



Business Strategy and Digital Transformation
December 2022

Tesla's Business Strategy Analysis



Group Project Elements:

Lucas Guimarães 20201571

Luís Silvano 20201479

Ricardo Sousa 20201611

Rok Mazej 20221502

Table of Contents

Index

1. Introduction.....	2
2. Tesla as an Organization	3
2.1 Mission.....	3
2.2 History	3
2.3 Values	5
2.4 Vision.....	5
2.5 Strategy Statement	6
2.6 Products and Services	7
2.7 Location and Dimensions	10
2.8 Customer Segment.....	11
3. External Analysis	12
3.1 Macro-Environmental Analysis (PESTLE)	12
3.2 Tesla in its Industry.....	15
3.2.1 Industry Structure.....	15
3.2.2 Major Competitors	15
3.2.3 Porter's Five Competitive Forces	17
4. Internal Analysis	19
4.1 Resources and Capabilities Analysis	19
4.1.1 Resources & Capabilities	19
4.1.2 Value Chain	22
4.1.3 Revenues and Statistics.....	23
4.1.4 SWOT Analysis	25
4.2 Business Model.....	27
4.3 Business Strategy	28
5. Impact of Technology and Digital Transformation	30
6. Conclusion	32
7. References.....	33

1. Introduction

In the world of electric vehicles, the name Tesla is synonymous with innovation. The company has been in the business of making electric vehicles for over a decade now, and in that time, they have managed to revolutionize the industry. Tesla's vehicles are some of the most advanced on the market, and they are constantly pushing the boundaries of what is possible with electric vehicles. In this report, we will execute a deep analysis of **Tesla's Strategy** (its mission and history, its values, its strategy statement, which products and services they grant to clients, its locations and dimensions of Tesla, and its Revenue). Also, we will perform an **Analysis of Tesla as Industry and its Macro Environment** (its industry structure, competitive analysis considering their competitors, we will realize their 5 competitive forces and Tesla PESTEL). Lastly, we will review **Tesla's SWOT Analysis** and the **technological impact** it has on the industry.

→ WHY WE CHOSE TESLA?

We decided to present our work on Tesla because it is no doubt that their business model is quite impressive. One of the most impressive things about Tesla is its **commitment to innovation**. They are always looking for ways to improve their vehicles and make them more efficient. Tesla's vehicles are some of the **most advanced** on the market, and they are constantly pushing the boundaries of what is possible with electric vehicles. Unlike other companies, Tesla took a **unique approach to establish itself in the market** by creating a compelling car that **creates a demand for electric cars** rather than producing affordable cars. In today's date, with all the global warming arguments going on, it is also interesting how this motor company aims to accelerate **sustainable** transport such as electric cars and **energy storage systems for homes and businesses** such as batteries.

2. Tesla as an Organization

2.1 Mission

"Accelerate the world's transition to sustainable energy" and *"The future is sustainable"* are both statements that Tesla affirms as being its main mission. To achieve its mission, Tesla has the goal to design and manufacture electric vehicles that are not only **environmentally friendly**, but also stylish and fun to drive, built **products that replace some of the planet's biggest polluters in the car sector and energy systems sector** (reduce the pollution in the case of traditional vehicles, that run on fossil fuel, increasing life's vitality), and besides the main electric vehicles sales, Tesla is taking advantage of the solar energy market to allow the population to have a sustainable future. This change is directed not only at day-a-day customers, but also companies and organizations that want to update for a more sustainable process. Tesla can help by providing both solar panels or other energy products, and electric vehicles. In addition, Tesla offers a variety of financial incentives to encourage customers to purchase its vehicles and solar energy products, including leasing and financing options.

2.2 History

The company was founded in 2003 in San Carlos, California (U.S.) by Martin Eberhard and Marc Tarpenning, and at the time they gave the name Tesla Motors. The idea behind the name was to honor Nikola Tesla, one the major and known engineers for discovering the properties of rotating electromagnetic fields. In the beginning, Eberhard was the CEO (Chief Executive Officer) and Tarpenning was the CFO (Chief Financial Officer). So, based on General Motors the founders wanted to create a new electric car.



Figure 1 – Elon Musk

Only in 2004, Musk joined Tesla with an investment of \$30 million, becoming the chairman of Tesla's Board of Directors. In 2006 they announced their first electric vehicle, the roadster, and unveiled a prototype for the public. In 2007 Eberhard resigned as CEO of Tesla, remaining as a member of the advisory board, and later in the year was replaced by Ze'ev Drori. In 2008 the Roadster finally entered production, being the first company to produce an electric car with features that served the customer needs. In the same year, Tesla Motors received a lot of complaints about the price of the car and its durability per charge. Yet in

2008, Musk became CEO and fired 25% of the staff, due to the controversy and a lot of blaming for the initial problems of the first roadster, Eberhard left the company.



Figure 2 – Martin Eberhard; Marc Tarpenning; Ian Wright; and J. B. Straubel

In 2009, the problems continued and after a lawsuit, an accord was reached and Martin Eberhard, Marc Tarpenning, Ian Wright, Elon Musk, and J. B. Straubel were able to call themselves founders of Tesla motors. This was a year of a lot of financial problems for Tesla, even with the launch of the roadster, and had problems delivering the cars already sold. So, in the middle of the year, Daimler needed to buy a 10% stake in the company and a loan from the Department of Energy to keep the company in the market. In 2010, the company was more stable and decided to go public raising a total of \$226 million in its IPO (Initial Public Offering). In 2011, in an attempt to reduce the cost of its products already discussed in other years, Tesla Motors finally showcased the prototype of the Model S, an attempt to specialize in the sports car.

In 2012, the Model S finally went into full-time production, and deliveries were made, receiving a lot of awards in the category of automotive and environment in the same year Tesla Motors discontinued the production of the Roadster - first generation. With the selling of the Model S and the previous Roadsters on the road, Tesla launched their first Supercharger charging station in six different locations in California, and since then this number has been increasing the years. In 2013, a great landmark occurred and Tesla Motors made its first quarterly profit. Then in 2014, Tesla Motors announced the Gigafactory in Nevada, where they will manufacture batteries for all the different products (a small curiosity is that the Nevada Gigafactory is one of the largest buildings in the world in square footage). Since then Tesla has been ambitiously expanding. In 2015 the company entered the solar power market (panels and roof), announcing a line of products to power homes and businesses based on a combination of solar panels and batteries. In the same year, Tesla Motors started the production and delivery of the Tesla Model X.

In 2016, it announced plans for the Model 3, an electric car for the big masses and the cheapest and most affordable one of all models until today. In 2017, Tesla Motors finally changed its name to “Tesla Inc.”

this was to differentiate the new and different scope of its products (making the products become an energy solution across many sectors). So finally pushing into the mass consumer market, in the same year the Model 3 was finally launched, with this came some problems where Musk promised twice the deliveries than the cars they had produced to sell. In 2018, Musk steps down as the Chairman of Tesla's Board of Directors and is replaced by Robyn Denholm. In 2019, Musk and Tesla unveil the famous Cybertruck, the full electric pick-up truck, and claims that Tesla has gotten 250,000 orders for the new product. In 2020, Tesla started selling the Model Y, a crossover SUV. Also in the year 2020, Tesla has the most profitable year for the company, with 31.5 billion dollars in revenue.

In 2021, Tesla continued increasing their revenue, a total of 53.8 billion dollars and an increase of 71% when compared to the last year, finally decreasing its debt with the investors. Besides some extra marketing and announcements on the 3 new models.

2.3 Values

Tesla's values are "*doing the best, taking chances, respect, continuous learning, and environmental responsibility*" with this sentence, we can conclude their values are that workers always must **hold wisely the company risks**, do good decisions in their work, **respect each other's decisions**, for we have a good environment inside of the company, **do not lose opportunities**, always take their chances, the **staff must have a growth mindset**, where they always want to improve, as continuous learning, and for last, they must be responsible in their duties for a positive progression on Tesla company.

2.4 Vision

Tesla has the statement "*create the most compelling car company of the 21st century by driving the world's transition to electric vehicles*" as their main goal to achieve as an electric car company. Tesla intends to achieve this goal by first **creating and developing a compelling car company**, and then **highly influencing the change to electric cars**.

To achieve their vision Tesla first designed a plan to become the leader in the electric vehicles industry, this way leading people and, especially, other manufacturers to understand and become interested in the meaning and importance of electric vehicles. This step was a success, since Tesla was one of the pioneers of the industry, bringing each year more and more competitors and customers to the market, and even

though new competitors do not enter the market of electric vehicles, Tesla has an idea of being an influence to other companies when we talk about renewable and green energy.

Another point that Tesla had to go through to achieve its vision, and very related to the previous point, was to create a smooth transition between gas cars and electric cars. To do this Tesla set one goal of globalizing electric vehicles, and to achieve it Tesla is expanding their stores, superchargers, and factories, and they have plans to keep expanding in the next few years.

2.5 Strategy Statement

Tesla's strategy statement can be given by 4 major points, which are:

Focus on electric cars and sustainable energy: Tesla believed that electric cars can be better, quicker, and more fun to drive than gasoline cars. Tesla aims to disrupt the industry by creating many innovative pieces that fit together.

Ownership of distribution: Tesla does not work with any dealers or distributors. Therefore, it is only possible to buy the car directly from the company. Tesla has company-operated stores in shopping centers among the customer segment.

Low cost of ownership: Tesla makes their cars to be low-cost for customers. That is because they are powered by electricity which is at the moment a lot cheaper than gas/oil. Moreover, customers are often offered tax breaks and other incentives from local governments. Therefore, Tesla has a competitive advantage and has a calculator which shows the customers how much they will save if they buy a Tesla car.

An unconventional way of doing business: Doing business has always been a key for the company. For example, Tesla does not spend any money on marketing and advertising and even has the name of 'zero-dollar marketing'. The company also has unorthodox HR activities. They have a blurry management hierarchy and every employee from each department can contact Elon Musk.

2.6 Products and Services

When we talk about the products of Tesla, we only think of the famous 4 models of cars that Tesla has currently on the market, but if we analyze deeper, Tesla sells and produces much more than that, we have the cars, the sustainable energy, their accessories, the merchandising and the lifestyle that Tesla provides. Let's start talking about all the electric vehicles on the market, the ones that are not available anymore and the ones planned to hit the market soon.



Figure 3 – Roadster First-Generation

First, in the chronological line we have the Roadster First-Generation, also called DarkStar, it had its production between 2008 and 2012, at the time produced by Tesla Motors, and most of the last roadsters were sold in the last 3 months of 2012 in Europe and Asia. The roadster, a compact and sports car, was the “first highway legal serial

production all-electric car to use lithium-ion battery cells” and the first batch of electric vehicles to be able to pass the mark of 320 km per charge, and it was able to travel 393 km per charge. The roadsters, between the multiple versions and models, were sold between \$80,000 and \$120,000, nowadays it is still possible to find some cars for sale on the internet but for much higher prices, for example at the beginning of 2022 a 2011 Tesla roadster 2.5 Sport was sold for \$190,000.



Figure 4 – Tesla's models, available in the market

So as of 2022, Tesla has 4 models available for purchase and these are, by chronological order, the Model S, the Model X, the model 3, and the model Y. First, the model S or as coded WhiteStar is a luxury executive car announced in 2008 but only launched in June 2012 and produced in Fermont, it is a battery-powered liftback car that served as a flagship for Tesla, putting the company really in the market, and although

having some problems at the launch as well some criticism, it quickly became the “*first electric car to top the monthly new-car-sales ranking*” in all countries, with some even going to top 1 twice in different times, at the time it was also the “*top-selling plug-in electric car worldwide*” both in 2015 and 2016. With no upgrades, the price of Model S goes around \$106,440, and the most recent and expensive version launched in 2021 is the Plaid which has a price that goes to \$150,000. Then came the Model X, a mid-size luxury crossover SUV, it was launched in 2015 with two production sites but nowadays it is only produced in the Fremont factory. One of the biggest features of this luxurious car is its falcon-wings doors, and shares only 30% of the features of the model S. After one year on the market, it ranked seventh among the best-selling plug-in cars, and the base price in 2022 is \$114,990 going up with fees, taxes and upgrades, again the Plaid version is the most recent and it costs about \$138,990. After that, in 2017, the model 3 or BlueStar was launched as a compact executive sedan that is battery powered and marketed as being more affordable and for everyone than any other Tesla car, it was a success because since 2020 its bestselling electric car and in June 2021 it was the first electric car to surpass the 1 million global sales mark. The price of the standard version starts at \$48,49 having other versions like the “Long Range” and the “Performance” priced at \$56,000 and \$62,000. Finally, we have the most recent model, the Model Y, a luxurious battery electric compact crossover based on the Model 3 sedan platform, launched in March 2020. According to Tesla, the Model Y is “*capable in the rain, snow, mud and off-road, a Tesla all-wheel drive, has two ultra-responsive, independent electric motors that digitally control torque to the front and rear wheels, for far better handling, traction and stability control*”. The price of a model Y car goes around \$67,000. Tesla sells accessories, features, and extra expansions (auto-driving, heat pump, radar, etc.) for each car at an additional cost.



Figure 5 – Tesla’s Cybertruck Announcement

At the moment (November/December 2020), Tesla has 3 upcoming vehicles all to come in the next two years. First, the Tesla semi, an “*an all-electric battery-powered Class 8 semi-truck*”, Tesla claims the production started in October of 2022 but the delivery will only occur in December or early 2023, it announced to have new and unique batteries that would last 650 km

and be able to recharge 80% of their capacity in only 30 mins using a Tesla Megacharger, one the biggest features of the semi is that it allows semi-autonomous driving on highways. Then there is the roadster second generation, which Musk said it should ship in 2023, so as the name says this car is based on the first-generation roadster, it is “*an all-electric battery-powered four-seater all-wheel-drive sports car*”,

Tesla also claims it will be capable to go from 0 to 97 km in only 1.9 seconds, which will be quicker than any legally produced car. Finally, and lastly, we have the Tesla Cybertruck, all the delays and uncertainty are unsure affirm that production will start in 2023, but its definition is a “*battery electric light-duty truck*” and until now 3 models or versions have been announced.



Figure 6 – Tesla’s Energy Products – Solar Roof & Powerwall

Now moving on to energy products, Tesla divides energy marketing into 3 categories: “*Store your energy*”, “*Produce clean energy*” and “*Massive energy storage*”. First, in “*Store your energy*” the goal is to together with a solar panel, store the energy and not depend on sunny days, the products sold here are the different versions of the Powerwall, this is an energy device for homes and businesses. This battery is rechargeable and has an integrated battery system that stores energy from solar power as a backup for the times when the grid is down. Then in “*Produce clean energy*” Tesla sells solar panels (with different potencies) and solar roofs, these were designed to maximize the roof’s energy production without bargaining with the aesthetics of homes. This not only saves utility bills but can also power homes for decades with the energy produced. Finally, in “*Massive energy storage*” Tesla provides a way of producing solar energy but on a bigger scale, not so for personal use, for example here besides the solar panels, they have megapacks that serve to save a high quantity of energy, they provide monitoring service for the energy and high complexity systems to deal with your energy, and each unit holding enough to power around 3600 homes for an hour.

Finally, Tesla provides multiple services to help both day-a-day customers and company customers, so Tesla divides the services into Customer Service and Emergency Service (24 hours per day) for daily problems with your electric vehicle, Energy Customer Service for problems with energy products, and finally, Service for Company or organizations that work or have a partnership with Tesla since their products are in a big scale (e.g. car company that rents Tesla Cars; Company that uses Tesla solar panels to produce energy in big scale). We can also mention the diverse merchandise that Tesla sells on their website.

2.7 Location and Dimensions

When Martin Eberhard and Marc Tarpenning launched Tesla Motors in 2003, many people thought it was just some rich people fooling around. There was one common criticism toward Tesla and that was how they are going to launch electric cars in the fossil-fuel world. After a while, investors started looking at Tesla differently, especially when Elon Musk joined the company with his 7.5 million dollars investment. This investment was the start of the rapid growth of Tesla, especially investment-wise since it is still one the major companies that come to mind when we talk about investing in the market or companies that thrive on outside investments and their presence worldwide did not stop growing since then.

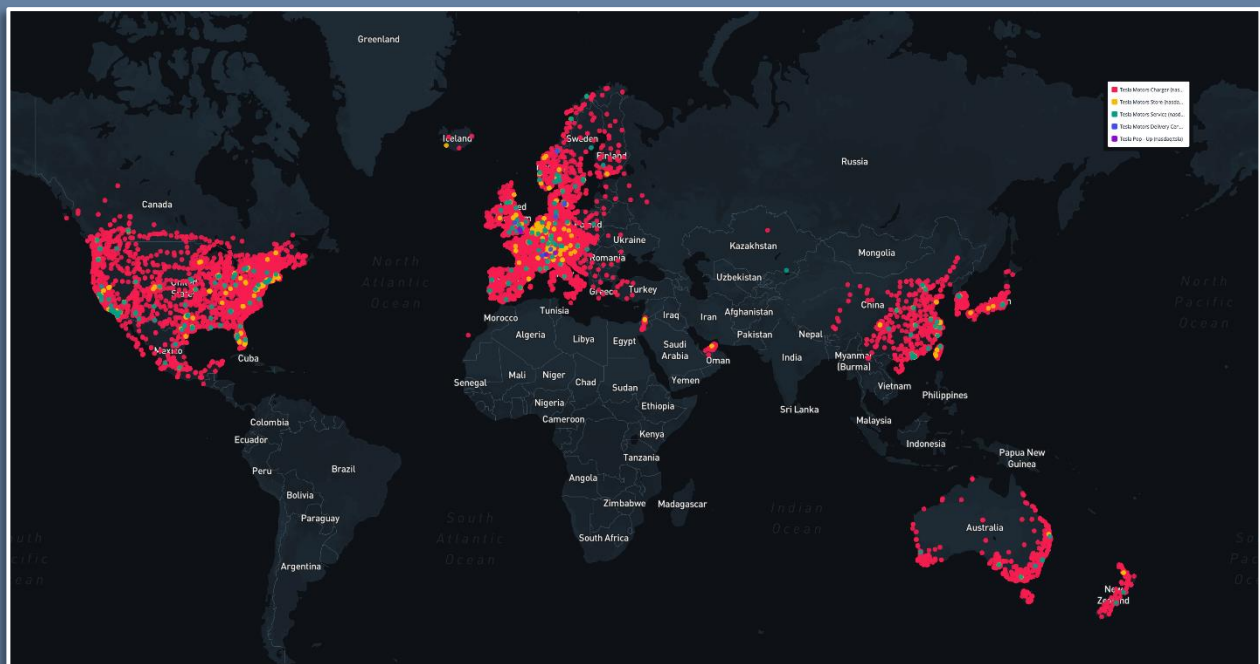


Figure 7 – Tesla's Worldwide Presence

Nowadays Tesla has factories, Gigafactories, stores, service centers, and multiple charger locations, in North America, Europe, Oceania, and a few areas in Asia. In terms of stores, Tesla has **438 stores** across these regions of the world and more than a third are in the United States. Tesla also counts **98 service centers** with 57 of them being placed in the U.S, and most of the other locations have between 1 and 3 centers. When it comes to charger locations Tesla is constantly increasing the number of outlets across the regions, but at the moment Tesla counts **more than 35000 superchargers**, making Tesla the biggest owner and operator of fast charging networks. When we talk about factories and gigafactories. Tesla currently operates 5 different factories, 3 of them in the United States, the **Fremont factory** previously owned by General Motors, was purchased by Tesla in 2009, the **Gigafactory 1 - Giga Nevada** the first of Tesla's growing assemblage of production facilities, the **Gigafactory 2 - Giga New York** focused mostly in solar

energy, one in China, the **Gigafactory 3 - Giga Shanghai** the second factory to assemble Tesla's cars, and the last one in Europe or Berlin, the Gigafactory 4 - Giga Berlin the newest one, open since February 2022, to produce batteries and powertrains. Besides some rumors of another factory in Asia, Musk talked in Gigafactory in Texas but since then never confirmed.

These structures and services **employ a total of 110000 people** in 2022, which is a lot considering that Tesla has been present for only 2 decades in the market. And especially considering the exponential growth since 2010 that Tesla had in their number of employees, we can see this big change. (In figure 8, 110000 employees were an estimation made by Tesla in the middle of 2022, marketing on their website)

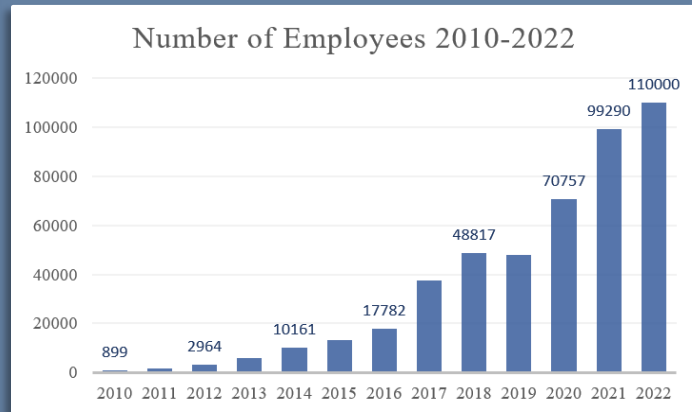


Figure 8 – Evolution of Number of Employees in Tesla

So, if you are worried that Tesla does not have the infrastructure yet, you should not be, since, besides the numerous structures already made, Tesla has many others planned to continue expanding.

2.8 Customer Segment

In 2006, Musk established his main goal as *“to help expedite the move from a mine-and-burn hydrocarbon economy towards a solar electric economy”*, this unique view by Musk helped form a new community among the customers of the car industry. So even so, their vehicles are still considered luxurious, their objective since the launch of the Roadster, the first generation, is to make electric vehicles affordable, easy to access, and somewhat cool to make the customers want to buy an electric car.

So, when we discuss what is the real customer segment of Tesla it was hard to find a unique and equivalent answer for the demography of this population, some authors say people 54 years with and household income of around \$140,000, and other authors affirm that these customers are male Millennials and Gen-Z individuals who live in urban areas. And although it is clear to arrive at some agreement on this term, we find some definitions that can help define this segment, so most authors agree that to buy a Tesla car, you must be in one of these groups, a high-end luxury car enjoyer, in the mid-price range in terms of affordability with the Model 3, a company looking for commercial vehicles (rent car companies, companies that order the future semi, etc.), part of the green community looking for sustainability, a sports/fast car

enthusiast, autopilot user or enjoyer, a Tesla follower, a follower of Elon Musk, or even a green energy user. So even though you might not consider yourself a big Tesla fan, Tesla's customer segments involve various communities and one you could have an interest in or be part of.

3. External Analysis

3.1 Macro-Environmental Analysis (PESTLE)

The macro environment is the remote environment of the firm or the external environment in which the company exists and acts, although being able to act on it, it is too unpredictable and too big to control. As expected, due to their big impact and diversity in industries, Tesla's macro environment revolves around some industries, the major ones the automotive industry, the energy generation industry, and finally the energy storage industry. So to gain a macro view of the industry that Tesla is in we are going to analyze the macro-environment using the PESTLE (Political Economical Social Technological Ecological Legal) analysis.

→ Political

The Political factor of the PESTEL analysis identifies governmental impacts on business and the effect on remote or macro-environment. Some of the political external factors that are significant to Tesla are **governmental incentives for electric automobiles**, it is an offer of financial assistance to private businesses making investments through the use of economic incentives to reduce the carbon emissions of the operations and products of the company; **new global trade agreements**, global agreements to diminish the CO2 emissions around the world, which favors the use of electric vehicles; and **political stability in the major markets**, or the stable structure of the company and the not tendency to collapse over political problems are a great deal because it can effect of the appeal of the company for shareholders and other investors.



Figure 9 – Political Incentives for EVs

→ Economical

The Economic factor of PESTEL studies the effect of economic conditions on the macro-environment. So economic factors as the following are affecting Tesla's business model: **decreasing battery cost**, since the CATL is one of the main suppliers of Tesla if the price of the battery, Tesla will perform better and with more profit; **decreasing renewable energy costs**, this factor makes the Tesla's products more attractive with the renewable energy more popular and cheaper; **economic stability issues**, Tesla has been having some threats on Eurasia continent, due to high competence with other big companies; the sales of electric automobiles are a **boost for the global economy**; and the **production of cost-effective vehicles in the future**, is very promising and can give Tesla a great advantage against other companies;

→ Social

The Social factor tells us how Tesla had social effects on the habits and spending tendencies of the customers like a **new kind of luxurious**, Tesla electric cars created a new category of luxurious cars; **increasing the popularity of low-carbon lifestyles** and **increasing preference for renewable energy** (environment-friendly) this works completely in favor of Tesla and gives Tesla's products favoritism and popularity; **improving wealth distribution in developing markets**, Tesla has the opportunity to boost their financial performance by working and expanding on to developing markets, but it should be careful, though these markets can help generate better revenue for the company, Tesla will represent an impossible threat or competition impossible to beat.



Figure 10 – Tesla Technologic Apps

→ Technological

The technological factor determines how technologies influence and guide Tesla's Macro-Environment. Some of these factors were: the **high rate of technological change**, which can be an opportunity or a threat, since it can enhance Tesla's products with new features and new gadgets, but also can turn some technology into potential rapid obsolescence; **increasing automation in business** can bring opportunities and growth to the company; the **increasing popularity of online mobile systems**, which provides hope for growth based on technological augmentation.

→ Ecological

Ecological factors have been a priority for most companies and Tesla is no exception, it evaluates the environmental concerns with its business plan Tesla. Some of the factors contributing are: **expanding environmental programs** which support a way to deal with climate change and scarce resources; **creating awareness of environment-sensitive products** (e.g.: solar panels, batteries, and electric cars/trucks), establishing itself a green brand addressing these external factors linked to business sustainability and environmentally friendly products; and **rising standards on waste disposal and ecological factors** of not only a customer but also competitors (who want to have a chance on competing in this new market), shareholders, investors and the public in generals.



Figure 11 – Tesla's Superchargers

→ Legal

Similar to the political factors, legal ones take the country's rules and regulations into consideration when Tesla operates. For example, some of the legal factors are: **expanding international patent protection**, needing to maintain the regulations and update their policies to abide by the rules; **energy consumption regulations** promoting Tesla's electric vehicles and energy solutions products; **dealership sales regulation with restrictions from many states on direct sales**, this being an opportunity, due to a possibility to grow through direct sales but also a threat since some states do not allow direct sales and require a dealership to transact the product with customers in the market

3.2 Tesla in its Industry

3.2.1 Industry Structure

Tesla is an **automotive and energy company**. The company is spread across the U.S (where its headquarters is based in Austin, Texas), Germany, and China and has operational units across Asia and Europe. Tesla's industry falls in the category of **Auto Manufacturers** where its sector is seen as Consumer cyclical, which is operated by an average of 110,000 full-time employees spread across the globe.

Their focus is to **design, develop, manufacture, and sell electric vehicles**. Convinced by the global warming arguments, it aims to provide its consumers with zero-emission electric generated cars to move towards a sustainable solar electric economy. Not only electric cars, but to achieve their goals, **Tesla now sells batteries for home and business uses**, offering end-to-end clean energy products, including energy storage systems, generation, and consumption. The automotive sector of Tesla provides electric vehicles and sells its regulatory credits. They are also involved in the provisions of used car sales, warranty on them, insurance, and as well as retail merchandising.

During the last years, Tesla started entering the **energy generation and storage systems sectors**, appointing people engaged in the designs, manufacture, and installation of the products and services provided for the residential and commercial segments. Their services often include repairs of its energy products, energy storage options, warranty, and various financing options for its solar consumers.

3.2.2 Major Competitors

Despite being only 2 decades old, Tesla outgrew many companies and proved its value in the market, and has secured its top spot when it comes to luxury electric vehicles, Tesla is famous for launching the first fully electric sedan in the market, and although specializing in vehicles that use clean energy, Tesla evolution to manufacture their energy solutions for customers, as solar panels and roofs, power packs and Powerwall (as talked before in the chapter of Tesla's services). Regardless of being the most recognized company in this matter, it has some direct and indirect competitors that are ramping up in manufacture and sales, and more and more the electric vehicle is starting to become more competitive with some real threats

for Tesla. So, starting direct competitors we reunited 4 different companies that oppose Tesla in some way, note that there is no order more threatening whatsoever.



Figure 12 – Examples of Competitors' Vehicles

First, we have **Ford Motor Company**. Also, a multinational automobile manufacturer which focuses on electric cars, SUVs, trucks, and commercial vehicles. In 2021, the Ford, Mustang Mach-E-model received the Cars and Driver's first electric vehicle of the year award. It aims to manufacture EVs that provide legendary features: performance, productivity, and capability. The reason why Ford is a competitor is that its target market is fully electric commercial vans and pickups, where they intend to deliver all the features of an EV at an accessible price point. Each day, Ford is becoming a bigger threat to Tesla, with its innovative technologies, quality service, and customer support.

Then we have **General Motors (GM)**, an American company founded in Detroit in 1908, and although for a long time they are focused on the future with fully electric cars on the streets. GM intends to produce electric vehicles of all models, tastes, and price ranges. Since 2017, GM has sold more than 100,000 bolts, one of its most profitable models, where it received some of the best loyalty and satisfaction ratings in the market.

After that, we have **NIO Inc.**, a holding Chinese company that designs, manufactures, and sells smart electric vehicles for the international market. NIO defends that they are unique and set apart from the market due to its technological breakthroughs and innovations in car electric batteries. Between July 2021 and July 2022 NIO delivered a total of 60,879 electric vehicles, an increase of 22% when compared to the previous same period.

Finally, in direct competitors we have **Volkswagen**. One of the largest automobile manufacturers in the industry is known for its products and brands such as Audi, Lamborghini, Bentley, Porsche, and Skoda. Volkswagen is building a decarbonization program that is committed to the CO₂-neutral balance in all areas of manufacturing and production by 2050.

Some other companies worth mentioning as Tesla's direct competitors are Nissan, Toyota, BMW, Honda, and Audi. This is one of the competitors lists that Tesla has because since the automotive industry is so competitive, it is impossible to reunite a list of 4 companies and affirm they are the only competitors of Tesla.

So, we also reunited some **indirect companies that Tesla faces in the market and threaten** their presence on the market. And unlike the top manufacturers in the industry, many questions how **Uber** and **Google** manage to become the indirect competitors of Tesla. The main reason is that both Uber, Google, and Tesla are working on self-driving car projects making them indirect competitors.

For example, **Uber** is based on the concept of self-driving, and this concept is part of the company's goal of becoming the power solution of local commerce. The survival of Uber is based on the concept of Robotaxi, which has a similar audience to Tesla.

Then we have **Google**, through Waymo a self-driving technology company, that originated Google as their project on the self-driving concept. Google was able to enter a partnership with manufacturers such as Toyota, Ford, Volkswagen, and others to turn the concept into a reality, whereas Tesla's fully automated vehicle is yet to be launched shortly.

(misses energy competitors NEXT ERA ENERGY)

3.2.3 Porter's Five Competitive Forces

When we speak about the five competitive forces, we talk about Porter's framework, which consists of rivalry between competitors, the **threat of entry, the threat of substitutes, the bargaining power of suppliers, and the bargaining power of customers**. With the framework, we can analyze the attractiveness of the industry.

In case of **threat of entry**, the car industry is a good force for Tesla since it is very expensive and hard to enter the electric car industry. Mostly the threat of entry to the electric car market is from car manufacturers, who have facilities and are capable of making the transition to the electric car market.

In terms of the **threat of substitutes**, the problem comes from the development of other transportation methods but that does not present a direct threat of substitutes, because tesla is a luxury brand and people buy it for that. The most important substitutes are fossil fuels like diesel and petrol. The threat of substitution is also decreasing because electric cars will be cheaper to manufacture in the future.

Tesla does not have only one supplier and that presents a lower **bargaining power for the supplier**. Tesla also makes high-volume orders which also weakens the power of suppliers. Tesla also holds most of its production in-house, which gives them a lot of bargaining power.

Tesla has a lot of customers which makes it hard for customers to gain bargaining power. Transitioning to another type of fuel or electric-powered car is quite simple so customers have quite a large bargaining power. Also, an important factor is that many car companies produce electric vehicles which make customers bargaining power increase.

When it comes to **Rivalry between competitors**, Tesla is a first mover in the industry, which gives them competitiveness in terms of experience, and knowledge. Other companies can learn from them and make fewer mistakes, but they will now have as much knowledge. As described before Tesla's main competitors are **Ford Motor Company, General Motors (GM), NIO Inc., and Volkswagen and Nio**.

According to Ford, they are investing 22 billion dollars to transition to the electric car transition. General Motors are committing to a fully electric future due to climate change. Nio is a young brand that claims to have a very competitive battery which made them an increase in sales of 22%. Very competitive is Volkswagen which is planning the production of 1.5 million electric cars by 2025.

When it comes to a market share of cars the companies follow each other in the next order

1. Tesla Model Y (30.4%)
2. Tesla Model 3 (27.3%)
3. Ford Mustang Mach-E (5.6%)
4. Tesla Model S (4.6%)
5. Hyundai IONIQ 5 (3.8%)

As we can see in the top 5 most popular cars Tesla has three cars representing the company.

4. Internal Analysis

4.1 Resources and Capabilities Analysis

4.1.1 Resources & Capabilities

Tesla holds huge amounts of investments in research and development (R&D), so this led Tesla to stand out among other companies and emerge from so many companies in the vehicle industry. As referred to at the beginning of the project, Tesla had a rough start, to say the least, the company opened its doors in 2003, but only manufactured and delivered its first car in 2008, which led to millions and millions of dollars in debts that Tesla is only starting paying these last 3 years. At the start, their VRIO needed improvement, and only since 2015, they were able to improve it, increasing its R&D which led to an exponential increase in sales, as we have been seeing. The increase in sales leads to even more investment in R&F, more employees, and factories. As the only luxury electric vehicle company, Tesla holds an extreme ability or power to produce vehicles with unique features (that we will mention the most important), to create intellectual property, and consequently, patent protection.

Tesla defends that its main competence is the ability to be a constant existing innovation culture, and many authors agree with it because it is noticeable the innovation and ability to implement on their products. As others may think, innovation is hard to implement and even harder to maintain at a healthy level, but Tesla took advantage of the belief that people put in the company and invested mostly in new technologies, and even though not all arrived in the market or came with delays, Tesla is noticeably known for its innovation, and that title does not come from anything.

The tangible, intangible, and human resources and capabilities are very important in the internal information of Tesla's company because they allow understanding of the potential of the company if the company could last a long survive in the market, and if they have a potential competitive advantage over its competitors applying the VRIO method (their value, their rarity, inimitability, and organizational support).

→ **Tesla Tangible Resources and their Capabilities**

Engineering Tangible - Quickly producing the final products (panels or batteries, and electric vehicles), efficiency on their productivity, decrease their costs in the sector of productivity, and decrease waiting time from supplier products. These include machines, infrastructures, and raw materials.

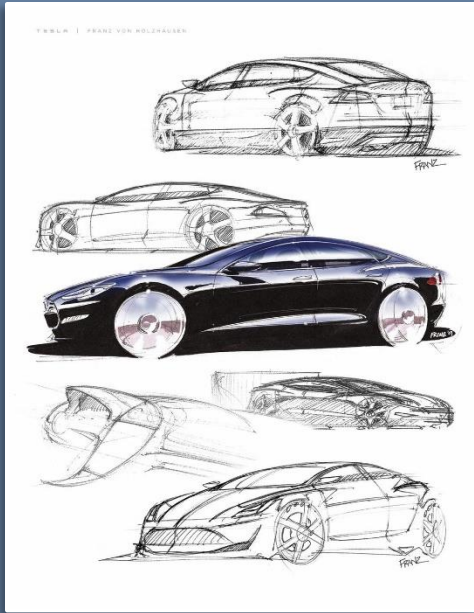


Figure 13 – Tesla Design Creation Process

Technology Tangible - Ecological way of loading electric cars for transporting individuals nowadays, sustainable cars that do not pollute the environment and can transport the individuals, allowing the clients to have ecological energy in their facilities. These include car batteries, electric cars, panels, solar roofs, power walls, etc.

Design Tangible - It permits the driver to have many technical car options, allows the driver not to ruin their car when he is parking, and is an innovative way for the tesla clients to carry their products in their front baggage. Including the touchscreen on electric cars, advanced parking sensors, the frunk mode, etc.

→ Tesla's Intangible Resources and Capabilities

Technological and Intellectual Intangible - The Autopilot is intended to make driving easier and cut down on accidents, the Air Suspension allows drivers to drive safely according to each different road, and the most important Tesla Application where the tesla drivers can control, and know the status from their cars virtually anywhere. Therefore, any innovation or search for new technologies is an intangible asset of Tesla, these include also patents, licenses, and copyrights that Tesla holds on these innovations (although Tesla affirms, they share its freely with the intuition of expanding the sustainability of their technology), but also the unpatented proprietary technology. These also include patents, trademarks, and copyrights.

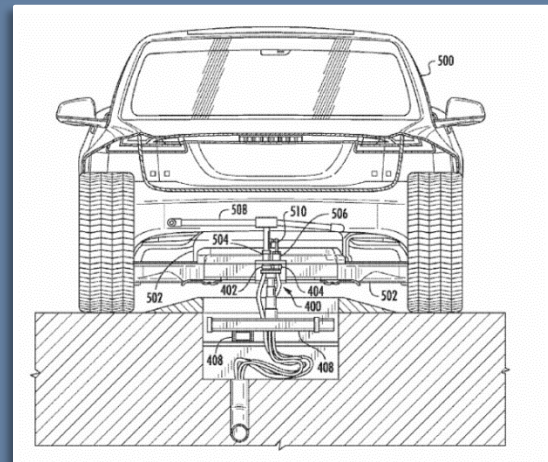


Figure 14 – Tesla's Engine Patent

Environment Intangible - Tesla cars using electricity reduce car emissions because they are moved by electricity and not fossil fuels, the green effect that Tesla is having on the planet's sustainability, and the influence Tesla has on a big green market.

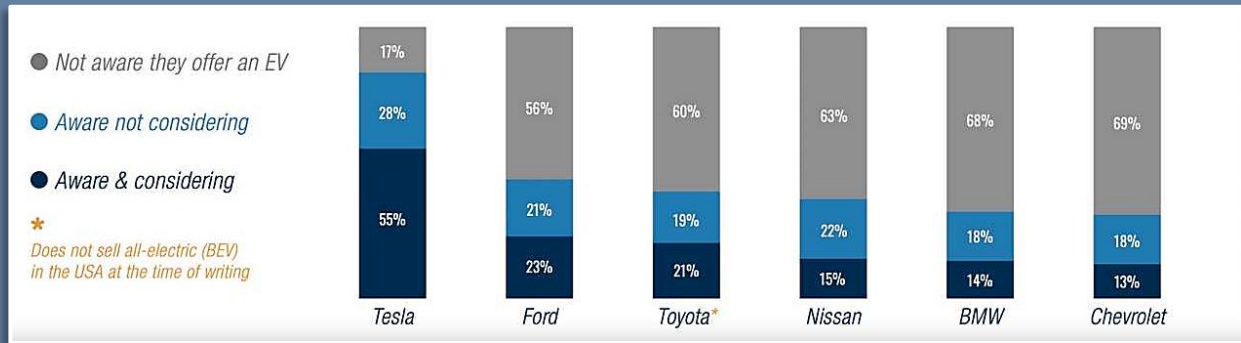


Figure 15 – Tesla & Competitors Brand Recognition

Brand Recognition - These may include goodwill and the brand, Tesla during these last years established a strong brand value, when consumers think about Tesla they think about the luxurious electric cars, and this can be financially monetized and has its values. As we see in Figure 15, when we talk about EVs Tesla is the brand that is most associated with that trait, for example, 83% of buyers are aware of Tesla as an EV company, and this has a powerful and valuable meaning for Tesla.

→ Tesla Human Resources and their Capabilities

Human Capabilities - Prepare the employees for their respective roles inside Tesla, this includes their training and their work environment; in the hiring process they special focus on hiring individuals that are innovative and known to be leaders. These are unique Tesla capabilities that differentiate Tesla from competitors.

→ Tesla VRIO – Value / Rarity / Imitability / Organizational Support

Resource or Capability	Tesla VRIO				
	Valuable	Rare	Inimitable	Organization Support	Impact on Competitive Advantage
Super Charger	X	X		X	Temporary
Software Updates	X	X		X	Temporary
Long Range Batteries	X	X		X	Temporary
Tesla Application	X	X		X	Temporary
Advanced Technologies	X	X	X	X	Sustained

Figure 16 – Tesla Value, Rarity, Imitability and Organizational Support Matrix

4.1.2 Value Chain

Tesla's value chain is a framework that helps to identify areas of the company and business activities that can create value.



Figure 17 – Tesla Value Chain

Above is the framework of business activities. Inbound logistics does not provide any special value for Tesla, except that they have the materials in-house. But in terms of buying materials for production Tesla does not have value since in the past they had problems with delivering the product.

The second activity is operations, which provides a big value for Tesla. Not only does Tesla have complete control of production but they are also very big in automating the processing of user data. Tesla manufactures in Fremont, Tilburg, Nevada, New York, Shanghai, Berlin, and Austin Texas. In conclusion operations present big value for the company.

Outbound logistics present value for Tesla, because of its sales strategy. Tesla does not work with any other resellers which means their outbound logistics are dependent on their sales.

As mentioned in the previous value, Tesla sells their products to end customers, which presents a very big value chain for them. That means they can better control customer relationship management, get better insights into customer preferences, predict future sales, and much more.

4.1.3 Revenues and Statistics

Although the majority of Tesla's revenues are from its car businesses, especially in recent years, the company has been focusing on bringing its revenue from energy storage and regulatory credits which are significantly noticeable as well.

→ Revenue through Regulatory Credits

It never was a smooth sail for Tesla to where it stands today. After years of burning in losses, Tesla finally found it was to make profits. It took them 17 years to finally announce the profitable full year, which was made in 2020 – the first full year of profitability in the company's history. But the interesting fact is that it was not because of its sales to customers but rather, Tesla made it possible due to its regulatory credits where eleven states require all the automakers to sell a certain percentage of zero-emission vehicles by 2025 and if these automakers (such as Ford) cannot meet these requirements, then they must buy the regulatory credits from those automakers who meet the requirements, such was the case for Tesla, being the manufacturer of electric vehicles.

Tesla yields its regulatory credits from electric vehicles instead of those fueled by gas. This category is listed as auto sales in the financial reports. Due to the regulatory credit sales, Tesla's revenue jumped from \$986 million in 2019 to \$1.58 billion in 2020, followed by its sales marking \$1.46 billion in 2021, according to its annual filing. Tesla's stock performance increased up to 743% in 2020 making it the most valuable US company in the industry. Tesla's shares are now worth more than the other 12 largest automakers combined. What these automakers do not have, and Tesla does is rapid growth in the industry.

Many experts argued if Tesla's revenues from these regulatory credits will be enough to account for the following years and if they can maintain the profits from automobile sales instead of relying on the credits, but the expansion in China in 2021, led to a \$5.51 billion profit from the automobile sales while delivering 936,172 cars in 2021, that's 499,550 more vehicles from 2020.

Tesla then took its profitability to the next level when it announced \$1.19 billion in profits in the second quarter of 2021 (which includes \$354 million in profits through credit sales). It ended the year with an increase of 665% from 2020.

→ Revenues through Energy generation and storage

Tesla has introduced 3 main products that would bring in revenue from Energy generation and storage. The dedication to producing a sustainable energy system has led to the production of Powerwall, Megapack, and Solar Roof. The total revenue produced by this energy generation and storage in 2021 accounted for \$2.78 billion in the financial report.

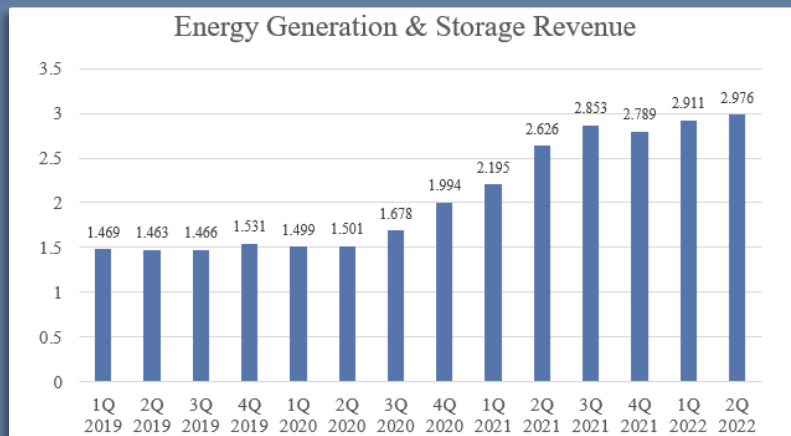


Figure 18 - Tesla Revenues in Energy Generation & Storage

However, the expenses behind this energy revenue were \$2.91 billion, which led to a \$129 million loss in this sector. With the increasing demand for these products, soon Tesla will be able to make profits of billions in the long run.

→ Revenues through “Services and Others”

This category holds services for old vehicles, used cars, merchandise, and Supercharger stations. Initially, Tesla produced its connector as there were no standard connectors and there were no long-range automakers back then. Now Tesla plans to make these Supercharger stations available for other EV owners and with this implementation of the Supercharger stations, it is estimated that it would generate a revenue of \$25 billion per year through these stations.

Year	Revenue	Change
2022	\$74.86 B	39.09%
2021	\$53.82 B	70.67%
2020	\$31.53 B	28.31%
2019	\$24.57 B	14.52%
2018	\$21.46 B	82.51%
2017	\$11.75 B	67.98%
2016	\$7.00 B	73.01%
2015	\$4.04 B	26.50%
2014	\$3.19 B	58.85%
2013	\$2.01 B	387.23%
2012	\$0.41 B	102.34%
2011	\$0.20 B	74.95%
2010	\$0.11 B	4.29%
2009	\$0.11 B	

→ Revenues through Automobiles Sales

In the reports from the Q3 of 2022, Tesla stated that the revenue from the quarter was \$21.45 billion, including automotive sales of \$17.785 billion and automotive leasing of \$621 million. This is an increase of 55% compared to the same quarter last year. Since Tesla does not release detailed information on its revenue from EV sales we can only estimate. Tesla's profit margin is about 3%. This means that Tesla earns about \$3,000 in profit for each car sold.

This is an overview of Tesla's revenue by year and the change in percentage from the previous years.

Figure 19 - Tesla Revenues in percentage from the previous years.
Automobiles Sales

4.1.4 SWOT Analysis

The SWOT analysis is used to show or describe the current and real positioning of the company and evaluate the potential of its business goals and predictions and plans and objectives. The Strengths and Weaknesses are the internal factors, and the opportunities and threats are the external factors, these help define a model to identify Tesla's problems and threats and create a guide to which resources to be utilized and how.

→ Strengths

The Strengths are defined by the qualities of the company, which helps it accomplish Tesla's main mission, these are: an **ideal company for employees** thanks to their diversity and support to innovative and new ideas; **most valuable automaker** in the world, with a revenue of 53.8 billion dollars in 2021, a profit of 5.6 billion dollars and a market capitalization of over 1 trillion dollars; they have the best electric car models on the market in terms of traveling the furthest; Tesla has been **increasing exponentially the deliveries** since 2012, with an increase of 87% in vehicles delivered when compared to 2020, and a total of 936172 electric vehicles delivered to customers; has a **new insurance program** for Tesla vehicles in partnership with Liberty Mutual launched in 2021; as mentioned before Tesla has a **great rate of innovation**, including some of the new fully electric semi-truck and sports cars for example, this leads to major financial gains and popularity among customers and investor; a **good survivability** proved during the pandemic, which even with the pandemic they were able to grow the revenue and the deliveries; the fact that Tesla has their own manufacturing facilities is a big plus for the value of the company, speeding a lot the process and the problems of having it outsourced; Tesla has **superchargers** already spread across the biggest potencies in the world, with chargers in North America, Europe, Oceania, and East Asia, this is unique for Tesla and makes it difficult for other companies to compete with it, especially because these chargers are quick in performance, not wasting driver's time; compared with the closest competitors in electric vehicles, **Tesla's electric cars are more advanced** with unique or new features; the ideal of preserving the global environment and its actions to produce sustainable vehicles; and finally Tesla is known for **unique and unconventional strategies but effective and innovative** ones.

→ Weakness

The weaknesses are the qualities that prevent Tesla from achieving, thriving or improve on their goals, the major weaknesses of Tesla are: with greater innovation comes **more mechanical complication and production risk factors**, with delays and problems in the assembly; **unbalanced supply and demand** with a shortage in the production of electric vehicles and batteries, since Tesla has been unable to meet the

customer's demand this might affect their value; **difficulty in production high volume** of the same product; Tesla behaves and accepts the fact of having a sole representative, being Elon Musk, whom has other major projects and a company **depending solely on Musk is risky**; although having profits in the last 2 years, Tesla still has a **debt of 5.38 billion dollars** to pay, delaying expansions, reducing investments, selling assets and others; Tesla created a tent production line without a permit or safety inspection; **conflicts between management and the board of directors** with several power tussles; and a few Tesla **workers filed a lawsuit** alleging sexual misconduct and harassment at work.

→ Opportunities

The opportunities are the factors that create Tesla's environment in which the company functions and operates in, and these are: **sales expansions** in unexploited markets, as the Asian market; **expansion to a new audience market**, with the new cheaper model; nowadays **society is in a trend to transition to electric vehicles**, this benefits a lot Tesla's cars, since one of their purpose is to fill the niche for sustainable cars; with this trend comes the **high demand** in both green cars and also renewable energy which Tesla functionates on; the **increase of the price and the regulations petrol and other fuel** is something that is giving owning an electric car a lot of advantages; a **future where Tesla makes battery production in-house** and not from suppliers and use them for other applications or purposes; a **new model to a new sub-market**, the pick up truck market which represents around of 17.6% of the automotives in market in USA, and futurely the semi; the **stock market has confidence on the organization**, making Tesla's market cap reach a trillion dollars; with plans for 2025-2030, Tesla is exploiting the demand on air-taxi and using the technology to provide and enable this potential market; **more and more companies are using Tesla's cars** to serve clients, a great is example is Hertz.

→ Threats

The threats of a company, in this case Tesla, arise when external factors that the company cannot completely control, can and will jeopardize and interrupt the company's process, some of Tesla's threats are: Tesla is used to face **severe product liability claims**, this due to some technology in their products, for example the autopilot that receives many complains due to accidents; **flawed products**, often Tesla comes with designs with flaws, defects and weaknesses with features that might hurt Tesla's image; **entering the automotive industry can be very challenging**, especially when you are specialize in two sub industries, the alternative fuel vehicles and the self-driving technology; Tesla suffers from **long disbelief by the public** which affects the business' development; high adaptation from the clients is good, but Tesla **depends highly on the willingness of these customers to adopt electric vehicles**; most people, special pedestrians

feel unsafe with self-driving cars, one of the innovative technologies of Tesla; a **high shortage of resources** (raw materials like some types of steel for the batteries and cars); lithium-ion one the raw materials most used by Tesla is **highly reactive and explosive**, and it happens to have cases/accidents that cause Tesla to be defamed; the reproduction of batteries due to the lithium-ion is becoming more and **more expensive**; there are **no regulations or laws for self-driving**; and finally, as celebrity and CEO of Tesla, **Elon Musk's behavior affects highly the Tesla's reputation**.

4.2 Business Model



Figure 20 – Tesla Business Model Canvas Presentation

This Business Model Canvas is taken from the website “Business Strategy Hub”. We believe that this canvas is quite accurate and explains in detail, all the categories it includes in each section. Once Tesla introduced its brand and concept in the industry, it reinforced its business model. The model is based on the approaches of **selling, servicing, and charging** its cars through superchargers.

When it comes to **selling**, contrary to the other automobile manufacturers, who sell through franchised dealerships, Tesla sells directly to its customers, which makes its business model different from the other automakers. Their physical stores and showrooms, create a unique customer experience as there are no conflicts between the cars but rather customers only deal with Tesla-employed staff.

Tesla's mobile **service** helps the driver anywhere, fixing the car on the spot. For example, with Model S, can upload data wirelessly so that technicians can fix the car without having to touch the car. Tesla's **Superchargers**, having a global network of 30,000+ chargers available, can charge cars for 15 min for a quarter of the price of gasoline, hence making it easier and cheaper for the drivers. All the other areas such as the value proposition and the revenue streams that contribute to the business model are explained throughout the report.

4.3 Business Strategy

Tesla's business strategy can be explained into 5 segments and these are:

→ Tesla's Premium Branding

Tesla's premium branding is appealing to people because it is a luxurious and high-end brand. Tesla is known for its quality, luxury, and performance, and its products are some of the most expensive on the market. However, Tesla's premium branding is also appealing to people because it is a sustainable and environmentally friendly brand. Tesla's products are made with environmentally friendly materials and processes, and the company is committed to sustainable energy sources.

When Tesla entered the automotive market, it put its first car on sale for \$100,000. This was quite the opposite of what was traditionally being done by the other automotive companies, where they opted for cheaper, smaller, and hybrid vehicles. Tesla eventually made their logo into a status symbol which in turn appeals more to the customers than the low-cost options available.

→ Vertical Integration

The arrangement is when the company possesses its supply chain. Usually, each company in the supply chain produces a different product or (in the case of a retailer) a different service, and the products combine to satisfy a common need. Usually, a company is vertically integrated to increase its market power and reduce its production costs.

In the case of Tesla, the company has vertically integrated to increase its market power and reduce its production costs. By owning the entire supply chain, Tesla can control the quality of its products and the price at which they are sold. This allows Tesla to sell its products at a higher price and to make a larger profit.

→ **Customer Captivity**

Taking the Model S as an example, the Model S is a great car. It is fast, efficient, and stylish. But it was also very expensive. The starting price for a Model S is \$75,000. That is a lot of money for a car. And it is even more money for a car that does not have a lot of features that other cars have. For example, the Model S does not have a spare tire. If you get a flat tire, you must call Tesla and they will send someone to change it for you. Tesla also does not have a lot of dealerships. So, if you want to buy a Model S, you must order it online or over the phone. And, if you have a problem with your car, you must take it to a Tesla service center. Tesla service centers are few and far between. So, if you live in a rural area, you might have to drive a long way to get your car serviced.

All of these things make it very hard for people to buy and own a Tesla. Tesla has a lot of customers, but it is hard to keep them. To overcome this problem, Tesla established partnerships to develop its charging stations that are seen to be beneficial for Tesla's ownership and thus create a demand for more charging stations.

→ **Government Interference in Lobbying Efforts**

Tesla's lobbying efforts are focused on promoting the adoption of electric vehicles and renewable energy. The company has also lobbied for changes to government regulations that would make it easier for Tesla to sell its vehicles directly to consumers. They have been working with individual states and have seen some positive progress over time.

→ **Government Interference with Incentives and Subsidies**

Tesla's incentives and subsidies are a major factor in the company's success. The incentives and subsidies reduce the cost of Tesla's vehicles, making them more affordable for consumers, and consequently more favorable to customers to order and buy. Additionally, the incentives and subsidies help Tesla to expand its production capacity and reach new markets, while maintaining its premium strategy.

5. Impact of Technology and Digital Transformation

The technology and digital industry have had a profound impact on the way businesses operate and communicate. It has created **new opportunities for businesses to reach new markets and customers**. It has also changed the way businesses interact with their employees and customers.

From the beginning, Tesla set out to its unique position in the automotive industry. They have successfully changed the way people see electric vehicles. Fundamentally, Tesla's exceptional use of digital transformation exploited the **advancements in technologies** to overhaul and **modernize the processes** and activities to identify **new value propositions**. An investigation done by the World Economic Forum shows that the collective goods from the automotive industry through digital transformation are worth more than \$3.1 trillion.



Figure 21 – Tesla AI Autonomy

A prominent example of Tesla's digital transformation is its **connected cars**. They currently sell five models, all-electric, that are connected to the Internet and fully equipped with gears such as cameras and ultrasonic sensors. As of now, they are the only manufacturers who provide automatic over-the-air firmware updates which allow the car to improve the safety and performance, and entertainment capabilities of their vehicles. Tesla's connectivity is what allowed them to deliver value to its customers.

Thanks to Tesla's connected cars, its concept led to the creation of **intelligent data platforms**. Through this, Tesla can collect and gather insights on customers which is beneficial for companies when developing autonomous driving. Tesla has been collecting driving data from its first- and second-generation models. So far, they have driving data on 8 million miles compared to Waymo, Google's autonomous project, which holds 10 million miles of driving data.

Since the start of the 21st century, major **regulations have been implemented** that all automakers are bound to follow and produce cars that meet these regulations. Such regulations include **concerns about CO2 emissions** to encourage the approach to sustainability. With the advancements in digital transformations, it means that the whole automotive industry will be affected. This includes changes in their value chain, production, distribution, and retail. Car manufacturers and suppliers are working together with Tech companies for cloud computing and connectivity to provide innovative services.



Figure 22 – Tesla-Owned Showroom

Tesla does not have franchise dealerships but rather owns 17 stores worldwide to sell to its potential customers through the threefold contact points which are (a) **Tesla-owned showroom**, (b) **Online**, and (c) **Test drives**. Tesla's implementation of **smart processes** has allowed them to connect to the customers on a deeper level. Tesla's website and in-store experiences allow customers to personalize and customize according to their preferences.

Up until now, Tesla's digital transformation has been a mix of **digital platforms, social media**, and the **dedication to delivering the best customer service**. As such, Tesla has successfully unlocked value for its customers and can connect to its drivers at new levels.

6. Conclusion

Tesla's digital transformation has been a resounding success. The company has managed to successfully integrate digital technology into its business strategy, allowing it to improve its operations and better compete in the marketplace. In particular, Tesla's use of data analytics has been instrumental in helping the company improve its manufacturing processes, develop new products, and better understand customer demand. Additionally, Tesla's social media strategy has helped it build a strong brand and engage directly with customers. As a result of these initiatives, Tesla has become a leading innovator in the automotive industry and is poised for continued success in the future.

The macro-environmental analysis for Tesla reveals that the company is facing several challenges in its operating environment. The most significant challenges related to the company's ability to source raw materials and components, as well as to its ability to manufacture its products in a timely and efficient manner. In addition, Tesla faces significant challenges in terms of its ability to generate sufficient demand for its products and to effectively market and sell its products. Overall, the macro-environmental analysis for Tesla indicates that the company is operating in a challenging environment, which could impact its ability to achieve its long-term goals and objectives.

Tesla has several resources and capabilities that give it a competitive advantage in the electric vehicle market. Its strong brand and technology platform gives it a unique position in the market. Additionally, its manufacturing and production capabilities are industry-leading, allowing it to produce high-quality vehicles at scale.

Overall, Tesla seems to be a well-run organization. The company has a clear vision and mission, and its leaders seem to be committed to achieving its goals. Tesla also has a strong culture of innovation and creativity, which has helped it to develop groundbreaking products and technologies. However, Tesla faces significant challenges in the future, including competition from other companies, the need to continue to innovate and develop new products, and the need to scale its business to meet the demands of a growing market.

7. References

- Appraisal Economics.* (n.d.). From What Are Intangible Assets?: <https://www.appraisaleconomics.com/intangible-assets-2/>
- Bloomberg Tax.* (n.d.). From Tesla Reveals Profit Bump From Government Credits After SEC Push: [ergtax.com/financial-accounting/sec-pushes-tesla-to-reveal-how-regulatory-credits-boost-profits](https://www.bloombergtax.com/financial-accounting/sec-pushes-tesla-to-reveal-how-regulatory-credits-boost-profits)
- CNN Business.* (n.d.). From Tesla's dirty little secret: Its net profit doesn't come from selling cars: <https://edition.cnn.com/2021/01/31/investing/tesla-profitability/index.html>
- companiesmarketcap.* (n.d.). From Revenue for Tesla (TSLA): <https://companiesmarketcap.com/tesla/revenue/>
- Forbes.* (n.d.). From Tesla Stock Breakdown: By The Numbers, How Does Tesla Make Money In 2022?: <https://www.forbes.com/sites/qai/2022/09/08/tesla-stock-breakdown-by-the-numbers-how-does-tesla-make-money-in-2022/?sh=573c751032c7>
- Forbes .* (n.d.). From Tesla Earnings: How Much Does Tesla Earn Per Car?: <https://www.forbes.com/sites/qai/2022/10/29/tesla-earnings-how-much-does-tesla-earn-per-car/?sh=42c1a6e60066>
- GlobalData.* (n.d.). From Tesla Inc: Overview: <https://www.globaldata.com/company-profile/tesla-inc/>
- InsideEvs.* (n.d.). From Aside From EVs, How Does Tesla Make Money In 2022?: <https://insideevs.com/news/614066/how-does-tesla-make-money-2022/#:~:text=Photo%3A%20Tesla-,While%20Tesla%20makes%20much%20of%20its%20money%20from%20its%20car,of%20%24721%20million%20in%202020.>
- Insider.* (n.d.). From 22 features that make Tesla cars unlike any others: <https://www.businessinsider.com/22-tesla-features-that-make-them-unlike-any-other-car-2021-7#22-explicit-lyrics-bar-22>
- Investopedia.* (n.d.). From What Makes Tesla's Business Model Different?: <https://www.investopedia.com/articles/active-trading/072115/what-makes-teslas-business-model-different.asp>
- Investopedia.* (n.d.). From Who Are Tesla's (TSLA) Main Competitors?: <https://www.investopedia.com/ask/answers/120314/who-are-teslas-tsla-main-competitors.asp#:~:text=Who%20Are%20Tesla's%20Top%203,over%20450%2C000%20EVs%20in%202021.>
- kickresume blog.* (n.d.). From How to Get a Job at Tesla: Job Application, Interview & More: <https://blog.kickresume.com/how-to-get-a-job-at-tesla/>
- Linkedin.* (n.d.). From Understanding Tesla's Business Model & Strategy: <https://www.linkedin.com/pulse/understanding-teslas-business-model-strategy-eric-noren/>
- Marketing Tutor.Net.* (n.d.). From 10 Biggest Tesla Competitors & Alternatives: <https://www.marketingtutor.net/tesla-competitors/>
- SpeedyPaper.* (n.d.). From Strategic Management in Tesla Motors, Essay Sample: <https://speedypaper.com/essays/strategic-management-in-tesla-motors-essay-sample>
- Tesla.* (n.d.). From <https://www.tesla.com/>
- Tesla.* (n.d.). From Tesla Environment: <https://www.tesla.com/impact/environment>
- The Business Model Analyst.* (n.d.). From Tesla Business Model: <https://businessmodelanalyst.com/tesla-business-model/?v=e4b09f3f8402>
- TheStreet.* (n.d.). From History of Tesla: Timeline and Facts: <https://www.thestreet.com/technology/history-of-tesla-15088992>
- Yahoo finance.* (n.d.). From Tesla, Inc. (TSLA): <https://finance.yahoo.com/quote/TSLA/profile/>