Tesla, Inc. Marketing Plan

Viewable by Elon Reeves Musk, CEO and Chairman
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Executive Summary

We decided it would be Tesla’s best interest to move into Russia, where there is not only an absence of an electric automobile market, but an extremely high demand for environmentally-friendly electric cars.

We want to profit off this incredible opportunity that is Russia by capturing at least a 40% market share in the Russian luxury automobile market, with a development, advertising, testing, manufacturing, and distribution budget of approximately $60,000,000. With this opportunity, Tesla would create an electric automobile market for itself within Russia and create returns of investment in the billions of dollars.

We want to satisfy our consumers’ needs by supplying them with a completely new automotive platform. That is, a more sustainable, electric, energy conservative vehicle that gives them eco-friendly operation and design, as well as much further range, without sacrificing luxury, performance, and handling. We would introduce two new models to the current Tesla product portfolio: Model M and Model R.

We want to contribute to society by making Russia’s automobile industry and community a cleaner, greener, and more sustainable environment. We will do this with our zero-emission, all-electric, gas saving vehicles that have all the ability to outperform their gas-powered counterparts. By doing this, the Russian government will incentivize our market entry.

Russia. A billion-dollar opportunity. An opening for consumer change with zero sacrifice. A chance to make the largest country on the planet a cleaner, greener, and more sustainable place.

Company Overview

Tesla, Inc., previously known as Tesla Motors, Inc., is a publicly held automotive and technology firm that designs and builds electric vehicles as well as energy storage units. The company is headquartered in Palo Alto, California, with Elon Reeves Musk at its helm as Chairman of the Board, CEO, and Chief Product Architect. With 2015 revenues of $4,000,000,000, its income sources are mostly consumers, who prospect and purchase its cars through boutique-style stores, in a unique process that is absent of sales personnel or negotiation of any kind. Tesla’s electric automobile product portfolio includes the Model S, Model X, and Model 3. The firm’s mission is to accelerate the world’s transition to sustainable transport and energy.
Recently, Tesla has been performing quite optimally, as its share values tend to spike in speculative periods, such as between the time a new model is announced and the date it is released. For example, Tesla shares have been doing well since the announcement of their Model 3, as there are various speculations going around relative to design and performance. Tesla also recently diversified and acquired SolarCity (another company founded by Musk) in order to fulfill Tesla’s Mission to accelerate the world’s transition for sustainable transportation and energy. In addition Tesla has been focusing on creating new “Solar Gas Station” (sun-sourced electricity instead of gas) and possibly even solar roofs on its vehicles. Furthermore, Tesla is implementing market development to grow its assets in South Korea.

**Automobiles**

<table>
<thead>
<tr>
<th>Product</th>
<th>Description</th>
<th>Release Year</th>
<th>Base Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roadster*</td>
<td>- Two Door</td>
<td>2008</td>
<td>$109,000</td>
</tr>
<tr>
<td></td>
<td>- Removable hardtop convertible coupe</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model S</td>
<td>- Four Door</td>
<td>2012</td>
<td>$71,200 and increases $5,000 with each</td>
</tr>
<tr>
<td></td>
<td>- Hatchback sport sedan*</td>
<td></td>
<td>lithium-ion battery pack upgrade.</td>
</tr>
<tr>
<td>Model X</td>
<td>- Four Door</td>
<td>2015</td>
<td>$80,000 and increases $10,000 with each</td>
</tr>
<tr>
<td></td>
<td>- Hatchback SUV*</td>
<td></td>
<td>lithium-ion battery pack upgrade.</td>
</tr>
<tr>
<td></td>
<td>(this is when the deliveries began)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Model 3</td>
<td>- Four Door</td>
<td>2018</td>
<td>$35,000 and increases $5,000 with each</td>
</tr>
<tr>
<td></td>
<td>- Hatchback</td>
<td></td>
<td>lithium-ion battery pack upgrade</td>
</tr>
<tr>
<td></td>
<td>- Compact Sedan*</td>
<td></td>
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</tr>
</tbody>
</table>

*Originally released in 3 lithium-ion battery specs (in kilowatts): 60D, 75D, and P85D. Now Model S is available in 70D, 75D, 85D, 90D and P100D.

*Released with 2 lithium-ion battery specs(in kilowatts): 90D and P90D. Now available in 90D and P100D

*will likely have the same battery kilowatt specification as it cousin, the Model S.

*The Tesla Roadster was removed from production in 2012 as a result of low consumer demand.
Tesla “boutiques” tend to have more stable revenue streams than traditional car dealerships, as there are no salespeople, no service component, and prices of all Tesla vehicles are non-negotiable. This way, Tesla suffers no fluctuations in profits normally caused by negotiated prices, refills of inventory, and ordering of parts for servicing (parts are ordered by a different entity within Tesla).

![Tesla Total Revenue by Year](image)

Tesla’s total revenue has exploded since 2010, as its total revenue has increased by at least 110% every fiscal year from the previous fiscal year since 2010. Tesla saw its greatest total revenue increase in 2013 when its total revenue boomed by 487% from the previous of 2012, and broke the billion mark as it reached a total revenue of 2.01 billion dollars. Since this incredible hike in price, the rate at which total revenue has increased has slowed down every year to the rate of ~116% from 2015 to 2016 as it saw its total revenue raise up to a new high of 4.715 billion (Revenue). The growth has revolved around two main factors. The growth of the Supercharger stations for the cars has allowed the for it to be much easier to charge your Tesla while on the road, and not just at the station at one’s home. The number of Supercharger stations has grown from 128 worldwide stations in June of 2014 to 805 worldwide stations in December of 2016. The second reason for the revenue growth has been the success of Tesla’s model S both in the US and internationally (Supercharger).

**Tesla Supercharger Maps**

**North America**
Some advantages of supercharger stations include their convenience for Tesla drivers to refuel during long distance driving. In addition, as real estate assets, they give Tesla additional revenue besides their automobiles and energy interests. One of their major disadvantages however, is their recharging time. On average, it takes Tesla owners 15-20 minutes to recharge their vehicles on a low battery, from their home’s PowerWall or a Tesla Supercharger Station. Meanwhile, it takes most gas-powered car owners around 5-7 minutes to refuel on an empty tank. If Tesla could invest R&D capital into this issue and lower the recharge time so Supercharger Stations are no longer an inconvenience, Tesla could secure a lot more market share in the automobile market.

For the United States, the Tesla Model S was the best selling plug-in electric car in 2015 and 2016, and the Model S saw a growth in popularity in China, Western Europe and Canada.

Although Tesla’s total revenue will likely eclipse 5 billion in 2017, its rate of growth has been in a steady decline since 2013. Part of this is without a cheaper model, it vastly limits Tesla’s consumer base and the growth of Tesla internationally, especially in China, has not gone as smoothly as previously anticipated. Without factories in other nations the price of the car has been raised due to import taxes and made the already expensive car unaffordable for many in other countries (Schmitt).

Primary offerings of Tesla are shares of stock, worth $277.39 per share on NASDAQ (February 21, 2017). Recently, Tesla announced it would be selling 2.1 million shares of it stock, with an estimated value close to $500 Million. The following markets are where Tesla stock is traded: NASDAQ, Berlin Stock Exchange, Boerse-Stuttgart, Frankfurt Stock Exchange, and XETRA.
Clients for Tesla’s automobiles tend to be Middle Class, Upper Class, and the Top 2%, but vary. Consumers describe Tesla as a very advanced, yet simple company that provides excellent customer service from first point of contact to final delivery. 


**Industry Overview**

Tesla’s primary industry is the electric automotive industry (based off the percentage of Tesla’s profit allocated to automobiles). Here is a graph that visualizes Tesla’s sales across each of its Market Segments:

*Services and other include vehicle servicing and maintenance, as well as delivery logistics

The electric automobile industry within the United States is fairly large, with a dollar size of $70 million and a unit size of 17,500,000. This industry over the years has grown because “new registrations of electric cars (including both battery electric and plug-in hybrids) increased by 70% between 2014 and 2015, with over 550,000 vehicles being sold worldwide in 2015.”

Recently, there have been a few recurring trends that are determining the future of automobiles and how they are made. Concerns about greenhouse gases and pollution are driving an industry-wide change in the way cars are powered, manufactured, and designed. Companies are experimenting with new automotive technologies that could propel the industry to a new height. The “intelligent car” is becoming an increasingly popular trend in the automotive market, as it is the “precursor to the autonomous vehicle”, with systems such as auto-braking, auto-lane change, driver-assist, and crash avoidance software. Although these vehicles don’t quite drive themselves completely, they still do a lot for us. Tesla implements all of these systems in their vehicles, with its “Auto Pilot” feature becoming one of the most renowned. These new autonomous technology adaptations are also some prevalent examples of new changes and advances in the industry, as it sparks major opportunities for growth. In fact, due to the publicity advantages that a trustworthy autonomous driving system could give an automotive company, a “race to the self-driving car” is in the works right now. Companies such as Tesla and Ford are working hard within their research and development departments to crank out a 100% self-driving vehicle. As of now, Tesla Motors leads the automobile industry in autonomous driving technology, as its autonomous software and hardware systems are the most advanced, functioning, and proven to excel in all conditions.
It are these new and upcoming technologies as well as a cultural interest in a solution to global warming that are attracting more consumers to the electric automobile market. Thus, more and more individuals are interested in going green with their automobiles. Out of all electric cars, more consumers are attracted to Tesla for performance reasons. Most of market segment that Tesla targets would have seen electric cars as “boring” or “poorly performing” cars prior to Tesla’s founding. However, as soon as Tesla come to light, the whole industry was disrupted and changed forever. Now, people have discovered a new and powerful capability of the electric option.

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**Competitive Summary**

**Key Automotive Competitors:**
**Nissan, BMW, Chevrolet, General Motors**

**Nissan**
*HQ: Yokohama, Japan*
*Revenues (2016): ¥12,000,000,000,000*
*Product/Service Mix: Automobiles, sales financing, marine equipment*
*Other Brands Produced: Infiniti, Datsun.*

**BMW**
*HQ: Munich, Germany*
*Revenues (2016): €6,369,000,000*
*Product/Services Mix: Automobiles, Financing Services, Motorcycles, Other Entities.*
*Other Brands Produced: MINI, Rolls-Royce.*

**General Motors**
*HQ: Detroit, Michigan*
*Revenues (2016): $43,900,000,000*
*Product/Services Mix: Automobiles (Cars, Trucks, Crossovers, SUVs), Automobile Parts.*
*Other Brands: Buick, Cadillac, Chevrolet, GMC, Holden, Opel, Vauxhall.*

Tesla taps into a new kind of electric automobile market, as it introduced a performance electric automobile, a vehicle that previously did not exist within the automobile market. However, Tesla is competing with much larger companies that have additional products in their portfolios, such as BMW’s motorcycles and GM’s trucks. Tesla can tap into this opportunity by introducing an electric motorcycle and possibly a high-performance, all-electric supercar.
Consumer Insights

Through our analysis, our team has discovered the following insights into Tesla’s core target market. Tesla consumers are primarily looking for reliability and simplicity in design. Our buyers are looking for reliability through range, durability, vehicle life, safety systems, and technological reliability (through autonomous softwares and hardwares such as AutoPilot, Driver and Lane Assist, and Summon). Our customers are also looking for simplicity in design through sleek body frame and flush door handle designs (unique to Tesla), minimalist interior with simply one big touch screen, and easy user interface for operating car dynamics and systems while inside the vehicle. These two key feature categories, along with the unique exhilarating performance of Tesla cars (smooth and fast acceleration, quick braking, great handling, and smooth drive) are what truly define Tesla as a one-of-a-kind electric car brand that truly attracts customers and allows Tesla to differentiate itself from other similar vehicles, such as the Chevrolet Volt, Toyota Prius, Nissan Leaf, and BMW i8.
S.W.O.T Analysis: Tesla Autos

<table>
<thead>
<tr>
<th>Strengths:</th>
<th>Weakness:</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Range</td>
<td>● High Debt</td>
</tr>
<tr>
<td>● Design</td>
<td>● Most revenue is reinvested</td>
</tr>
<tr>
<td>● Simplicity</td>
<td>● Dealership Regulations</td>
</tr>
<tr>
<td>● Performance</td>
<td>● Limited Production/Factories</td>
</tr>
<tr>
<td>● Safety</td>
<td>● Long-Distance Drivability</td>
</tr>
<tr>
<td>● Strong Brand</td>
<td>● Loss of partnerships with Mercedes-Benz,</td>
</tr>
<tr>
<td>● Positive Sales Trend</td>
<td>Daimler</td>
</tr>
<tr>
<td>● Strong Sales in Western Europe</td>
<td>● Low affordability</td>
</tr>
<tr>
<td>● Strong Investors</td>
<td></td>
</tr>
<tr>
<td>● Energy Efficient</td>
<td></td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Opportunities:</th>
<th>Threats:</th>
</tr>
</thead>
<tbody>
<tr>
<td>● International electric automobile markets:</td>
<td>● Resistance to Change</td>
</tr>
<tr>
<td>Russia</td>
<td></td>
</tr>
<tr>
<td>● Model 3/ lower-priced Model</td>
<td>● Additional Costs beside car</td>
</tr>
<tr>
<td>● Self-Driving Features</td>
<td>● Maintenance on Car</td>
</tr>
<tr>
<td>● Increased Environmental Concerns</td>
<td>● Stronger, more experienced Companies</td>
</tr>
</tbody>
</table>

**Growth Strategies**

1. Expand into Russia, where there is a growing Tesla fan-base, rising environmental concerns, and a huge opportunity to capitalize on Russia’s love for luxury automobiles.
2. Increase market shares abroad in Russia.
3. Build upon product portfolio (product development): add sporty economy model, second luxury middle model, larger SUV model and a SUV suitable for snow. Add supercar or motorcycle to new product line. This will allow Tesla to better compete with competitors such as BMW that have very large product portfolios.

**Statement of Opportunity**

We plan to grow Tesla Inc. by increasing overall global market share for luxury sedans, as well as plugin automobiles by expanding into Russia. To accomplish this, we will expand market research through market development, and create new offices as well as new facilities, showrooms, and dealerships in top population centers. This way, Tesla will have a new ability to capture a large market share of plugin automobiles in Russia, where no one owns a Tesla and where many people drive luxury automobiles.

**S.M.A.R.T. Goals**

1. Capture a minimum of 40% market share in the Russian luxury automobile market within population-dense Western Russian by July 2018.
   a. Leverage Russia’s large Tesla fan base to increase awareness of Tesla’s market entry
   b. Increase advertising budget by 20% in order to penetrate the luxury automobile market
   c. Take advantage of Russia’s non-existent electric automobile market. Tailor vehicles and product promotions to those who drive luxury cars and want a luxurious, high performance electric car, but are unable to gain access to one.
2. Diversify Tesla product portfolio by directing an additional $60,000,000 of R&D and Advertising capital towards development, testing, advertising, and distribution of Tesla motorcycle (Model M) and Tesla supercar and new flagship (Model R), by December 2017.
   a. Implement significant market research into competitor motorcycles and supercars, such as BMW S1000RR and i8, as well as Mercedes-MV Agusta F3 and AMG GTS.
   b. Create small but powerful electric motor to retrofit Model M; make sure engine performance standards are parallel with rest of product portfolio.
   c. Create ultra-powerful but lightweight electric motor to retrofit Model R; make sure engine performance exceeds performance standards of current Tesla performance flagship vehicles (Model S and Model X P100D).

Market Segmentation
Our target market are environmentally-conscious, middle and upper class Russians who currently drive luxury cars such as Mercedes, Audi, or BMW. This is because there is not much, if any, of an electric car market in Russia. Currently, Russian President Vladimir Putin is encouraging the purchasing and manufacturing of electric automobiles in Russia to reduce the nation’s carbon footprint. This creates a perfect foothold for Tesla to enter the market.

Our Target

Local Industry
As a result of the current market situation for electric cars in Russia, we will compete in the luxury car industry to gain market traction, and create an electric car industry within Russia ourselves with our consumer base. As a result, we predict that we will receive tax deductibles and incentives from the Russian government to operate, lowering our overhead and growing our business locally.
**Segmentation Size and Methods Used**

In order to calculate segmentation size, we have selected young (20-45 years of age) Western Russian (geographic) middle-class and upper-class individuals (demographic) who are economically friendly (psychographic) and currently own or have recently purchased a luxury automobile (behavioral). We will also target those who are currently active members of Russia’s thriving Tesla fan base. We will use these segmentation methods to market our Model S, Model X, Model 3, and prototype Model R (supercar). For our Model M (e-motorcycle), we will use the same segmentation strategies, but tailored to target lower-class and possibly middle-class individuals who are eco-friendly and either own or have recently purchased a motorcycle, and/or cannot afford to buy a car.

**Target Market in Quantitative Values**

For Model S, Model X, Model 3, Model R:

**Market for Upscale/Green Conscious Consumers:**

- European (Western) Russia Population: 110 M
- Population in Top Urban Centers: 60%
- Adults 20-45, $100K+ HHI, College Education: 35%
- Green Conscious: 15%

Target Population (110M•.60•.35•.15) = 3.5 M

*Nielsen.com

For Model M:

**Market for Green Conscious Consumers:**

- European (Western) Russia Population: 110 M
- Population in Top Urban Centers: 60%
- Adults (18-60): 60%
- Green Conscious: 15%

Target Population (110M•.60•.70•.15) = 6 M

**TOTAL TARGET MARKET SIZE**

9.5 M

*Statista, Wiki: Russian Demographics
A Day-in-the-Life of Our Target

**Consumer**
Dimitri Brezhnev is a 32 year old middle manager at Globa-Petrenko Marketing Technologies, a marketing-oriented enterprise software firm based in Moscow. He makes $340,000 a year and has a wife and three boys. Dimitri drives a BMW M5. He wants a more eco-friendly vehicle however, as his M5 has poor gas mileage. He is looking for a green, performance luxury sedan alternative; he wants a car that can satisfy his need for speed, yet at the same time have conservative gas mileage, meet his eco-friendly expectations, and shuttle around his three boys.

**Our response:** Use direct-mail and email marketing to market 2017 Tesla Model S P100D to Dimitri. Invite Dimitri to showroom Brunch & Drive Event, along with his family.
“It’s Finally Here. The Green Revolution” Tesla Ad

How Tesla’s Models Differentiate Themselves From Other Popular Russian Luxury Cars in the Same Segment:
- Better Performance
- Best Mileage Per Charge for any Electric Automobile
- Green Technology
- Most Advanced Current

Timeline

*Dependent on projected sales

Competitive Advantage
By operating within a country with an absent electric automobile market that has incredibly high government and consumer demand, Tesla creates a valuable niche for itself in the Russian car market. Besides being a sustainably electric vehicle, Teslas are also luxury and performance vehicles, so they compete against cars such as BMW, Audi, Mercedes, and Porsche, which are highest demand luxury/performance cars in the Russian market. Due to the government need of electric vehicles to lower Russia’s carbon footprint, and consumers’ want of a performing electric vehicle, Tesla can leverage this competitive advantage against other competitor brands.

Marketing Mix
Compared to competitor brands, Tesla’s vehicles are just as luxurious and outperform almost every competitor vehicle (they perform just as well as competitors’ sport line vehicles such as BMW M Series, Mercedes AMG, Audi S/RS-line, and Porsche Turbos).
Because our goal is to penetrate the Russian luxury automobile market, it is essential that we position Tesla vehicles in a way that allow us to compete with luxury vehicles while maintaining our sustainable vision. First, we will effectively communicate important attributes such as design, range, and performance through our advertising. Second, we will share with the public the multiple benefits of driving a Tesla, such as sustainable transport, miles per charge, and government incentives. Lastly, we will educate consumers on Tesla core values such as our mission of providing the world with better, more efficient sustainable transport.

Campaign Slogans

Зеленая революция
Все электрические и нулевые жертвы.
Роскошь переопределена.

“The Green Revolution.”
“All electric and zero sacrifice.”
“Luxury Redefined.”

Price

When entering the Russian market, we will apply market penetration pricing in order to attract consumers from competitor brands. However, because consumers of luxury automobiles in Russia have very similar buying behavior as those in the United States, we will generally maintain the same MSRP prices for each of our vehicles in Russia. We can slightly increase our prices over time in par with Russian demand of Tesla vehicles. Our primary marketing campaign will urge Russia to take part in a “Green Revolution”. We will emphasize Tesla’s sustainable vision and technologically advanced image. This will appeal to Russia’s largely nationalist population, because this new technological advancement is what the Russian government wants for its nation—a green revolution.

Compared to our competitors, our pricing strategy has a technological advantage. In Russia, the most popular luxury automobiles are midsize luxury sedans such as the BMW 5-Series and the Mercedes E-Class. These vehicles’ MSRP starts at around $70k, similar to the Tesla Model S. However, the Model S has better technology, safety systems, and performance than any 5-Series or E-Class.
**Place**

First, Tesla will construct supercharger stations in and around Russia’s major population centers. This will act as a preliminary marketing strategy, as it will create consumer interest in the upcoming arrival of Tesla in Russia. Once these stations are constructed, we will construct midsized assembly plants outside of each popular center. This way, all manufacturing is centralized within Russia and import/distribution costs are minimized. Lastly, we will open all-glass, high-end, technologically advanced “showrooms in major popular centers to showcase the luxury, performance, and technological advantage of Tesla vehicles, and larger dealerships in suburbs around these major population centers. Buying logistics and distribution will proceed as follows: a consumer will build their custom Tesla in a showroom, this Tesla will be built in the closest assembly plant and delivered to its nearest dealership, where the consumer can pick up their new Tesla or have it delivered. Tesla will maintain an exclusive distribution channel strategy.

![Flowchart](image)

Although Tesla’s vehicle sales process usually does not involve much, if any, salesforce, we have calculated a necessary additional salesforce size within Russia with the following estimates:

- **Major Population Centers in European Russia:** 5
- **Estimated Showrooms and Dealerships Per Pop. Center:** 3
- **Average Estimated Salesforce Per Showroom/Dealership:** 15

\[
(5 \times 3 \times 15) + 1,000 \text{ (Estimated Internet Salesforce)}
\]

**Total Estimated Russian Salesforce Needed:** 1,225

**Promotion**

We will initiate a mass-marketing strategy when entering Russia’s luxury automobile market. When we enter the market, our advertising campaign will focus on attracting people to join the “Green Revolution”, a movement we want to create to get more luxury consumers to convert to greener technologies and energies while keeping the luxury and performance they want in an automobile. These advertisements will be located around population centers, but most important near government building and crowded areas such as Red Square in Moscow as as on social media. This will be the most important advertising campaign, as it will greatly support our launch and propel growth. Within our showrooms, we will use software to take note of foot traffic’s desires as well as email addresses. This way, we are able to harness the power of direct marketing to outline a list of each Tesla model’s benefits, tailored to the needs of our clients. In addition, during Tesla’s beginning growth, we can keep consumers updated on how much the “Green Revolution” is spreading via social media marketing on Facebook, Twitter, and Instagram so
consumers get excited about Russia and its automobile industry advancing rapidly technologically. Once we become established within Russia (around 2022), we will then shift our advertising campaign to target professionals who would be in our target market. These advertisements will be located all over population centers, and will support ongoing business.

*Tesla Advertisements

**Product**

<table>
<thead>
<tr>
<th>Model M</th>
<th>Model R</th>
</tr>
</thead>
<tbody>
<tr>
<td>(starts at $15,000USD, 0-60 2.2 sec)</td>
<td>(starts at $250,000USD, 0-60 2.6 sec)</td>
</tr>
</tbody>
</table>

“Vegan” EcoConscious Interior

We would start off with implementing the superchargers in 2020. When people are driving and walking around they would see the chargers, creating buzz marketing. Three months before we are introducing the
cars into Russia, we will have the billboards put up around Moscow, St. Petersburg, and other large population centers. Two months before the launch we invite influential, powerful such as government officials and businesspeople for brunch and test drives, giving them the first-hand experience of the car even before it is launched. During the brunch and test drive they can also pre-order vehicles. One month before the launch we start taking orders.

One of our main goals at Tesla Inc. is committing ourselves to becoming a leading company in sustainable technology. We strive to create products that benefit both the consumer and society as a whole. In order to push the envelope further we will be introducing a vegan option for all of our automobiles. Currently our offers for upholstery materials are leather or textiles; however, a majority of our orders are for leather seating. As an Eco-conscious company we understand the effect that the beef and leather industry are having on our Earth, and we plan to offer an alternative to the standard of “luxury interior”. We will allow a substitute for leather by offering customers high quality synthetic leathers such as Microfiber and Alcantara material. We do not want to compromise the luxury aspect of owning a Tesla by switching entirely to textiles. Instead we plan to redefine luxury by integrating it with ethical and sustainable design.

**Manufacturing**
The cars would be manufactured in Russia in order to circumvent import expenses, minimizing MSRP, and effectively executing lower, market penetration pricing strategies.

**Delivery**
There will be an option where the consumers can get the car delivered to their homes or pick it up. There will be a personalised box with all Tesla accessories.

**Action Calendar**
2018 will be the first year that Tesla employees enter Russia. This year will focus on the impact the weather may have on Tesla cars, and the supercharger network as to prepare for any obstacles we may have to overcome during operation. Market Research will be also completed to determine the level of interest in Tesla models, and possible future models to set up sales projections for our vehicles. The later half of 2018 and all of 2019 will be focused of construction in Russia. We expect the Supercharger network and service centers to open at the beginning of 2020, the Galleries to open at the beginning of 2021 and for production on Tesla cars in Russia to be ready in 2021 as well.

<table>
<thead>
<tr>
<th>2021</th>
<th>Quarter 1</th>
<th>Quarter 2</th>
<th>Quarter 3</th>
<th>Quarter 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supercharger Network Unveiled</td>
<td>Tesla Testing Opens; have the chance to test drive one</td>
<td>Tesla Stores Opened in Novosibirsk, Yekaterinburg, Nizhny Novgorod</td>
<td>Market Research: Happiness of Russian Tesla Owners over purchase</td>
<td></td>
</tr>
<tr>
<td>Destination Chargers Unveiled; acts as publicity for Tesla and locations using them</td>
<td>Ads for Tesla locations in next Cities Unveiled</td>
<td>“Green Revolution” Ads put up</td>
<td>Ad Budget Readjustment based on Sales Success in Year 1</td>
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<td>---</td>
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<td></td>
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<tr>
<td>Ads for Tesla Service Centers now opened</td>
<td>Updated Tesla Forums: Made easier to find/use</td>
<td>Ads for Tesla stores coming next year</td>
<td>Test driving opens in later three cities</td>
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<tr>
<td>Relaunch of Tesla Website with Russian Translation</td>
<td>Ads for Vegan Car Interior Option</td>
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<td>Ads for Future Tesla Models put up in Russia</td>
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</tr>
</tbody>
</table>

*Tesla’s Quarter breakdown: 1=Jan, Feb, March; 2= April, May, June; 3=July, Aug, Sep; 4=Oct, Nov, Dec

**Budgets**

The items in our promotion mix that will be most dominant are price, product, and promotion of the car. For price, the focus will be on the drop in cost of buying and maintaining a Tesla as we will now have offices in Russia. This means the previous of the Model S of 200,000 USD to purchase a Tesla and have it imported will no longer exist. Instead the Model S will cost 70,000 USD, or 3,918,432 Russian Rubles. The product will have a heavy emphasis as we focus on the luxurious nature of the vehicle, the technological innovation of the vehicle, and finally the environmental friendliness of Tesla vehicles. Finally, there's the promotion which will have a focus the environmental safety that comes with putting a Tesla on the road versus other brands. This is why the advertisement campaign is Green Revolution, so that we focus on the effect on the environment of putting a Tesla on the road. The price will be a focus at immediate launch, while product and promotion will be long-term focuses on developing the Tesla brand in Russia.

**Measurement and Control**

- Units Sales of the Model S and Model X will be tracked in comparison with our sales goals for the first year in Russia to reach the desired 40% market share of electric cars for the first four quarters of operation.
- After 12 months of operation in Russia, we will do an email survey of everyone who purchased a Tesla during the first operation in Russia, to gauge their satisfaction with the vehicle as well as interest in new models, in which we hope to get a 40% rate of people who are interested in future Tesla models.

**Appendix**


Nielsen.com
Statista, Wiki: Russian Demographics
Motortrend
MarketWatch