

LAUNCHING THE TESLA MODEL X IN THE U.S.A.: FROM WORD OF MOUTH TO MASS MARKETING?

Original written by Professor Ramon Diaz-Bernardo, Professor of Marketing at IE Business School, with the indispensable collaboration of IE Business School GxMBA Graduates Nelly Akhmedzhanova, Thomas Chaperot, Omar Chyou, Artem Kuchaiev, Rob Le Piane and Francisco Marcano.

The case was developed solely as the basis for class discussion. The authors do not intend to illustrate effective or ineffective handling of a managerial situation. The case is based on public sources of information. The characters, situations and opinions presented in the case are fictional and the information presented reflects the authors' interpretation of events and public information and serves merely to provide opportunities for class discussion.

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“Tesla Motors has no advertising, no ad agency, no CMO, no dealer network. And that’s no problem.” AdAge, June 2013

After many delays and reschedules during the last year, it seemed like Tesla Motors, the electric vehicle manufacturer, was ready to launch the new Tesla Model X at the beginning of 2015. Initially, Tesla planned for production to start by the end of 2013 and for deliveries to commence in 2014. However, in February 2013, the company announced that production had been rescheduled to begin by late 2014 in order to focus "on a commitment to bring profitability to the company in 2013" and to achieve their production target of 25,000 Model S cars in 2013.

In November 2013, Tesla confirmed the company expected to deliver the Model X in small numbers by end of 2014, with high volume production planned for the second quarter of 2015. However, Tesla announced again in February 2014 that in order to focus on overseas rollouts, the company expects to have production design Model X prototypes by the end of 2014, to begin high volume deliveries for retail customers in the second quarter of 2015.

Tesla was aiming to deliver 35,000 vehicles in 2014, up 55% over 2013 sales, and over 100,000 vehicles in 2015. By 2020, the Silicon Valley based automaker was aiming to ramp up global deliveries to half a million units annually.

At the end of 2014 Tesla's marketing department had received the green light to put together the marketing plan to launch the new Model X in the U.S. in 2015. The Tesla Model X sales objective for 2015 was 20,000 units, 80% in the U.S. market and 20% overseas. The Tesla model X was meant to be a big change in the company product portfolio and represented a big challenge for the company's marketing team. The Model X and its marketing campaign could eventually make Tesla grow and become a stronger player in the auto industry. Tesla was perceived by many industry experts as a "niche" player, an "outsider" in the car industry, and the launching of the Model X could be the moment when Tesla could change from being a "teenager" car producer to a "serious and grown-up" car manufacturer.

The new Model X and the expected growth in Tesla's sales objective for 2015 was creating stronger pressure in its very small marketing and sales team. Tesla had generated a revenue of \$175 million with a marketing staff of seven people. Tesla was proud of saying that the Model S was launched in 2012 with no advertising campaign. As an advertising industry executive explained, "While Tesla

Motors may not advertise in the traditional way of print ads or on-screen spots, Tesla does do it the old-fashioned way, which is by word of mouth.” The question then was whether the company could achieve its very ambitious sales objectives for 2015 without using mass media and “traditional” marketing campaigns to increase the number of potential buyers.

Could Tesla remain an “outsider” in the car industry launching its products with no advertising? Could they rely only on word of mouth when they wanted to sell 100,000 cars per year? Should they change their marketing strategy and create a stronger marketing team? Should they assign more resources to begin buying media space to create brand awareness? Should they move from being a company that used only word of mouth marketing to a company that used mass marketing as all the other firms in the car industry?

Those were the questions Tesla’s marketing team was asking themselves while preparing the new marketing plan to launch Tesla Model X in the U.S. in 2015 that they had to present to Tesla Motors’ Board of Directors before the end of 2014. They had to put together a marketing plan proposal to launch the new Tesla Model X that should achieve a very ambitious sales objective and they perceived it could be a moment when the Tesla Motors’ entire marketing strategy could change for good.

THE ELECTRIC VEHICLE (EV) MARKET IN THE US

In 2013, 15.5 million vehicles were sold in the U.S., with 7.8 million of those vehicles being cars. Furthermore, of those cars sold, approximately 500,000 were EV vehicles (i.e., 3.2%)ⁱ. This number includes HEV (hybrid electric vehicles), PHEV (plug-in hybrid electric vehicles) and pure EVs. Current global sales stand at 80 million vehicles with approximately 6.8 million HEV. Experts forecasted growth of EV sales up to 10% of global car sales by 2020, reaching 20% by 2030. The key markets for the electric vehicles sales were the U.S., Japan, Norway, UK, France, Germany.

EV production became a hot topic in a response to consumer concerns about volatile gasoline prices, energy efficiency and air pollution produced by emissions from vehicles with internal combustion engine. Governments were largely committed to EVs and encouraged consumers to buy electric cars by offering a number of incentives in the form of subsidies, tax credits, parking discounts, permission to use priority lanes (HOV), toll-free driving on toll roads, etc. These official initiatives helped to boost EV adoption across the possible target countries. EV owners in the U.S. were eligible for a \$7,500 federal tax credit plus a number of state-offered incentives.

Among the different car categories, the SUV type was under the most scrutiny because of its higher gas consumption. For example, the only fuel-efficient vehicle in the sport/luxury SUV segment was the Lexus RX400h, a hybrid vehicle.

A major impediment to the growth and expansion of EVs was the access to service stations and availability of electric charging stations. While the West and East Coasts of the U.S. remained the most EV-friendly, the middle of the country lagged behind. For Tesla owners, Supercharger stations were the best charging alternative as they were free of charge and were able to fill up a drained battery in 30 minutes, while regular charging points were usually used for an 8-hour overnight charge. By late 2014 there was a total of 99 Tesla supercharger stations in the U.S. and 27 in Europe. One of the key communication campaigns that Tesla did was on the ability to drive coast-to-coast. The coverage density of the Supercharging stations was to increase in 2015, to enable long-distance trips (cross-continent).

IN 2014, the EV industry was at its initial developing and growing stage. Market penetration depended on availability of charging infrastructure, access to service stations, volatility of oil prices, improved battery technology, driving range and costs. There were still no set standards for electric cars and battery packs and this provided opportunities for a new company like Tesla Motors to introduce technology standards.

TESLA MOTORS

Tesla Motors, Inc. was an American company that designed, manufactured, and sold electric cars and electric vehicle powertrain components. Tesla Motors was a public company that traded on the NASDAQ stock exchange under the symbol TSLA. In the first quarter of 2013, Tesla posted profits for the first time in its history.

Tesla Motors first gained widespread attention following their production of the Tesla Roadster, the first fully electric sports car. The company's second vehicle was the Model S, a fully electric luxury sedan, and its next vehicle was the Model X.

Tesla also marketed electric powertrain components, including lithium-ion battery packs to automakers including Daimler and Toyota. Tesla's CEO, Elon Musk, had said that he envisions Tesla as an independent automaker, aimed at eventually offering electric cars at prices affordable to the average consumer. A vehicle under \$40,000 was expected by 2017.

Tesla managed to carve out a niche as a manufacturer of fully electric premium/luxury sports cars with a sleek design, innovative technology, and a robust brand image. Tesla had demonstrated that creating electric vehicles was viable. From the very beginning of the company's life, Tesla Motors had created a marketing buzz and grasped the audience's attention heavily leaning on social media, blogging, celebrity endorsements, and viral marketing tools. Tesla makes its cars an object of desire.

Tesla quickly gained a competitive advantage over other automakers because of its technological innovations, free of charge Tesla-branded Superchargers stations, direct-to-consumer no-dealers sales, and innovative consumer financing options for up to 75% of the total vehicle purchase price.

From its inception in Silicon Valley to its sales network, the whole brand was connected to its clients, and in order to get direct feedback. Tesla's objective was to create a strong, favorable and unique brand association with customers to ensure that owning a Tesla car was a statement.

In many aspects, Tesla's strategy looks like a replication of Apple's strategy: the focus is not on the technological content but on the design and on the benefits for the client; it is a California-based company selling (and producing) disruptive products with an existing technology; the product unveilings are like Apple's shows, and the system is proprietary (plugs, charging stations) but it is still able to "communicate" with other systems.

THE NEW TESLA MODEL X

As stated on Tesla Motors' website <http://www.teslamotors.com/modelx>, "Model X is designed from the ground up to blend the best of an SUV with the benefits of a minivan, as only an electric car can. It is an automobile above category, built around the driver. It artfully provides unfettered performance and brilliant functionality."



The Tesla Model X was a full-size crossover utility vehicle (CUV) in development by Tesla Motors. The Model X was being developed from the full-size sedan platform of the Tesla Model S, and was to be produced at the Tesla Factory in Fremont, California.

The Model X will weigh about 10% more than the Model S and will share about 60% of its parts content. Tesla Motors expects to offer the Model X with a choice of two lithium-ion battery packs, rated at either 60 or 85 kWh (same choices are available for the Model S), and expects the performance model to be able to go from 0 to 60 mph (0 to 97 km/h) in about 4.4 seconds, outperforming many sports cars and the fastest CUVs as well. Model X's all-wheel drive system will use two motors (one for the front and the other for the rear wheels), unlike conventional AWD systems which only have one source of power. The Model X was planned to be available in rear-wheel drive, but the release of rear-wheel drive models was canceled and models are only available in four-wheel drive. Model X had 265-mile range and battery swapping capability.

The Model X features rear articulated (hinged) gull-wing doors marketed as falcon doors. The doors open upward allowing the leading edge of the door to remain tucked close to the car. Tesla's website says the falcon-wing doors will ease egress for passengers. The Model X offers room for seven adults and their luggage in three rows of seating and two trunks, front and rear.

Tesla Model X seeks to bridge the gap between four concepts: luxury, performance, functionality and fuel-efficiency. It seeks to compete in a space where no other automaker currently does.

From a competitor standpoint, in the SUV luxury segment where Tesla Model X intends to compete, the biggest share is owned by Mercedes-Benz (17.5%), BMW (17.3%), and Lexus (15.4%). Therefore, we can identify the following indirect competitors in the luxury SUV segment: Range Rover (prices starting from \$86k), Mercedes' non-AMG models (prices starting from \$62k), Lexus LX570 and GX460 (\$81k and up), Porsche Cayenne and Audi Q7 and Q5. On the "fuel-efficient" side, Tesla's visible competitors are Toyota's RAV4, an EV (103 miles) at \$50k, and two hybrid SUVs, the Lexus RX450h, and the Porsche Cayenne Hybrid.

Non-SUV EV autos worth mentioning are sedan-type hybrid cars like the Chevrolet Volt with 35 miles range electric / 375 miles overall at \$35k, 45% market share; Toyota Prius PHEV 12 miles range in EV mode at \$30k, 25% share; and the full-electric Nissan Leaf (73 miles range) priced at \$29k with global sales totalling \$83k in September 2013. They are followed by Mitsubishi i-MiEV at \$29k with sales at 33,000 units; Honda Accord Plug-in Hybrid at \$40k; Honda Fit EV (76 miles range) at \$36k; Smartcar (68 miles) at \$25k. BMW has launched its i3/i8, to pair with its already in-place hybrid vehicles.

MARKETING AT TESLA MOTORS

As an advertising industry executive explained, "While Tesla Motors may not advertise in the traditional way of print ads or on-screen spots, Tesla does do it the old-fashioned way, which is by word of mouth." One way this word-of-mouth advertising is done is by getting journalists behind the wheel of the Model S. Most of these journalists are enamored with the Model S and then tend to write glowing reviews that are read by thousands or even millions of people. This method works to a degree, provided that the vast majority of the reviews are positive, which in the case of the Model S is most certainly true.

The other way in which Tesla advertises is through its "stores." These stores (35 stores in the U.S.), allow potential buyers the chance to check out Tesla's ware and to ask questions that are answered by Tesla's highly trained personnel. There are no high-pressure sales tactics used here. As a Tesla spokesperson explained in 2013, "Right now, the stores are our advertising. We're very confident we can sell 20,000-plus cars a year—without paid advertising. It may be something we'll do years down the road. But it's certainly not something we feel is crucial for sales right now."

The last part of the advertising equation for Tesla is CEO Elon Musk. As a Model S owner explained, "You feel like you're part of something bigger, a new age of motor vehicles ... Elon Musk is my hero." Musk is like the ultimate pitchman with his unmatched knowledge of the Model S and his personality that brings him down to the level of the average individual.

Why buy a Super Bowl ad, when you can get free attention for coming up with something truly amazing? Elon Musk is quickly becoming a household name, and that's free brand awareness for Tesla. Both Elon and Tesla are being associated with cutting edge technology.

Elon Musk does lots of interviews. They're all over YouTube. You have to ask why people are interested in interviewing him. It's because he's working on cool, interesting projects. That's all the marketing he needs. Do something truly cool and the media will beat a path to your door.

Tesla's marketing budget for launching Model S was as close to \$0 as it gets. Compared to the \$25 million Nissan spent to pitch its LEAF alone in 2012, Tesla spends pennies, so to say. The company's marketing budget for 2013 stood at \$9 million with a marketing staff of 7 people. Tesla's marketing budget was a mere 0.43% of the company's total expenses for 2013.

The primary reason for a frivolous marketing budget is the company's unique product offering. The company has positioned itself in a niche market and caters only to a selected group of high net worth and environmentally-conscious car enthusiasts. As an industry executive explained in early 2013, "The zero-emission, all-electric vehicles of Tesla have intrigued more and more customers as the company is already receiving an increasing number of orders."

TESLA MODEL X MARKETING STRATEGY: TARGET SEGMENT AND POSITIONING

Tesla had been able to identify a segment of individuals that have become not only customers but apostles of the brand. A communication industry specialist was saying about the Tesla customer, "I know a lot of very wealthy people. Most of them made their money in technology. I don't think Bentley or Rolls-Royce is anywhere near the top of very many of these people's idea of an impressive car. A Tesla is more like it."

A Tesla customer could be defined as:

1. Affluent – Given the premium pricing, typical customers would be those in their 40s+ with significant disposable income to afford the approximate \$70-100k price tag (base Model S 60 to base Model S 85P).
2. Mostly Male – Both the Tesla Roadster and Tesla Model S had been bought mostly by male customers.
3. Cool / Techie – Tesla packs their cars with high-tech gadgetry. From its oversized iPad-like control screen on the dash to its battery technology for both charging and swapping, to its "under the hood" technology.
4. Performance-oriented – From the start, Tesla has made a commitment to make their models performance-oriented. For example, the Tesla Model S is offered with a "performance package" which can achieve a 0-60 mph run in under 5 seconds. The Model X is advertised to achieve this same task in 4.4 seconds.
5. Environmentally-conscious – Tesla can achieve a range of 300 miles with zero emissions. A full battery charge can be achieved in potentially 90-minutes of a high voltage charge.
6. Early adopters from Silicon Valley – successful start-up entrepreneurs, celebrities, and investors, who are trendy and active in social media.

But the new Tesla Model X had some functionality features like the seven seats and the increased cargo space that make it, according to Eon Musk, “the ultimate family car.” Selling the Model X as a family car would mean a change in the current Tesla target segment definition because women would become a very relevant part of the decision-making process. Some facts about female car buyers that were to be considered:

- Women purchased more than 52% of all new vehicles and influenced in more than 80% of all automobile sales.
- Female buyers were the fastest growing segment of new and used car buyers. Female buyers purchased lower priced cars and were more likely to finance their purchase.
- More than 68% of all women used the Internet to research product information and resources online, compared to only one-third of female buyers reading print auto magazines.
- Female buyers placed more importance on safety, dependability, functionality and economic factors. Style and performance ranked last in consideration.
- The number one complaint women had with dealerships is how they're treated as customers. Online anonymity is the preferred method of new car research until it's time to test drive.

Another possible segment that Tesla was considering for the new Model X was the corporate car market segment. Tesla was planning to create a new Tesla Finance unit to offer companies a lease contract with loans from partner banks in addition to a resale value guarantee. As per an industry analyst, “These kinds of car business leases are offered as a perk to vice presidents, company directors, and C-level managers. BMW and Mercedes actively promote them, and it could be a good market for Tesla to go after.”

Concerning positioning, as another industry specialist declared, “Tesla is the first company to have the potential to become the Apple computer of the car industry. Like Apple, they are selling a product that is very different than what has come before. Both companies focus on great products and innovation. They are both building their own ecosystem (Tesla's supercharger network is akin to Apple's build-out of iTunes and the Apple Store) and both are challenging the traditional sales models.”

Tesla's strategy has been to steadily increase its market share. It started with the Tesla Roadster, which showcased stunning performances to leverage a high level of press coverage, then switched their image to that of electric cars. Then came the development of the Model S, with which Tesla has entered the “real” market. The key elements of the Model X design have been “long range and recharging flexibility,” “energy efficiency and cost of ownership,” “high performance,” and “without compromised design or functionality,” as explained in the notes to investors.

Tesla Model X is a crossover sport SUV, very unique (with falcon-wing doors) but also a family car. Many features of Tesla Model X are designed for functionality and that is somehow new in the Tesla product portfolio.

The marketing team was considering that Tesla Model X probably should have a different positioning than the Tesla Roadster, meant for the start-up people (DINKs) that were looking for performance. Tesla model X should also have a different positioning than Tesla Model S intended for the upper class innovators (segment of Audi A6, BMW 5 series, Mercedes E class, Lexus GS). Tesla Model X should find a different positioning that should be consistent with its target segment definition and with its elements of differentiation.

TESLA MODEL X MARKETING MIX

"Tesla Model X is designed from the ground up to blend the best of an SUV with the benefits of a minivan, as only an electric car can. It is an automobile above category, built around the driver. It artfully provides unfettered performance and brilliant functionality." (Tesla's website)

One of the big dilemmas in the marketing plan was the pricing strategy. The big question was how to price Tesla Model X when compared with the competition, as well as with Tesla Model S. The pricing structure of Tesla model S and its comparison with its direct competitor are described in the table below.

version	Model S 60	Model S 85	Model S P85
Base price	\$ 69 900	\$ 79 900	\$ 93 400

(excl. federal tax credit of \$7,500)

Brand	Model	0 - 60 mph	hp	base price	incl. Fed. Subv
Tesla	Model S 60	5,9	302	\$ 69 900	\$62 400
Tesla	Model S 85	5,4	362	\$ 79 900	\$72 400
Tesla	Model S P85	4,2	416	\$ 93 400	\$85 900
Audi	A6 3.0T	5,6	310	\$ 55 995	\$55 995
BMW	535i	5,3	302	\$ 55 100	\$55 100
Mercedes-Benz	E350	6,0	302	\$ 51 900	\$51 900
Avg German competition		5,6	305	\$ 54 332	\$54 332
Cadillac	CTS 3.6	6,0	321	\$ 54 625	\$54 625
Jaguar	XF V6	5,7	336	\$ 51 425	\$51 425
Lexus GS 350	Lexus GS 350	5,5	306	\$ 48 610	\$48 610
Avg other competition		5,7	321	\$ 51 553	\$51 553
Gap Tesla Model S 60 vs petrol equivalent:				\$ 15 568	

(of which \$7,500 offset by Federal tax credit)

Definition of a pool of petrol equivalent on Model X, and the average corresponding price

Brand	Model	0 - 60 mph	hp	base price
BMW	X5 35i	6,5	306	\$ 55 100
BMW	X5 50i	5,0	450	\$ 68 200
Mercedes-Benz	ML 350	7,6	306	\$ 51 790
Mercedes-Benz	ML 500	5,6	408	\$ 59 450
Audi	Q5 3.0T	5,9	272	\$ 51 900
Audi	Q5 3.0T Prestige	5,9	272	\$ 59 400
Porsche	Macan S	5,4	340	\$ 49 900
Porsche	Macan Turbo	4,6	400	\$ 72 300
Avg German competition		5,8	344	\$ 58 505
Lexus	RX 450h AWD		295	\$ 49 755

Based on the above information and considering the positioning of the new Tesla Model X, the marketing team had to propose a pricing strategy for the three versions of the Tesla Model X: Model X 60, Model X 85 and Model X P85.

Another objective of Tesla was to keep its products "hot" and to have part of the production financed by its customers. When Tesla Model S was launched, Tesla had asked for a deposit of \$40,000 to place the order; almost 50% of the final price of the car was asked as deposit to order a Tesla Model S. But the marketing team was considering if they should recommend reducing the deposit for the Tesla Model X considering the target clientele was wider, not only the innovators but also early adopters and even followers interested in an advanced, hot, but "normal" car. Also, the idea of reducing the deposit was to avoid the perception of Tesla Motors as a start-up / niche market car producer. Most carmakers were asking for deposits of around 5% to 10% of the base price for their really hot new products.

The distribution channel was another element of differentiation in Tesla Motors marketing mix. Tesla innovates not only in its product but also in its distribution strategy. It is a short, direct channel, with no middlemen, from the producer to the customer via their online website. Tesla can get physically closer to customers by trading cars both online or via Tesla's own showrooms in shopping malls. The first contact is made through its own network and the website. The purchase order is done the same way (online, via a Tesla's store) or via a long-term lease (executed in a Tesla's store).

Rather than building a big dealership on the edge of town, Tesla has decided to create smaller showrooms in high foot-traffic areas (malls, etc.) where potential customers can drop by on impulse and learn about electric cars. When they decide to buy, Tesla can build the car and ship it to the customer (or to the closest service center), and thus avoid having tons of costly inventory on its hands. It also avoids trying to sell electric cars via traditional dealers who are also selling gas cars and clearly have a conflict of interest (hard to fully extol the virtues of EVs when your showroom is full of gas cars).

Tesla has created its own direct distribution system. In fact, Tesla hired Apple's previous retail chief to build out this new distribution model. But Tesla Motors was fighting challenges from dealer groups in several U.S. states for years due to the company's decision to sell directly to customers at stores rather than through franchise dealers. For example, the Georgia dealers filed in early 2014 a petition to revoke Tesla's dealer license in the state saying that if Tesla wants to keep selling cars in the state, it needs to switch to franchises. "No one should be allowed to act as if they are above the law, especially when there is a simple path to compliance that everyone else has agreed to follow," said Bill Morie, president of the Georgia Automobile Dealers Association. But Tesla Motors responds that "Tesla has been and remains in full compliance with all Georgia laws in the opening and operation of its retail operations in that state. The petition filed by the Georgia Automobile Dealers Association is nothing more than a thinly veiled attempt to stifle new innovation and eliminate consumer choice by trying to establish a monopoly that restricts the way consumers can buy new vehicles. As with similar battles in other states, Tesla will use all means necessary to defend itself and the rights of consumers to decide how and where they spend their hard-earned money."

The marketing team was wondering whether they should propose changing to a traditional dealership distribution channel strategy or at least open some "traditional" dealerships in some areas in order to have a better market coverage. Building up a traditional dealership network would be a herculean task for Tesla, and just building up enough inventory to stock up each location would probably drain the company's resources, but at the same time it would give them access to more customers to achieve its very ambitious sales growth objectives.

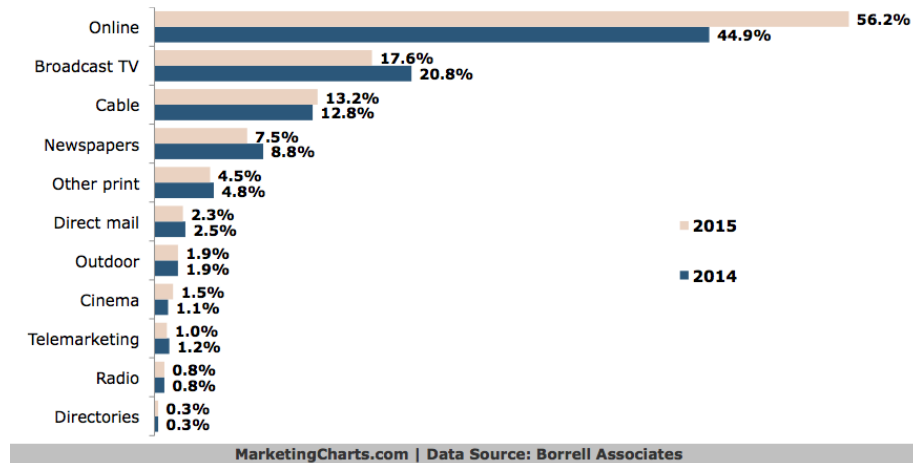
Finally, the biggest question mark in the marketing plan to launch the new Tesla Model X was probably the communication strategy, and more specifically whether Tesla should use mass marketing tools for the first time and should increase its communication budget accordingly. As an EV industry expert put it, "Give Tesla a marketing budget, and they'd likely pour it into refining their production. The end result? An even more incredible car that everybody's going to be talking about." But at the same time, Tesla Motors wanted to sell 20,000 units of the new Model X and maybe it was time to put real marketing resources and a real marketing budget to create more brand awareness and to go beyond the innovators and reach the "normal" car buyers. As a benchmark, Nissan spent almost US\$25 million to launch its full-electric Nissan Leaf in 2012 to sell around 25,000 units worldwide.

The marketing team decided to explore the idea of proposing a marketing plan to launch the Tesla Model X with a communication budget that should be aligned with the automotive industry standards. According to automobile industry statistics, the average advertising-to-sales ratio of car manufacturers was 2.3% of sales invested in advertising, representing 15.4% of its margins dedicated to advertising. If Tesla wanted to follow the same advertising-to-sales ratio for the Tesla Model X it would probably mean a budget well above US\$30 million, which in a company that was using virtually no advertising budget would represent a radical change. Also if Tesla was to follow the same communication strategy as the other carmakers they should probably advertise intensively online but also in media like TV (broadcast and cable), newspapers, outdoors, radio, etc.

Auto Manufacturer Ad Spend Share, by Medium

projected share of total ad spend

in 2014 and 2015



One final constraint for the marketing plan to launch the new Tesla Model X was profitability. Tesla Motors had committed to becoming a profitable company, not a start-up anymore. Actually, since 2013, the company was stating a profit in its operation. The expected Profit and Loss account for Tesla Model X is presented below.

Expected Results	Year 2015	
Number of Units Sold	20,000 units	
Average Price	TBD	
Revenues (k\$)		100%
(COGS same as Tesla Model S)		77%
Gross Contribution		
R&D		2%
Selling & Administrative Expenses (excluding Marketing)		9%
Marketing	TBD	x%
NET CONTRIBUTION		X%

With all these dilemmas in mind, it was the moment to put together the marketing plan to launch the new Tesla Model X in 2015, and maybe the time to move Tesla Motors from word-of mouth to mass marketing.

EXHIBIT 1

AUTO MANUFACTURER MARKET SHARE IN THE U.S. 2013

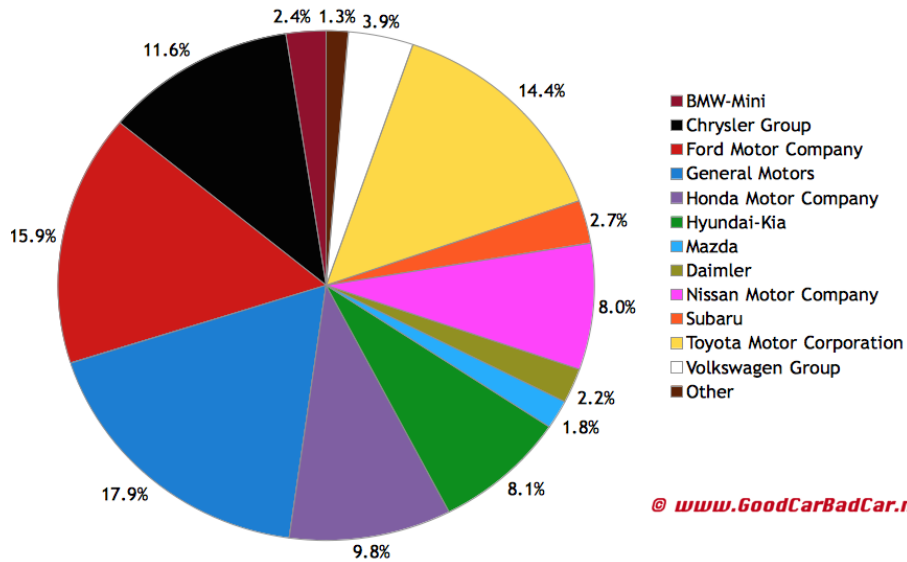
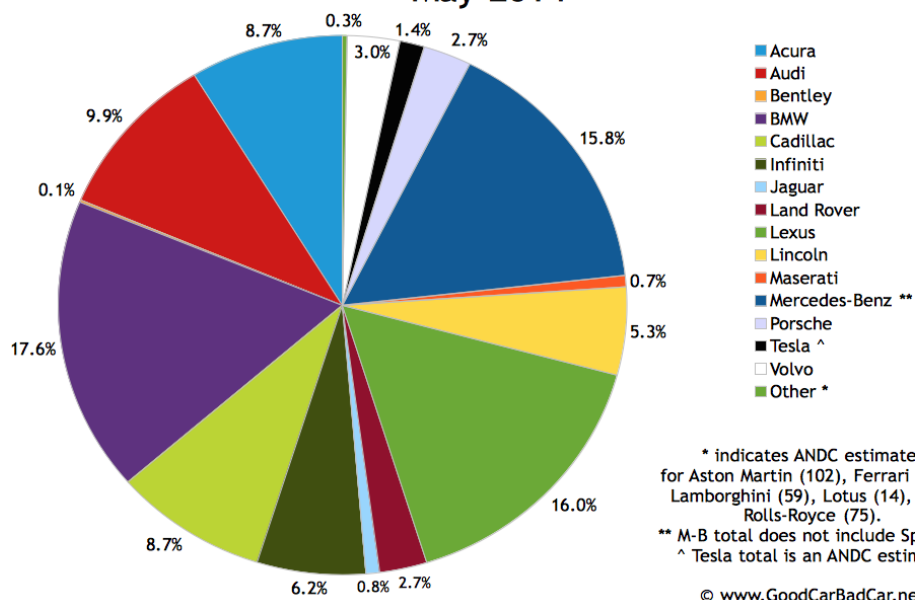




















Auto Manufacturer Market Share In America
2013 Calendar YearLuxury Auto Market Share In America
May 2014







EXHIBIT 2
ELECTRIC CAR WORLDWIDE SALES

**Top 10 countries by market share of new car sales in 2013
by plug-in electric-drive segment: PEV (Plug-in Electric Vehicles) – PHEV (Plug-in Hybrid
Electric Vehicles)**

	Country	PEV market share(%)		Country	PHEV market share(%)
1	 Norway	6.10%	1	 Netherlands	4.72%
2	 Netherlands	5.55%	2	 Sweden	0.41%
3	 Iceland	0.94%	3	 Japan	0.40%
4	 Japan	0.91%	4	 Norway	0.34%
5	 France	0.83%	5	 U.S.A.	0.31%
6	 Estonia	0.73%	6	 Iceland	0.25%
7	 Sweden	0.71%	7	 Finland	0.13%
8	 U.S.A.	0.60%	8	 U.K.	0.05%
9	 Switzerland	0.44%	9	 France	0.05%
10	 Denmark	0.29%	10	 Switzerland	0.05%

Note: (1) Market share of highway-capable plug-in electric-drive vehicles as percentage of total new car sales in the country in 2013.

**Plug-in Electric Vehicle (PEV) stock, market penetration per capita, and EV sales market
share in the top six countries as of December 2013**

Country	PEV fleet ⁽¹⁾ (Cumulative sales or registrations)	Population as of Dec. 2013	PEV market penetration per 1,000 people (Dec. 2013)	PEV market share of total new car sales in 2013
 United States	172,000	320,050,716	0.53	0.62%
 Japan	74,124	127,143,577	0.58	0.85%
 China	38,592	1,385,566,537	0.03	0.08%
 Netherlands	28,673	16,759,229	1.71	5.37%
 France	28,560	64,291,280	0.44	0.65%
 Norway	20,486	5,042,671	4.04	5.60%

Note (1) Plug-in Electric Vehicle (PEV) fleets include only highway-capable vehicles. French and Norwegian registrations do not include plug-in hybrids.

EXHIBIT 3
U.S.A. ELECTRIC CAR SALES

Top selling highway-capable plug-in electric cars available for retail sales or leasing in the U.S. between 1996 and October 2014			
Model	Type of PEV	Market launch	Sales/leases
Chevrolet Volt	Plug-in hybrid	December 2010	70,531
Nissan Leaf	Electric car	December 2010	66,533
Toyota Prius PHV	Plug-in hybrid	February 2012	37,159
Tesla Model S	Electric car	June 2012	33,155
Ford C-Max Energi	Plug-in hybrid	October 2012	16,658
Ford Fusion Energi	Plug-in hybrid	February 2013	16,098
BMW i3	Electric car	May 2014	4,263
Ford Focus Electric	Electric car	December 2011	4,151
Smart electric drive	Electric car	January 2011	3,380
Toyota RAV4 EV (2nd gen)	Electric car	September 2012	2,352
Fiat 500e	Electric car	July 2013	1,933
Mitsubishi i	Electric car	December 2011	1,863
Tesla Roadster	Electric car	March 2008	1,800
Fisker Karma	Plug-in hybrid	November 2011	1,635
Chevrolet Spark EV	Electric car	June 2013	1,492
Toyota RAV4 EV (1st gen)	Electric car	1997	1,484
General Motors EV1	Electric car	1996	1,117
Cadillac ELR	Electric car	December 2013	1,043
Honda Fit EV	Electric car	July 2012	1,030

EXHIBIT 4
NISSAN LEAF WORLDWIDE SALES 2010-2014

Nissan Leaf sales by top national markets between 2010 and June 2014						
Country	Total	2014 CYTD ⁽¹⁾	2013	2012	2011	2010
 United States	54,858	12,736	22,610	9,819	9,674	19
 Japan	41,266	6,801	13,021	11,115	10,310	19
 Norway	9,940	2,665	4,604	2,298	373	
 UK	4,906	1,760	1,812	699	635	
 France	2,867	822	1,438	524	83	
 Germany	1,693	380	855	451	7	
 Canada	1,342	462	470	240	170	
 Netherlands	1,280	259	462	265	294	
 Italy	620	146	323	146	5	
 Spain	615	139	263	154	59	
 Sweden	565	119	317	129		
 Denmark	512	216	211	73	12	
 Belgium	417	102	141	114	60	
 Australia	363	79	188	77	19	
 Switzerland	330	39	178	74	39	
 China	300	84	216			
Total top markets	121,874	26,809	47,109	26,178	21,733	38
Total global sales	123,613	26,730	47,716	26,973	22,144	50
Notes: (1) CYTD: current year-to-date sales through June 2014.						

EXHIBIT 5

TESLA MOTORS COMPETITIVE MATRIX (SOURCE: TESLA MOTORS)

By Company













	Internal Combustion	Hybrid Electric	Plug-in Hybrid	Pure Electric
Performance Vehicles				Roadster
Premium Vehicles				Model S Model X
Small Premium Vehicles				Gen III
Family Vehicles				
Subcompact / City Vehicles				

EXHIBIT 6

MODEL X KEY CHARACTERISTICS (SOURCE: TESLA MOTORS)

Functionality:

- High cargo space efficiency/utility of a minivan but in an SUV structure
- Easy entry and exit to 3rd row seats, especially with child seats in place
- Design of Falcon-wings allows adult to enter vehicle by “stepping into” vehicle
- Falcon-wings remove necessity to have enough space from adjacently parked vehicle
- Same platform as Model S for battery swap and charging requirements -- A fast growing network of charging stations.
- Comfortably seats 7 full-sized passengers in compact sized vehicle, plus large cargo space with 3rd row seats up

Performance:

- 0-60 mph in 4.4 seconds. (By comparison, Porsche 911 does it in 4.6 seconds.)
- Dual-motor set-up provides instant torque and sharp AWD traction in adverse conditions
- Lowest center of gravity for more car-like handling in an SUV package

Fuel-efficiency:

- Approximately 265 miles to a full charge
- Supercharging option can charge battery 80% in 40 minutes, or 100% in 75 minutes
- Battery swapping option can provide 100% battery fill in 90 seconds

EXHIBIT 7

TESLA SUPERCHARGER CHARGING STATIONS (SOURCE: TESLA MOTORS)

Tesla Superchargers allowed Model S owners to travel for free between cities along well-traveled highways in North America, Europe and Asia. Superchargers provide half a charge in as little as 20 minutes and are strategically placed to allow owners to drive from station to station with minimal stops. This 30-minute charge allows 170 miles of travel. As a comparison, the same 30-minute charge only lasts 14 miles for 40A battery type and 10 miles for 30A. Also, Tesla's complementary charging times are: 75-minute charge = 100%, 40-minute charge = 80%.

The charging stations have strategic locations, in order to allow cross country travel across the U.S., as well as to facilitate access to more affluent major destinations (same target consumers). The stations are placed within 80% charge of each other. 90-second 100% battery swap. Google assisted GPS mapping to supercharging locations. By 2015, widespread coverage across the U.S. and into Western Canada (in particular, to complete West and East Coast coverage, and routes for coast-to-coast trips):

North America today = 98 stations. 2014 – 80% of the U.S. population and parts of Canada. 2015 – 98% of the U.S. population and parts of Canada.

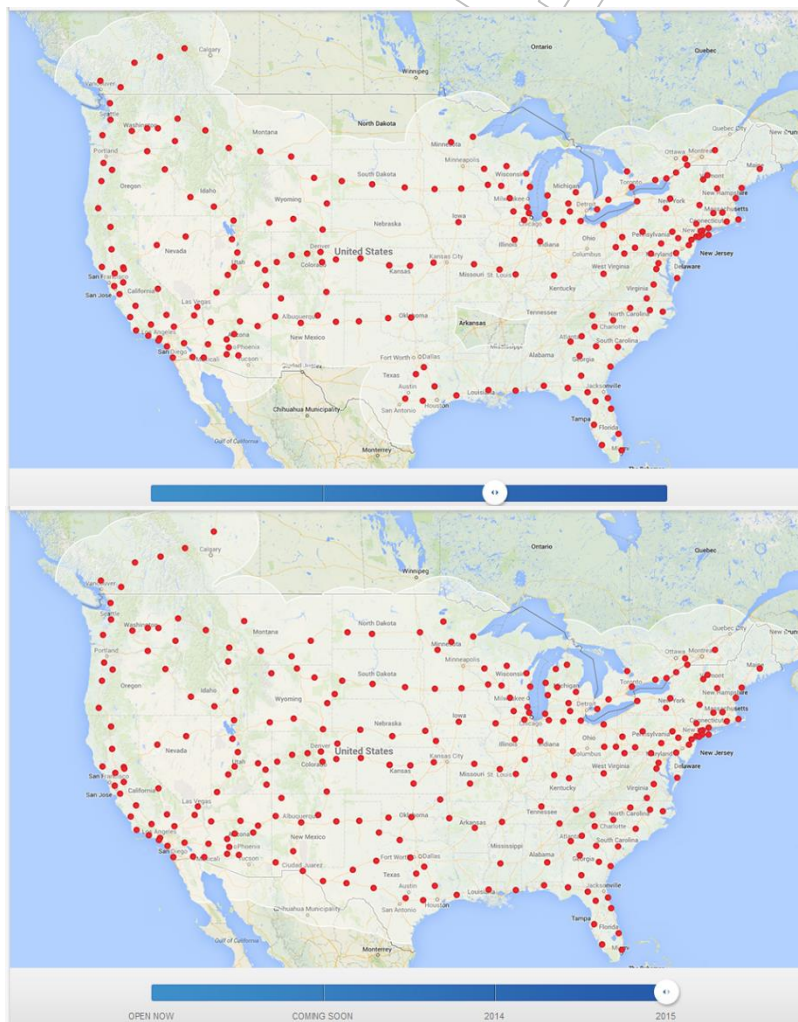
Europe today: 24 stations

Asia today: 3 stations

Charging stations are using solar panels to produce their own electricity.

Superchargers are located near amenities like roadside diners, cafes, and shopping centers.

Travelers can stop for a quick meal and have their Model S charged when they're done.



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