A Study of Tesla’s International Marketing Strategy Based on the STEPPS Model

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Abstract. This essay delves into the success story of Tesla, a company that has become the most valuable automotive brand globally. Drawing from articles highlighting Tesla’s journey and strategic initiatives, the essay provides actionable insights for businesses across industries. Tesla’s marketing strategy, as detailed in the articles by Arun and Cezim, challenges conventional norms. The company’s “zero-dollar” marketing approach leverages word-of-mouth promotion through innovative product features, direct sales, and the charismatic presence of CEO Elon Musk. This approach emphasizes the power of creating a buzz through product excellence and customer advocacy. Furthermore, the essay explores how Tesla adeptly incorporates the ‘STEPPS’ model into its marketing strategy, creating a sense of prestige and anticipation among Tesla owners. Elements like Social Currency and Triggers have played pivotal roles in enhancing the brand’s appeal and fostering word-of-mouth promotion. Tesla’s commitment to sustainability, another key theme in the articles, aligns with the global trend toward eco-friendly practices. The company’s focus on eco-friendly features and solar-powered technology integration reflects a dedication to environmental responsibility. Overall, this essay emphasizes the importance of embracing technological advancements, fostering a culture of innovation, strategic planning, deep market understanding, and sustainability as essential components of Tesla’s success. These strategies offer a roadmap for businesses aiming to excel in today’s competitive business landscape. Tesla’s journey is a compelling example of visionary leadership and strategic innovation.

Keywords: Tesla, International Marketing Strategy, STEPPS Model.

1. Introduction

According to Statista, Tesla, established in 2003 and based in California, was the most valuable automotive brand globally and ranked fourteenth among the most valuable brands across all industries as of June 2023. In 2022, Tesla led the battery-electric vehicle market in sales. Despite the global automotive semiconductor shortage, Tesla’s vehicle deliveries reached a record high of 1.31 million units in 2022 and have continued to grow year-over-year [1]. An article on Simplified mentioned that Tesla stands as an illustrious and triumphant entity within the realm of electric vehicle manufacturing, and its sphere of influence extends across the globe. The undeniable attainment of this exceptional accomplishment owes its existence to the company’s meticulous, well-thought-out, and precisely executed strategic initiatives. These strategies have underpinned Tesla’s ascent and fortified its position as a preeminent force in the electric vehicle industry, transcending geographical boundaries and captivating the attention of a vast and discerning global clientele. Moreover, Tesla strategically set itself apart from industry rivals and positioned itself as a venerable authority. This strategic prowess emanates from a meticulously devised branding strategy, the efficacy of which is manifested in Tesla’s pervasive influence and market ascendency. This essay will delve into the significant correlations between the “STEPPS Model” and Tesla’s strategy, which have propelled it to achieve a global presence. Within the scope of this academic exploration, a comprehensive investigation unfolds, elucidating Tesla’s strategic paradigm in conjunction with the “STEPPS Model.” The principal aim herein is to discern the intricate interplay between Tesla’s strategies and the resultant outcomes, notably the attainment of robust financial profitability and the cultivation of a commanding brand presence. This analytical odyssey navigates the terrain of strategic underpinnings that have propelled Tesla into the echelons of remarkable profitability and heightened brand recognition.
Anchored in the framework of the STEPPS Model, this examination dissects each constituent element with precision. Through a meticulous examination of the symbiotic relationship between Tesla’s strategic initiatives and its meteoric ascent on the global stage, valuable insights surface. When adroitly harnessed, these insights possess the potential to engender transformative growth for a spectrum of brands aspiring to replicate a trajectory of success and expansion. Thus, this endeavor transcends the contours of a singular case study, epitomizing the scholarly exploration of knowledge transferable to diverse business milieus, which catalyzes their prosperity and advancement [2].

According to Arun, what may come as a surprise is that Tesla is globally renowned for its “zero-dollar” marketing approach. While unconventional, this approach leverages the advantages inherent in Tesla’s operations and skillfully applies them to its marketing methods. Arun delves into Tesla’s target audience and marketing mix, encompassing the four Ps of Product, Price, Place, and Promotion. It highlights Tesla’s diverse car models, impressive eco-friendly features, and the integration of solar-powered technology into their energy systems, symbolizing a commitment to innovation. Remarkably, Tesla departs from traditional franchising, opting to establish company-owned showrooms and galleries in strategic urban areas. This direct sales approach is intertwined with customer service, forming the bedrock of Tesla’s unique retail strategy. Elon Musk, Tesla’s CEO, assumes a central role in enhancing the company’s market visibility. His active engagement on social media and propensity for generating online buzz significantly contribute to Tesla’s marketing efforts. Ultimately, Arun mentioned that Tesla’s marketing success is attributed to its online buzz, the charismatic presence of its CEO, and the quality of its products, underscoring the potency of word-of-mouth marketing in achieving global success [3].

Moreover, Cezim mentioned that Tesla takes a unique approach to marketing, avoiding traditional paid methods like social media ads. Instead, the company partners with influencers to boost visibility. For instance, a Chinese influencer named Viya live-streamed a Tesla model in 2020, attracting 4 million viewers. Despite these changes, Tesla’s core focus isn’t on paid options. The company prioritizes building strong connections with people, emphasizing sustainability in marketing and R&D, shaping public opinion about its role in a sustainable future, and cultivating brand appeal and advocacy. In summary, Tesla’s marketing strategy emphasizes these principles rather than paid advertising [4].

While the majority of articles concerning Tesla’s marketing tend to focus on analysis and praise of its strategy, this essay endeavors to delineate the nexus between Tesla’s triumphant marketing strategy and its alignment with the ‘STEPPS’ concept. This article will meticulously scrutinize how Tesla employs the ‘STEPPS’ framework to foster word-of-mouth promotion. It will offer recommendations for other electric vehicle manufacturers or traditional oil companies seeking to transition to electric vehicle production, outlining how they can leverage a similar strategy for success.

At the outset, this essay will meticulously examine Tesla’s adept incorporation of the ‘STEPPS’ method into its overarching marketing strategy. A thorough and systematic analysis will dissect each distinct component within the ‘STEPPS’ framework. This critical exploration will unveil how these constituent elements have played a pivotal role in Teslas’s concerted efforts to disseminate word-of-mouth promotion, ultimately contributing to its remarkable ascent as a prominent global entity.

Furthermore, this scrutiny will delve into the essence of Tesla’s core competencies, which have proven elusive for other analogous companies to emulate, let alone surpass. Tesla’s ability to harness, hardness, and amplify the impact of the ‘STEPPS’ method underscores the intricate synergy between its marketing prowess and its enduring market dominance.

By delving into the nuanced intricacies of Tesla’s strategic implementation of ‘STEPPS,’ this essay sheds light on the blueprint of success that enabled Tesla to thrive in a competitive landscape. Moreover, this essay aspires to offer invaluable insights for other entities in the electric vehicle sector and traditional oil companies contemplating a transition to electric vehicle production. These insights will pave the way for a strategic roadmap, enabling them to harness a similar approach to achieve their milestones of success in the evolving automotive industry.
2. Case Description

During the first quarter of 2023, Tesla’s market share in three major regions - the United States, Canada, Europe, and China - continued its upward trajectory, surging to new record levels. This remarkable performance indicates Tesla’s sustained growth and popularity in the global electric vehicle market.

In the United States and Canada, Tesla’s market share, as per trailing twelve-month data, is now hovering just below the 4 percent mark. This represents a notable increase from the already impressive 3.5 percent recorded three months earlier. The surge in Tesla’s market share is attributed to the consistently increasing sales of Tesla electric vehicles (EVs). Moreover, the prospect of further growth is bolstered by introducing a new wave of price reductions, poised to push the market share beyond the 4 percent milestone. Notably, during the first quarter of 2023, the Tesla Model Y emerged as the best-selling non-pickup truck passenger vehicle in the United States, underlining the brand’s popularity and appeal.

In Europe, Tesla’s market shares also experienced a positive uptick, moving from over 2 percent in the fourth quarter of 2022 to approximately 2.5 percent in the first quarter of 2023. This growth is significant, especially considering the competitive landscape of the European automotive market. Furthermore, in a remarkable feat, the Tesla Model Y claimed the title of the best-selling vehicle overall in Europe during the same period, solidifying Tesla’s position as a dominant force. China, despite presenting its unique set of challenges, saw Tesla making strides by slightly increasing its market share. Tesla achieved a 2 percent market share in the country for the first time. This achievement can be attributed primarily to Tesla’s unwavering commitment to increasing its sales volume, culminating in a new record of 422,875 units sold during the first quarter of 2023. It’s noteworthy that in some cases, Tesla’s market share growth outpaces the overall market, even in the face of market fluctuations. Looking ahead to the rest of 2023, Tesla remains poised for further expansion. The company has set ambitious targets, with a potential production and sales volume reaching 1.8 million units. However, forecasting in today’s highly volatile economic landscape is uncertain. Tesla’s long-term vision revolves around achieving a remarkable average year-over-year growth rate of 50% in electric car sales. The company has been steadily working towards this objective since early 2021, with 2023 expected to be another year of substantial anti-growth. Tesla’s ability to consistently meet and exceed these targets underscores its position as a pioneering force in the electric vehicle market. In a testament to its enduring success, Tesla has achieved cumulative sales of more than 4 million electric cars globally since 2008. Moreover, the company’s 12-month production rate has surpassed 1.4 million units annually, with nearly 1.7 million units produced in the first quarter alone, as shown in Figure 1 below.
In summary, Tesla’s dominant presence in the international electric vehicle market is characterized by its growing market share in key regions and a commitment to substantial growth. As the company sets its sights on ambitious production and sales targets, it continues to shape the future of the automotive industry with its innovative electric vehicles and unwavering commitment to sustainability [5].

3. Analysis on the Problem

Analyzing Tesla’s Application of the “STEPPS” Framework in Its Marketing Approach and Suggested Strategies for Other Companies:

To incite word of mouth about a product or idea, Professor Jonah Berger posits that it must possess intrinsic allure, compelling individuals to engage in discussions. This captivating quality can emanate from the product or idea or be meticulously crafted within its marketing campaign. Berger’s research reveals six attributes constituting his STEPPS marketing strategy. These six attributes encompass Social Currency, Triggers, Emotion, Public, Practical Value, and Storytelling. By adeptly incorporating these attributes into the marketing strategy, word-of-mouth propagation can be effectively harnessed and amplified, leading to a heightened impact on product or idea dissemination and engagement. This essay will delve into Social Currency and Triggers’ impact on Tesla’s marketing strategy.

3.1. Social Currency and Tesla’s Innovative Approach

For the social currency, Tesla’s innovative business model, akin to that of a software company, sets it apart from traditional automakers. The company continually develops its vehicles through software updates, much like how tech giants like Apple or Microsoft enhance their products. This approach creates a buzz around Tesla, with owners eagerly anticipating and discussing each software improvement. This aligns with the social currency attribute, as Tesla owners gain a sense of prestige and currency by being part of this ongoing innovation. Moreover, Tesla’s streamlined purchasing process empowers consumers, giving them control over their buying journey. This customer-centric
approach fosters positive word of mouth as individuals share their hassle-free buying experiences, a classic example of social currency. Tesla’s commitment to battery technology and green initiatives taps into the prevailing trend of environmental consciousness. Owning a Tesla is seen as a socially responsible choice, aligning with the global shift toward sustainability. This association with an eco-friendly lifestyle enhances Tesla’s social currency, as consumers proudly discuss their contributions to reducing global warming [6].

3.2. Triggers in Tesla’s Marketing

Elon Musk serves as the key “trigger” for Tesla’s word-of-mouth promotion, aligning with Jonah Berger’s STEPPS marketing framework. While shareholder advocates for traditional advertising, Musk’s non-traditional methods, supported by his prolific online presence, effectively steer Tesla’s narrative. Musk’s disdain for conventional advertising doesn’t signify an aversion to promotion. Instead, he harnesses alternative channels such as social media, public relations, and digital communication to shape public opinion and attitudes toward Tesla. His 35 million Twitter followers and his knack for generating headlines and stories about Tesla in various media outlets serve as powerful tools to drive brand awareness and positive perceptions. Traditional advertising alone may not guarantee significant brand impact in today’s dynamic media landscape. Data suggests that many award-winning ads fail to translate into tangible sales results. Tesla’s shareholder emphasizes raising brand awareness and value, but Musk’s approach aims beyond mere awareness. By consistently showcasing Tesla’s innovations, achievements, and environmental responsibility through multiple media and devices, Musk fosters a holistic and multi-dimensional brand image that appeals to a diverse audience. Musk’s strategic use of non-traditional advertising channels has enabled him to wield a “Wonderboy bat” in the modern media landscape, ensuring that Tesla remains in the public consciousness without substantial advertising expenses. This approach aligns with the evolving nature of advertising, where a multifaceted approach, driven by innovative leaders like Musk, can be more effective than traditional advertising methods [7].

Tesla’s remarkable success in word-of-mouth marketing holds valuable lessons for other companies seeking to replicate this strategy. Tesla’s approach encompasses various facets that businesses across industries can adapt. One key aspect of Tesla’s strategy is its ability to capture attention and create buzz through headline-grabbing moves like product launches. While these moves may not always be about immediate profitability, they serve the purpose of building innovation capital. Other companies can learn from this approach by using impression amplifiers to materialize their ideas and create positive impressions. Additionally, Tesla’s core strategy involves transforming the entire product ecosystem. This includes not just the product itself but also the architecture, components, and system-level considerations. Tesla’s unique hardware and software architecture and focus on controlling bottleneck components like batteries give it a competitive edge. Furthermore, Tesla’s investment in a charging network demonstrates its commitment to resolving system-level limitations, which can hinder technology adoption. Other companies can emulate this by addressing complementary components and enhancing the user experience. In conclusion, companies seeking to learn from Tesla’s marketing strategy should focus on building innovation capital, using impression amplifiers, and adopting a holistic approach encompassing product architecture, bottleneck components, and system-level considerations. By doing so, they can effectively spread word of mouth and drive innovation within their industries [8]. What’s more, Tesla’s unwavering focus on customer experience is paramount. They prioritize customer satisfaction by creating welcoming, non-commissioned sales centres and delivering a seamless, personalized buying process. Emulating this approach, companies should aim to craft enjoyable customer journeys in physical and online spaces to enhance overall satisfaction and generate positive word-of-mouth.

The innovative Tesla referral program stands out as a powerful word-of-mouth generator. Rewarding customers for referring new buyers has sparked substantial buzz. Organizations should consider establishing similar referral programs and offering enticing incentives to motivate customers to advocate for their brand. Elon Musk, Tesla’s CEO, actively engages with customers on social
media, addressing concerns directly and building trust. Companies should harness social media platforms and CEO engagement as channels for direct customer interactions and relationship-building, fostering brand loyalty. Furthermore, Tesla leverages the concepts of exclusivity and scarcity by adopting a made-to-order model and capitalizing on high demand, creating anticipation and perceived value. Other companies can adopt similar strategies by introducing limited editions or customization options, cultivating anticipation through limited releases and pre-order initiatives. Additionally, Tesla’s commitment to accelerating the world’s transition to sustainable energy resonates strongly with its audience, driving brand loyalty. Businesses should identify a purpose that aligns with their target audience and seamlessly integrate it into their brand identity to foster a similar sense of purpose-driven loyalty. Tesla’s practice of inviting journalists and influencers for test drives and reviews garners substantial media attention. Collaborating with influencers or media outlets and seeking cross-promotion opportunities can significantly increase brand visibility. Tesla’s meticulous tracking of key metrics, such as Net Promoter Score (NPS) and customer satisfaction, guides its decision-making. Implementing similar metric-tracking systems and using the insights to refine products and services is crucial. Lastly, Tesla’s unwavering commitment to authentic messaging, even during challenging times, fosters trust among its customer base. Upholding transparent and authentic communication in all customer interactions can strengthen brand credibility and, in turn, drive word-of-mouth marketing.

By adopting these lessons from Tesla’s marketing playbook, companies can cultivate organic word-of-mouth marketing, bolster brand advocacy, and establish enduring customer relationships [9].

4. Suggestions

4.1. Embracing Technological Advancements

Embracing technological advancements is not merely an option for businesses in today’s fast-paced world but a necessity. Tesla’s success serves as a prime example of how staying at the forefront of emerging technologies can lead to market dominance [10]. Companies should allocate substantial resources to research and development to replicate this success. This investment should not be considered a cost but a strategic imperative. It’s essential to actively scan the technological landscape to identify trends and innovations that can be harnessed to create better products or services. For instance, Tesla’s focus on battery technology revolutionized the electric vehicle industry. The company invested heavily in developing high-performance, cost-effective batteries, which improved their cars’ range and efficiency and made EVs more accessible to a broader consumer base. By dedicating resources to such innovative technologies, companies can position themselves as pioneers in their respective industries [10].

Additionally, fostering partnerships with tech startups and research institutions can provide access to cutting-edge advancements. Tesla, for example, collaborated with researchers and leveraged talent from organizations like SpaceX to accelerate its electric vehicle and battery technology. Such partnerships can be instrumental in gaining a competitive edge.

4.2. Cultivating a Culture of Innovation and Leadership

Tesla’s ascent to prominence is intrinsically linked to its culture of innovation and its visionary leadership [11]. Companies can learn from Tesla’s example by actively cultivating a similar environment. Firstly, innovation should be ingrained in a company’s DNA. It’s not enough to have an innovation department or occasional brainstorming sessions. Innovation should be an ongoing, company-wide endeavor. This involves creating forums for employees to share ideas, fostering cross-functional collaboration, and establishing processes for evaluating and implementing innovative concepts. Moreover, leaders must champion innovation from the top down. It’s essential for executives and managers to not only support but actively participate in the innovation process. This involvement sends a clear message to the workforce that innovation is a core company value. Leadership also plays a pivotal role in creating a culture of risk-taking. Tesla’s CEO, Elon Musk, is
known for taking bold risks and challenging conventional wisdom. While not all risks will pay off, a culture encouraging calculated risk-taking can lead to breakthrough innovations. In addition to encouraging innovation, leadership should also prioritize diversity and inclusion. Diverse teams are more likely to generate various ideas and perspectives, which can be a wellspring of innovation. Tesla’s diverse workforce, drawn from across the globe, reflects this principle.

4.3. Strategic Planning for Success

Tesla’s strategic prowess is evident in its use of analytical frameworks like Porter’s Five Forces and SWOT analysis. These tools have guided Tesla’s decision-making, from market entry to product development [12]. For companies seeking to replicate this success, strategic planning is not a one-time exercise but an ongoing process. It involves deeply understanding the industry landscape, competitors, and market dynamics. For instance, Porter’s Five Forces helps assess the competitive forces in an industry, including the bargaining power of suppliers and customers, the threat of new entrants, the threat of substitutes, and the intensity of rivalry among existing competitors. On the other hand, SWOT analysis delves into a company’s internal strengths and weaknesses as well as external opportunities and threats. By applying these tools rigorously, companies can identify areas where they can gain a competitive advantage. For instance, Tesla recognized the need for a robust charging infrastructure for EVs and invested heavily in building the Supercharger network [13]. This strategic move differentiated Tesla and addressed a significant barrier to EV adoption. Furthermore, strategic planning should not be confined to a select group within the organization. It should be a collaborative effort that involves input from various departments. Cross-functional teams can provide diverse perspectives and contribute to more robust strategies.

4.4. Understanding the Market

Tesla’s profound understanding of its market has been instrumental in its success. To replicate this achievement, companies must invest time and resources in comprehending their target market thoroughly. Market understanding extends beyond demographics. It entails deeply understanding consumer preferences, behaviours, and evolving trends. For instance, Tesla recognized early on that consumers were increasingly valuing sustainability, which led to the development of their electric vehicles and solar products. To gain these insights, businesses should employ a combination of qualitative and quantitative market research methods. Surveys, focus groups, and data analysis can provide valuable information about customer needs, pain points, and expectations. Moreover, staying attuned to emerging market trends is crucial. This requires continuous monitoring of industry publications, attending relevant conferences and events, and actively seeking customer feedback. Tesla’s keen awareness of the burgeoning demand for electric vehicles allowed the company to position itself as a leader in the industry. In essence, market understanding is an ongoing process that requires a commitment to staying connected with customers and the broader industry landscape.

4.5. Prioritizing Sustainability

Tesla’s commitment to sustainability aligns with a global trend toward environmentally responsible practices. Businesses can learn from Tesla’s example by recognizing that sustainability is a moral obligation and a strategic advantage. Sustainability practices encompass a range of initiatives, from reducing carbon emissions to conserving resources and promoting eco-friendly products. Tesla’s focus on electric vehicles and solar energy solutions exemplifies this commitment. By developing products that address environmental concerns, Tesla has attracted environmentally-conscious customers and contributed positively to the global sustainability agenda [14]. Companies should begin by assessing their environmental footprint and setting sustainability goals. This includes reducing waste, energy consumption, and greenhouse gas emissions. Tesla’s Gigafactories, powered by renewable energy sources, serve as a prime example of how sustainability can be integrated into core business operations [15]. Furthermore, businesses should communicate their sustainability efforts transparently to customers and stakeholders. For instance, Tesla’s annual Impact Report
provides detailed information about the company’s environmental initiatives and progress towards sustainability goals. Such transparency can enhance a company’s reputation and build trust among customers who are increasingly concerned about environmental issues.

In conclusion, Tesla’s success story provides a wealth of suggestions for businesses aiming to excel in their industries. By expanding upon these key strategies—embracing technological advancements, fostering a culture of innovation and leadership, strategic planning, market understanding, and prioritizing sustainability—companies can learn from Tesla’s achievements and chart their own paths to excellence in an ever-evolving business landscape. When implemented effectively and with a long-term perspective, these strategies can be instrumental in driving growth, innovation, and sustainable success.

5. Conclusion

In summary, Tesla’s extraordinary achievements underscored its exceptional strategic acumen, propelling it to the forefront of the electric vehicle industry and garnering global acclaim. Tesla’s evolution from its inception in 2003 to becoming the world’s most valuable automotive brand in 2023 stands as a testament to its visionary leadership and innovative strategies. Tesla’s distinctive marketing approach challenges conventional norms. The “zero-dollar” marketing strategy, articulated by Arun and Cezim, underscores the potency of word-of-mouth promotion facilitated by groundbreaking product features, a direct sales model, and the magnetic influence of CEO Elon Musk. This unconventional approach emphasizes the art of generating excitement through product excellence and enthusiastic customer advocacy. Furthermore, as elucidated in the articles, Tesla’s adept integration of the ‘STEPPS’ model sheds light on its ability to cultivate word-of-mouth promotion. Elements such as Social Currency and Triggers have been astutely harnessed to evoke prestige and anticipation among Tesla owners, amplifying the brand’s allure. Tesla’s unwavering commitment to sustainability resonates deeply with today’s eco-conscious consumers. Tesla’s dedication to eco-friendly features and the incorporation of solar-powered technology into energy systems align seamlessly with the global paradigm shift toward sustainability. These lessons derived from Tesla’s marketing and strategic prowess offer invaluable insights for businesses aspiring to emulate its success. Embracing technological advancements, fostering an innovative corporate culture, meticulous strategic planning, in-depth market understanding, and a resolute commitment to sustainability constitute the foundational pillars of Tesla’s triumph. Incorporating these strategies can empower businesses to navigate the complexities of the contemporary business landscape, drive growth, nurture innovation, and attain enduring success, much akin to Tesla’s illustrious journey in the electric vehicle industry.

References


