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Based on Consumer Theories: What can Companies do to Accelerate Carbon Neutrality.

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Abstract

According to the Sheth-Newman-Gross consumption value model, a product or service provides consumers with five aspects of value: functional value, social value, emotional value, cognitive value, and situational value. Based on this theory, this paper explores the strategies of Tesla and tries to find out its way to better achieve the worldwide goal of carbon neutrality. Tesla, one of the new energy vehicle manufacturers, is a pioneer in accelerating carbon neutrality. It manufactures products that qualify for all the features of the consumption value model, which to some extent account for its success worldwide. More importantly, I conclude its experience so that other companies can learn and apply it for practice themselves and better achieve carbon neutrality. That is to make their goods or services full of functional value, social value, emotional value, cognitive value, and situational value. And social value has been more and more important in the Internet era.

Keywords: Carbon neutrality; Sheth-Newman-Gross consumption value model; tesla company.

1. Based on consumer theories: what can companies do to accelerate carbon neutrality

According to the IPCC's Special Report on Global 1.5°C Temperature Rise, carbon neutrality means that net zero CO₂ emissions can be achieved when anthropogenic CO₂ removal offsets anthropogenic CO₂ emissions on a global scale over a defined period of time. The report also emphasizes that only by achieving the goal of net zero carbon emissions - carbon neutrality - on a global scale by the middle of the 21st century will it be possible to limit global warming to 1.5°C and thus mitigate the extreme hazards of climate change. However, the Emissions Gap Report 2019 released by the United Nations Environment Programme (UNEP) points out that there is a large gap between the current ambitions of countries to reduce emissions and the requirements of the 1.5°C target.

European Union and the United Kingdom regard carbon neutrality as an important opportunity to enhance their future economic competitiveness and ensure the maximum achievement of carbon neutrality targets through technology pathway planning, policies and regulations, and financial support. (Zhang et al,2021).

Governments and enterprises generally recognize that energy conservation and renewable energy are the main directions for future technological development in the industry. In the automotive industry, an important way to improve and alleviate the current situation is to develop new energy vehicles, especially pure electric vehicles. Tesla, as a benchmark brand of pure electric vehicles, has refreshed the concept of new energy vehicle manufacturing and opened up the idea of new energy vehicle manufacturing and a new segment of the new energy vehicle market (Sun Jie & Dong Jianjun, 2022).

Therefore, the analysis of Tesla's "green path" to achieve development has certain significance for other industries.

The Sheth-Newman-Gross consumption value model (Sheth et al., 1991) argues that a product or service provides consumers with five aspects of value: functional value, social value, emotional value, cognitive value, and situational value.

Functional value refers to the actual, material, functional value of the good itself. A product or service has functional value when it has certain functional attributes and satisfies the purpose of use for the consumer.

Social value refers to when a product or service provides utility by connecting consumers with other social groups, i.e., whether the product can bring social status, social image enhancement or satisfy consumers' self-needs, if it can, the product has social value.

Emotional value refers to the emotional resonance of the product or service for the consumer, if the consumer can get the favorite feeling from the product or service, it has emotional value.

Cognitive value can also be understood as novelty value, which refers to whether the product or service satisfies consumers' curiosity and novelty, and if it does, the product has cognitive value.

Situational value refers to the choice consumers make when faced with a specific situation. In a given situation, a product or service can temporarily provide greater functional or social value, so that it produces external utility and changes the consumer's original behavior, and situational value is not held for a long time but for a short time.

2. Method

2.1. Materials

This article focuses on consumer theory and how it explains the consumption of Tesla, especially the part that relates to carbon neutrality.

Most of the references are found in China National Knowledge Infrastructure. I filed and compared relevant articles, and combined them with other information on the official website of Tesla.

Due to a lack of access to some of the articles like the book *Why we buy what we buy: A Theory of consumption values*, I got the view about it from an article from someone else.

3. Results

Tesla is producing products of functional value. Rather than adapting to competition by lowering prices, Tesla Motor is using a pricing customer-perceived value pricing method, by adding value-added services to develop its differentiation by adding value-added services. With this pricing approach, consumers evaluate the price of a product by its perceived value. It is greater than its actual selling price, and customers are motivated to buy. In terms of increasing perceived value, Tesla has made a refined calculation for its customers than traditional gasoline. A conventional gasoline car consumes about 8.1 liters of fuel per kilometer, and at 8.55 yuan/liter, the fuel consumption is 69 yuan per 100 kilometers. The Model S consumes 0.183 units of electricity per kilometer, and the cost of electricity is 0.53 yuan per unit. The Model S consumes 0.183 kilometers of electricity per kilometer, and at a cost of 0.53 yuan per kilometer, the electricity consumption is 9.7 yuan per 100 kilometers. (Zhang et al,2015).

Moreover, Tesla is thought highly of its emotional value. It is a purely electric new energy company with no

fuel consumption and no emissions, which is the new logo of today's environmental protection. What's more, it has become the purchase target of environmentally conscious consumers. Although few consumers are currently buying because of environmental awareness, when these people realize the real meaning, such as the strong emotional meaning, parents want their young children to live in a better world, they will actively join the "buy" team. Thus, the rising awareness of environmental protection has made more and more consumers join the team to call for a blue sky.

What's more, Tesla is considered full of cognitive value. With its "environmental protection, intelligent technology" product concept, Tesla quickly swept the global electric car market, just like the original Apple iPhone, and has continuously topped the sales of luxury cars in the United States. Tesla has become the Apple of the automotive world, renewing the myth of the American auto industry.

Meanwhile, Tesla has both high social value and situational value. Because of these myths, many big names in the technology world, like Google's Sergey Brin, domestic Sina's head Cao Guowei, Xiaomi's founder Lei Jun, and finally Oscar-winning Leonardo, Morgan Freeman, Steven Spielberg and other Hollywood big names are all famous users of Tesla. These people not only have a voice and influence in their circle of friends. In the world outside their circle. There is a large number of loyal fans, and such an opinion leader's influence really should not be underestimated. Microsoft founder Bill Gates has posted a viral video on his private blog of test-driving the Model X with his friends. In addition to the marketing caused by the celebrity effect, other ordinary consumers of Tesla also voluntarily formed a circle, they either set up a Tesla owners' group or a WeChat public number, following the official information dissemination footsteps, and subconsciously influencing their friends or relatives around them. these people are the best salesmen, they tell 10 or 20, or 100 people who are willing to trust them, listen to what they say, and listen to what they have to say (Liu Jing, 2016). We should notice the significant influences led by its social value and make good use of it in marketing.

4. Discussion

The experience learned is that companies should try to improve the value of their product or service in five aspects, among which the social value should be emphasized.

As we all know, the choices of consumers and policies of government can greatly influence enterprises and therefore all the bodies in society are motivated to do something for a better world. Nowadays, people have done a lot of research on what consumers can do in daily life and what kind of tools government can use to accelerate the process of carbon neutrality. But to some extent, the decision of carbon neutrality for companies is more likely to be forced. We may ponder, is there a way for companies to turn to carbon neutrality with willingness? So we should pay some attention to think what companies can do voluntarily.

What's more, previous articles are mainly focused on how to promote carbon neutrality technically. It is significant to deal with this question from some other perspectives. Therefore, this article views it from a consumption value and tries to collect some experience from the success of Tesla. In this way, we can go deeper into the concept of carbon neutrality.

However, there are some drawbacks to this article. Firstly, it is done with the analysis of former papers for lack of access to get into the company and conduct field research. Secondly, limited materials can be found for the combination of consumer value and Tesla, which may affect the reliability and validity of the article. Thirdly, there are not enough direct data to guarantee the companies' success of how long in the future.

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