



IVELIN DOBREV



# TESLA'S CURRENT STATE AND BRAND POTENTIAL

HOW TO DERIVE A BRAND MEANING AND CREATE A FUTURE  
THAT INSPIRES

**Ivelin Dobrev**

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**Bibliografische Information der Deutschen Nationalbibliothek:**

Die Deutsche Nationalbibliothek verzeichnet diese Publikation in der Deutschen Nationalbibliografie; detaillierte bibliografische Daten sind im Internet über <http://dnb.d-nb.de> abrufbar.

**Impressum:**

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Ein Imprint der GRIN Publishing GmbH, München

Druck und Bindung: Books on Demand GmbH, Norderstedt, Germany

Covergestaltung: GRIN Publishing GmbH

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# 1 Introduction

“Most narrative is part purpose, part accident, and the messiness of life always pulses against the myth.”

Anne Gisleson, *The Futilitarians: Our Year of Thinking, Drinking, Grieving, and Reading*

The industrial revolution made an enormous number of people move to bigger cities, especially in Great Britain. In the 1890s the main transportation mode was horses. As the population was urbanizing more people meant more horses, which in terms meant more biological waste. The London city planners forecasted that in 50 years the whole urban area will be covered in almost 3 meters of manure also known as “the great manure crisis of 1894” (Davies 2004). The one thing that no one could forecast was that new technology would completely destroy those concerns – motor vehicles. This technology managed to solve a problem that in the current paradigm of thinking was unsolvable. One of the biggest global issues that we as a human race have in the 21<sup>st</sup> century is undoubtedly climate change. Most probably, the technology is our only hope for solving or at least mitigating this pressing life-threatening concern.

Since the creation of the first gas-powered car from Karl Benz in 1885 (Daimler n.d.) the technology has brought an enormous utility and prosperity for the entire humanity. From then on, till the mass adoption in the late 20<sup>th</sup> century the human-kind has been living on borrowed time. We simply changed one transportation problem with another much better and more sophisticated but still a problem that affects our environment – the gasoline cars. One company tried to challenge the status quo and create a new technology that would help the environment. Not only that but it shifted a paradigm that has been pervasive for more than a century – that the gasoline cars have no viable alternative. For its short-lived 17 years history, this company created a worldwide renowned brand that has already achieved legendary status. That company is *Tesla*.

The goal of this master thesis is to analyze in depth how a new business venture can create a brand that would be able to sustain, fight and in often cases win against established competition. In addition, it will inspect what are the key fragments of a legendary brand in the framework created by Vincent Laurence and how it is linked to our underlying human psychology.



The brand is audited from different perspectives, including macroeconomic analysis and SWOT analysis and concluding with validation of its initial hypothesis – the legendary brand status that *Tesla* has achieved in its brief history of 17 years. Finally, a proposal brand extension will be presented as a future potential path that the company could explore.

## 2 The rocky road of Electric Vehicles

Many people believe that electric cars are an eccentric novelty that is being sought out by eco-activists or rich consumers wanting to show off. Even though this might be the case for a number of consumers, the idea for their creation and usage goes way back in history. Electric vehicles have been around for quite some time and the earliest ones date as early as the first half of the 19<sup>th</sup> century (US Department of Energy n.d.). In essence, there were electric vehicles almost as long as there were cars in general. Not only that but in the dawn of the transportation revolution of the beginning of the 20<sup>th</sup> century, they were actually outpacing the combustion engine cars in terms of technology and innovation, breaking the land speed record of the astounding at the time 100km/h (Van den Bossche 2010). The cheap price of petrol and the additional range that the ICU (internal combustion engine) cars provided, however, drown the stimulus for the further development of the technology for decades.

Aside from all the external factors that stifled the innovation of the technology, electric vehicles also had an image issue. No major car manufacturer saw potential in changing that. Throughout the 20<sup>th</sup> century, EVs were a synonym of inadequate and weird-looking products that would never be able to compete with the internal combustion engine cars. Their lack of commercial and marketing success was in a symbiotic toxic relationship.

No meaningful progress has been made until the release of Henney Kilowatt in 1959 (Renault Group 2014). With a Renault Group partnership, the project was funded by the National Union Electric company a conglomerate including Emerson Radio, and Henney Motor Company. They also produced car batteries and wanted to combine those two technologies and find new ways of using them. Surprisingly, the range of the 1960 model was not tragic – around 75 kilometers with a top speed up to 97 km/h (Theobald 2004). The marketing of the car was unimpressive. The accent was that the car was electric but there was no explanation of why this might be better in comparison to the traditional cars or how this could benefit the consumer. In the 60s there were no pressing environmental concerns and the battery technology was underdeveloped. Naturally, the initiative was far from being a commercial success. Simply advertising that the car is electric was not good enough. Being different certainly not meant better in this case. Out of the 100 cars that were built only 47 were sold. Most of the buyers were electric utility companies, not regular consumers. In the coming years, the funding stopped as Henney Motor Company was not able to produce batteries at the planned price.

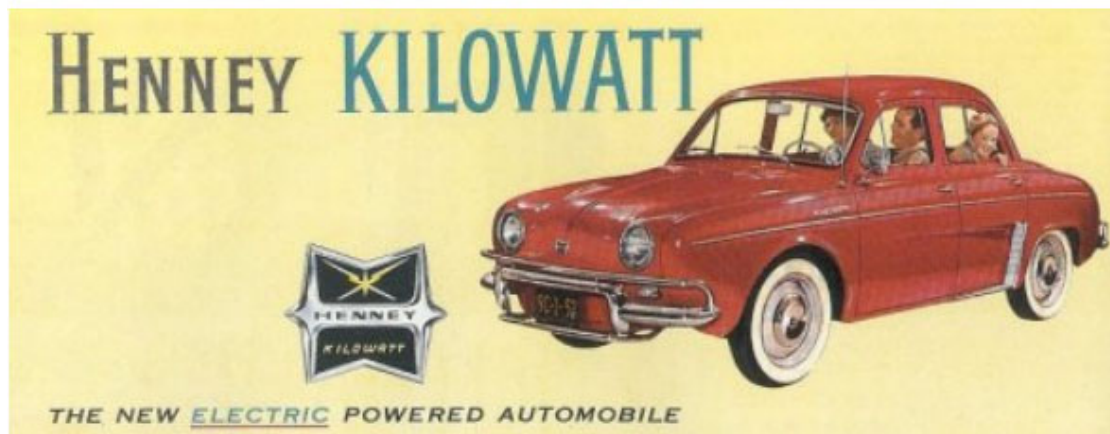


Figure 1: HENNEY KILOWATT: The American Electric Dauphine, (Renault Group 2014)

In 1966, General Motors introduced its Electrovair II (Sabatini 2010). The rationale was not saving on petrol but rather helping with the air pollution that was becoming a big issue, especially in the enormous metropolitan areas such as New York (Dwyer 2017). The car never saw the light of day and was not commercially produced but rather an interesting concept trying to make use of the newly discovered silver-zinc batteries by NASA (DiCicco 2016). Unfortunately, the car did not have virtually any advantage to its gasoline counterpart that it was based on. The Electrovair II was heavier, the batteries were expensive and bulky. Furthermore, they only lasted around a hundred charges and took 6 hours to recharge.

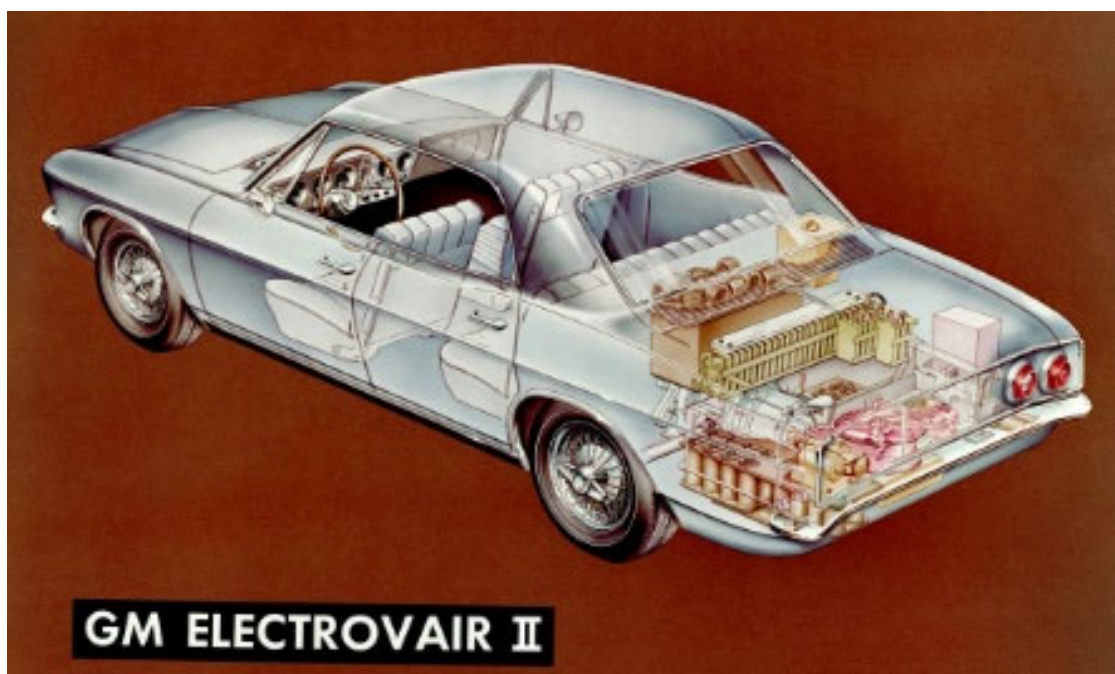


Figure 2: A look at the 1966 Chevrolet Electrovair II concept, (Raw When Parked 2014)