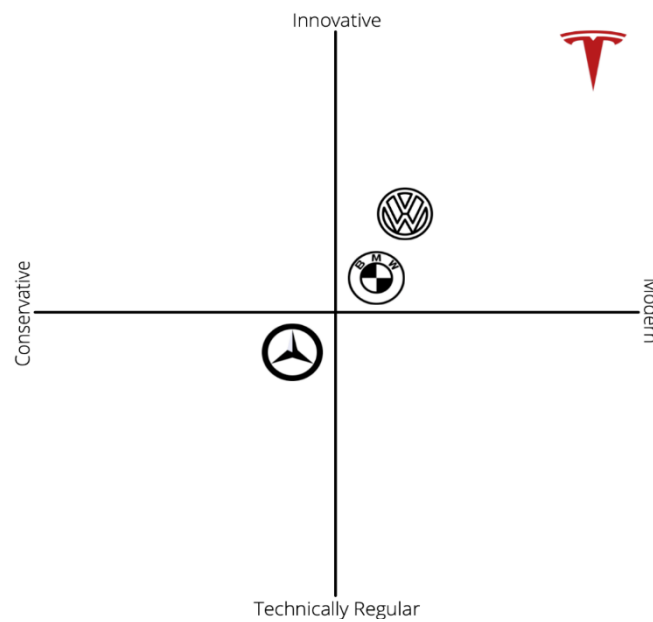


Figure 2. Perceptual Map (Renew Economy, 2020; Automobile Mag, 2020)

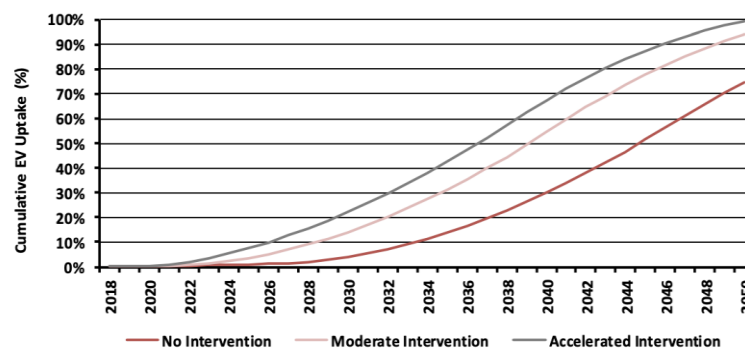


Figure 3. EV Sales Expanding Trend (Australian Electric Vehicle Market Study, 2018)