

Tesla to start advertising in major reversal for brand

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Tesla CEO Elon Musk has avoided traditional advertising campaigns in the past, but increased competition in the electric vehicles market may have forced his hand.

Tesla is set to “try a little advertising”, CEO Elon Musk has said, signalling a major shift from a brand that has previously eschewed ads.

The electric car company has historically favoured the advocacy of owners and fans to promote its brand and has not run paid for traditional campaigns in its twenty year history.

Musk has gone as far as to declare he ‘hates advertising’ when pushed as to why the company has never pursued it in the past.

But at Tesla’s annual shareholder meeting on Tuesday, Musk changed course and says the company will try an advertising strategy in the near future and “see how it goes” after

discovering its worth through owning Twitter, reports The Verge.

“Twitter is highly dependent on advertising, so, here I am, never used advertising really before, and now have a company that’s highly dependent on advertising,” he said in response to a question from an investor. “So I guess I should say advertising is awesome, everyone should do it!”

It’s unclear what an advertising campaign for Tesla would look like but in a follow-up interview with CNBC he said that if advertising is informative and entertaining “it can start to approach content” and that he would use advertising to highlight lesser-known features in the company’s vehicles, adding that any campaign would need to be “informative” and “aesthetically pleasing”.

He told the American news network: “It’s worth a try and we’ll see how effective it is. I only just agreed to it so it’s not a fully formed strategy.”

The news comes one month after Musk announced that Tesla would prioritise sales growth ahead of profit in a weak economy starting a price war in the electric vehicles (EV) market.

The company, which posted its lowest quarterly gross margin in two years in April, slashed prices in the USA and China in a bid to stay ahead of its rivals.

Musk defended the company’s actions at the time saying: “It’s better to shift a large number of cars at lower margin and harvest that margin in the future as we perfect autonomy.”

It follows predictions from Marketing Week columnist Mark Ritson who said behind Tesla’s impressive waiting lists and gross profit on each car sold was a short-term strategy that would need to be changed in the long run.

“You advertise cars not just for the next 12 months of demand but – quite literally – for a lifetime beyond that point,” he said.

The popularity of Musk himself has also been seen as a marketing tool for Tesla in the past with the CEO gaining a rabid fanbase over the years with his outspoken antics. This seems to have backfired since his purchase of Twitter, however, with Musk coming in for criticism for how he has handled free speech on the platform and his introduction of paid verification.

Twitter has reportedly lost tens of millions of dollars in pulled advertising in the seven months since Musk bought the platform and he appointed a new CEO, Linda Yaccarino, this week with the task of turning around the social media platform’s advertising woes.

Despite this, Musk is adamant he will not tone down his language, telling CNBC: “I’ll say what I want, and if the consequences of that is losing money, so be it.”

Tags: Tesla, advertising, brand