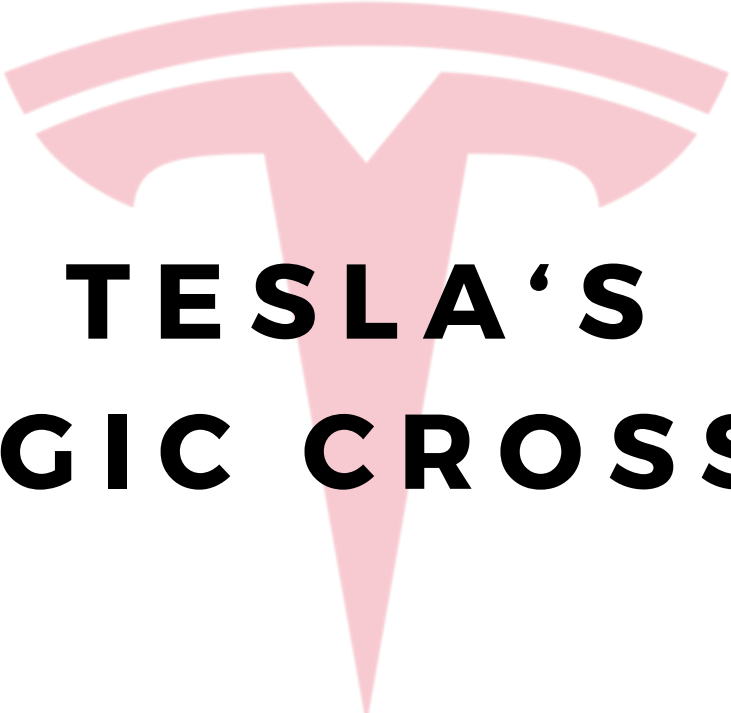


INTERNAL ORGANIZATION



TESLA'S STRATEGIC CROSSROADS

FERNANDA CABRALES

KARTIK SHARMA

 ON THE WAY TO CAR POWER

What makes China's auto industry better

A COMMENT FROM GUSTAV THEILE, SHANGHAI - UPDATED ON 12.01.2024 13:55 -



The Chinese electric car manufacturer BYD is overtaking Tesla, and China is now the world car export champion: Europe could learn a lot from the country.

Handelsblatt

Why the car rental companies Hertz and Sixt separate themselves from Tesla

The US car rental company lists its electrical models, above all vehicles of the Musk Group. The German Sixt also does not use Tesla. What is behind it?

BUSINESS | AUTOS | HEARD ON THE STREET

Surpassing Tesla, China's BYD Will Take On the World in 2024

Having weathered domestic competition, international expansion is the car maker's next priority

By *Jacky Wong* [Follow](#)

Updated Jan. 2, 2024 3:04 pm ET

BUSINESS | AUTOS

Tesla Falls Behind China's BYD in Quarterly EV Sales for First Time

Tesla delivered about 1.81 million vehicles worldwide in 2023, hitting its full-year target, though its growth rate slowed slightly

Handelsblatt

16.01.2024 - 2:23 pm
Source: dpa

Volkswagen passes Tesla on the German e-car market

FLENSBURG (dpa-AFX) -Volkswagen passed Tesla on the German e-car market last year. In 2023, around 70,600 pure VW electric vehicles were newly registered, as the Federal Motor Transport Authority (KBA) announced on Tuesday. This is an increase of 11.7 percent compared to the previous year. The number of new registrations of Tesla vehicles was, at almost 63,700, significantly below the previous year's value (minus 9 percent). That was only enough for the second place.



TESLA

COMPONENTS OF AN **INTERNAL ANALYSIS**

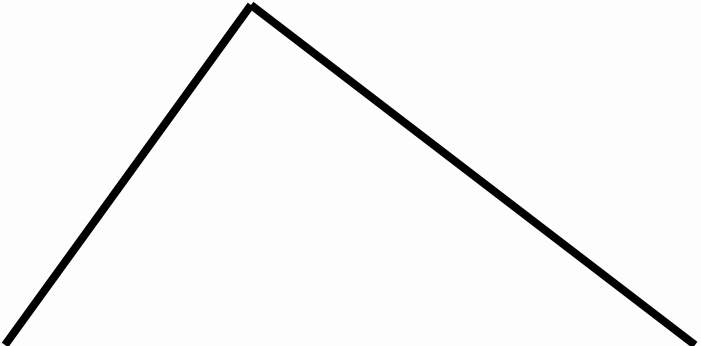


**COMPETITIVE
ADVANTAGE**



**CORE
COMPETENCIES**

**DISCOVERING CORE
COMPETENCIES**



CAPABILITIES

RESOURCES
• TANGIBLE
• INTANGIBLE

**FOUR CRITERIA OF
SUSTAINABLE ADVANTAGES**

- VALUABLE
- RARE
- COSTLY TO IMITATE
- NONSUBSTITUTABLE

**VALUE CHAIN
ANALYSIS**



TESLA




DEMO
TESLA ARMOR GLASS





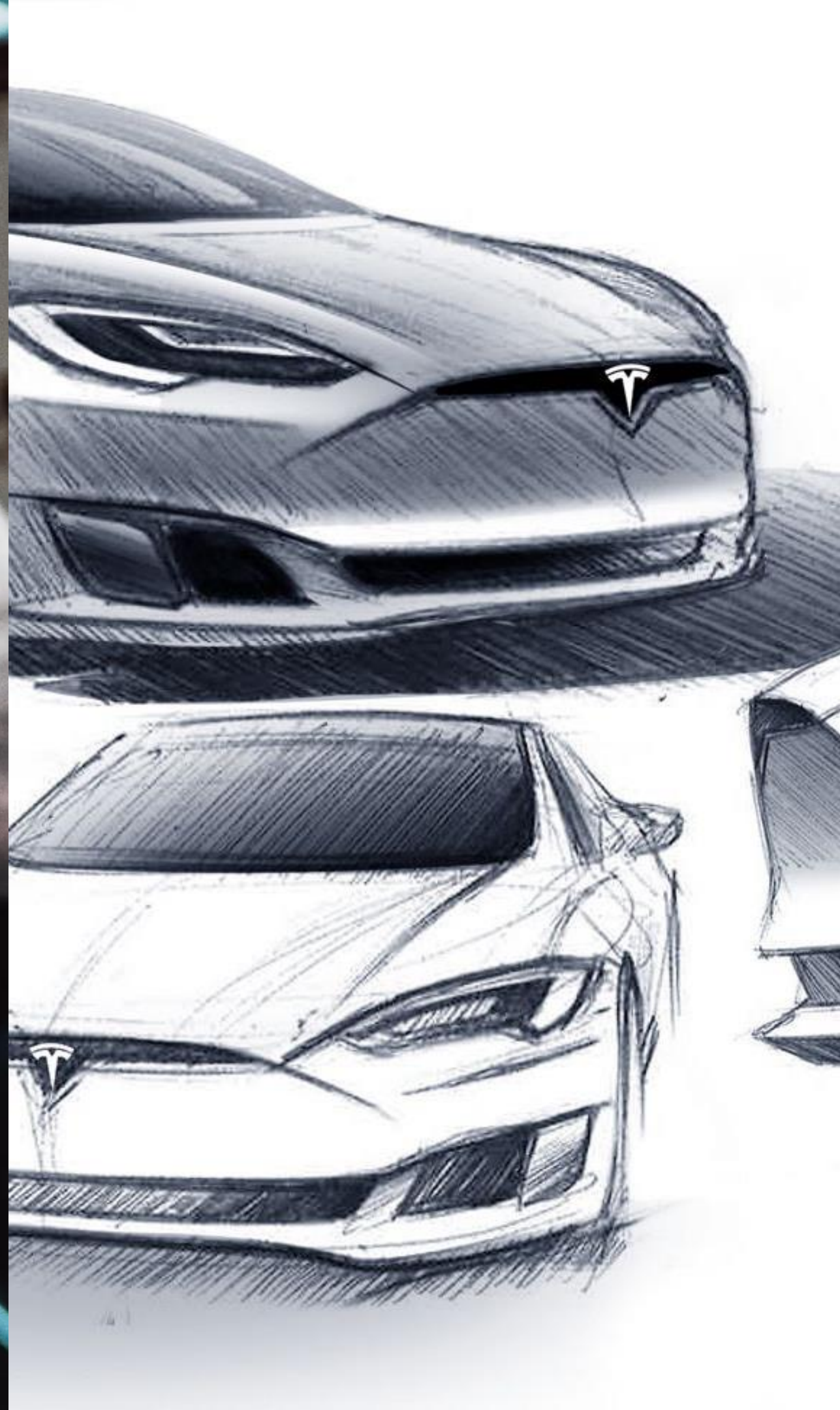
WHAT COULD TESLA COUNT AS
THEIR CORE COMPETENCIES?



TECHNOLOGY



DESIGN



**INNOVATION
CAPABILITY**

**BUT CAN TESLA COUNT
ON THEM TO HAVE CLEAR
STRATEGIC ADVANTAGES?**

LET'S TEST THEM OUT
WITH THE GOOD OLD
FOUR CRITERIAS FOR
SUSTAINABLE
ADVANTAGES



VALUABLE



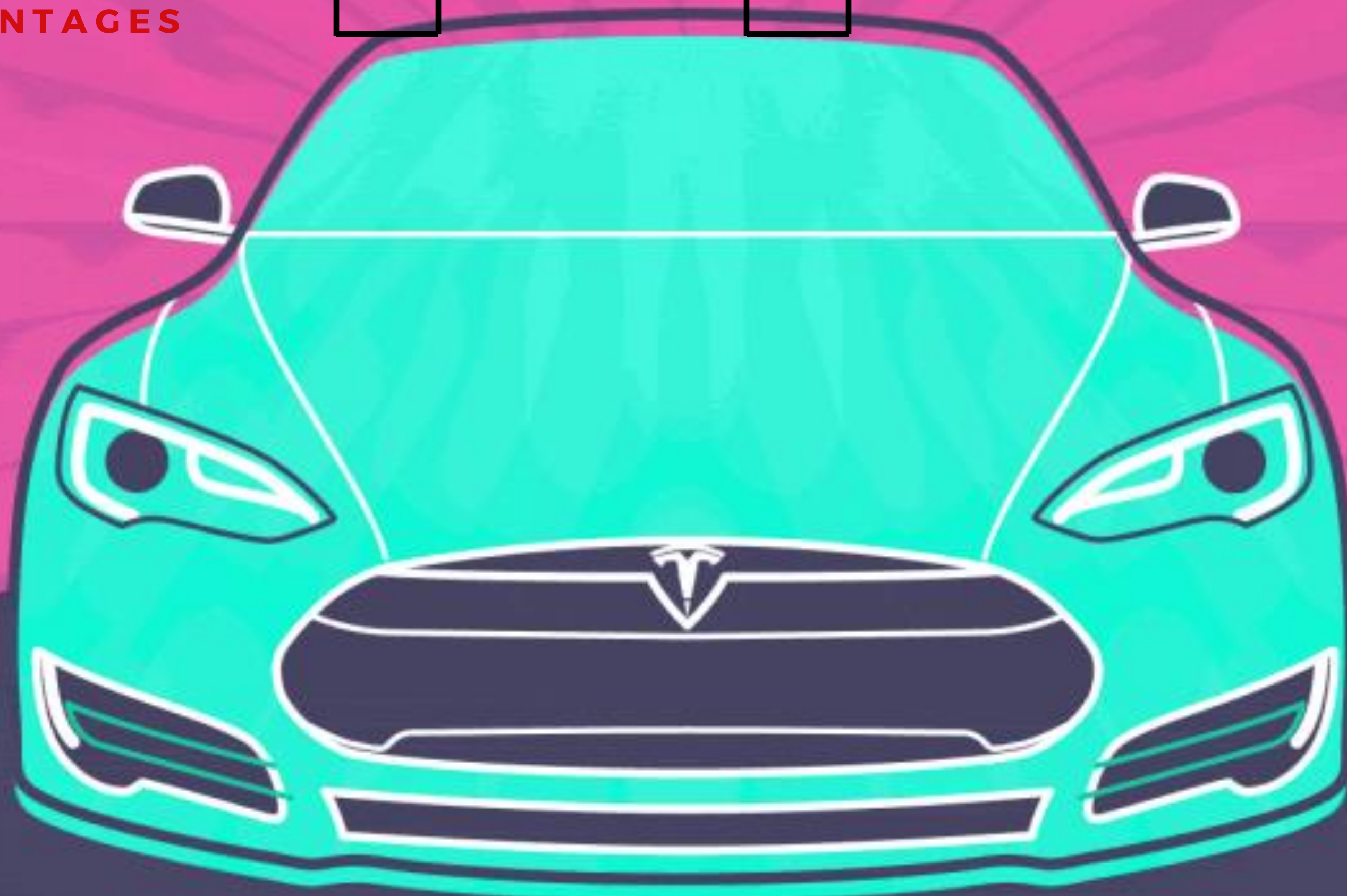
COSTLY TO IMITATE



RARE

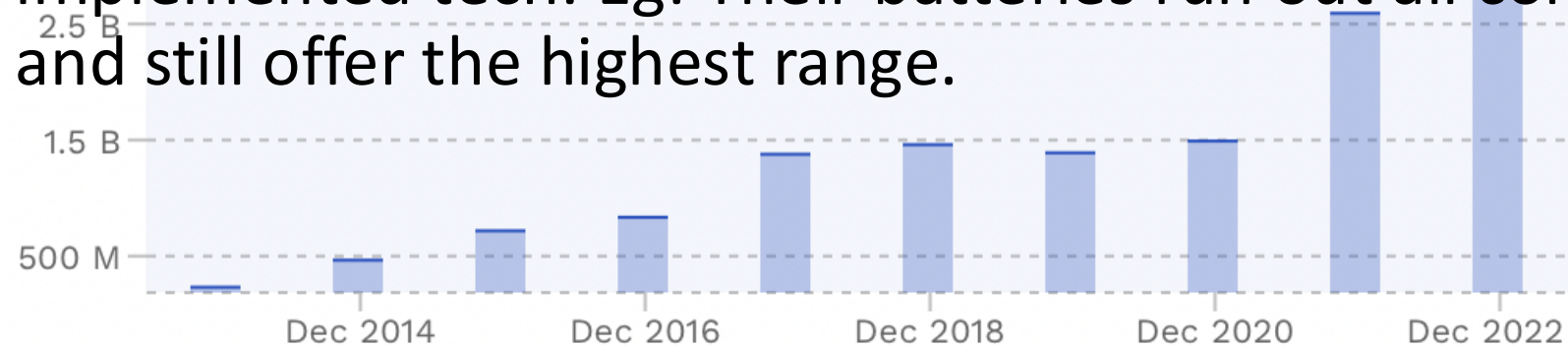


NON-SUBSTITUTABLE



TECHNOLOGY

- Tesla is an automobile producer, valuated as a tech company. It's like Usain Bolt on Red Bull.
- Tesla's market is one with low barriers and comparatively low complexity.
- The Research and Development required to manufacture a Tesla Car competitor is going to be huge.
- Tesla rules its competitors when it comes to their implemented tech. Eg: Their batteries run out all competitors and still offer the highest range.

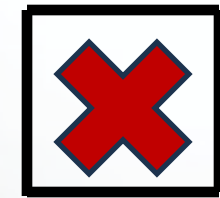


The German automaker announced a plan to accelerate its transition to battery-powered vehicles and bolster operation

in electric vehicles and batteries through 2030



VALUABLE



RARE



COSTLY TO IMITATE

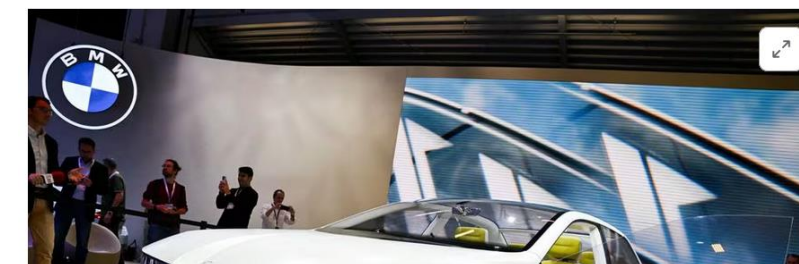


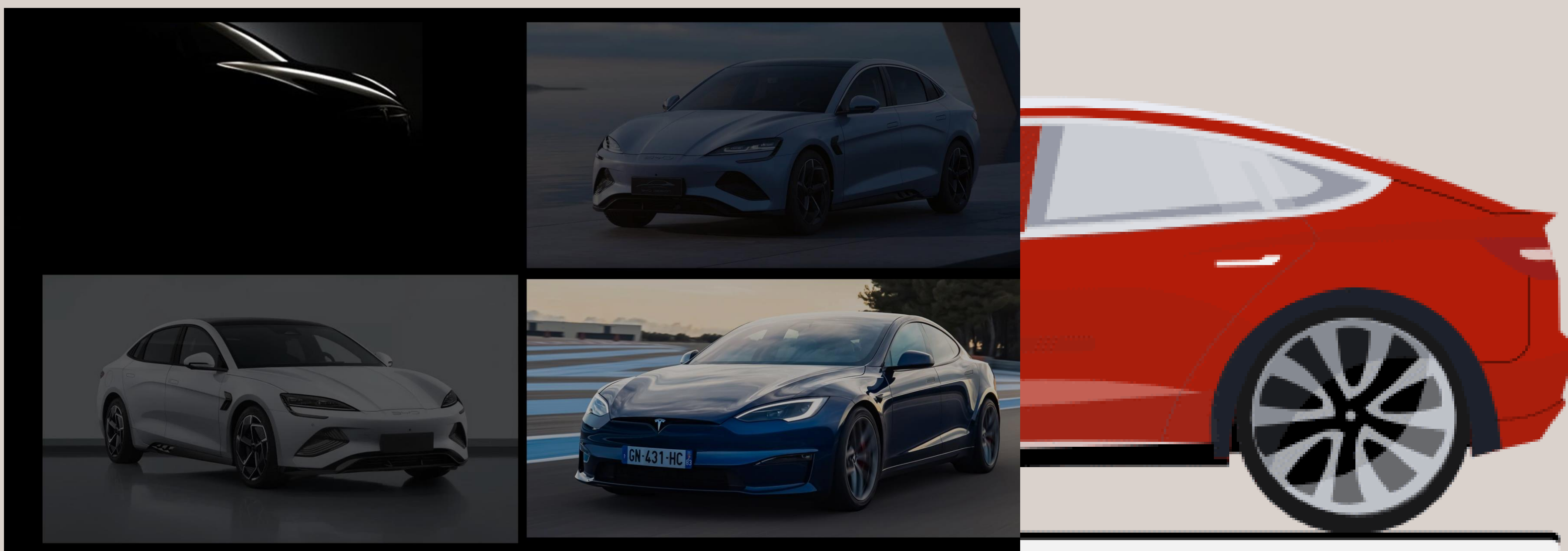
NON-SUBSTITUTABLE

BMW retools Munich headquarters for all-electric production from 2027

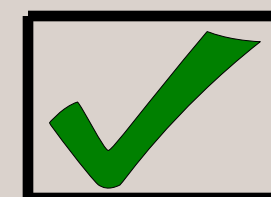
Reuters

January 10, 2024 5:55 PM GMT+1 · Updated 5 days ago

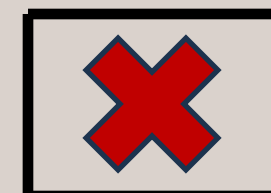




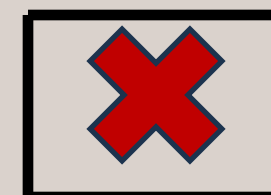
- Tesla's Design is quite valuable, so much that Tesla's language design has become everyone's idea of EVs.
- The current design philosophy is not working wonders for Tesla. Aesthetically similar vehicles are now available at a lower price tag.
- It's a 'might as well' process. Tesla has lost a lot with not being innovative in its subsequent offerings.
- It might make sense to substitute it, especially when same specifications can be provided by far more appealing designs.



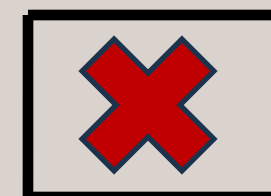
VALUABLE



RARE



COSTLY TO IMITATE



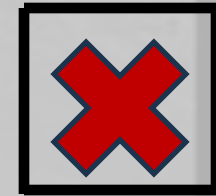
NON-SUBSTITUTABLE

INNOVATION CAPABILITY

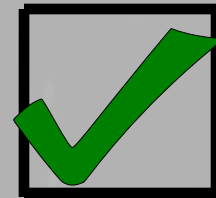
- Tesla has long been ahead of the curve when it comes to lead the innovation sector (First-mover advantage). Other companies just seem to follow.
- Over the past years, a lot of auxiliary features have showed up, but the competitiveness has gone down due to better practical innovations by rival companies. Also focus has shifted from innovation to production.
- Like technological efforts, Tesla's cost for innovation goes to receiving data from on-road vehicles and spend huge capital in R&D departments.
- Tesla continuously develops cars by developing new software in existing cars, enabling continuous improvement in performances.



VALUABLE



RARE



COSTLY TO IMITATE



NON-SUBSTITUTABLE

BRAND VALUE

- In 2023 world's topmost valuable brands report, Tesla occupies position #9 (brand value of US\$66.2 billion)
- Customers are willing to pay a premium
- Tesla is associated with high-performance electric vehicles, advanced autonomous driving capabilities

The world's top 500 most valuable brands 1-50

2023 Rank	2022 Rank	Brand	Country	Sector	2023 Brand Value	Brand Value Change	2022 Brand Value	2023 Brand Rating	2022 Brand Rating
1	2	Amazon	United States	Retail	\$299,280	-14.6%	\$350,273	AAA	AAA+
2	1	Apple	United States	Tech	\$297,512	-16.2%	\$355,080	AAA-	AAA
3	3	Google	United States	Media	\$281,382	+6.8%	\$263,425	AAA+	AAA+
4	4	Microsoft	United States	Tech	\$191,574	+4.0%	\$184,245	AAA	AAA
5	5	Walmart	United States	Retail	\$113,781	+1.7%	\$111,919	AA+	AAA-
6	6	Samsung Group	South Korea	Tech	\$99,659	-7.1%	\$107,284	AAA	AAA-
7	9	ICBC	China	Banking	\$69,545	-7.4%	\$75,119	AAA	AAA+
8	10	Verizon	United States	Telecoms	\$67,443	-3.2%	\$69,639	AA+	AAA-
9	28	Tesla	United States	Automobiles	\$66,207	+43.9%	\$46,010	AA+	AA+
10	18	TikTok/Douyin	China	Media	\$58,056	+11.4%	\$52,180	AAA-	AA+
11	17	Deutsche Telekom	Germany	Telecoms	\$52,428	+4.6%	\$50,169	AA+	AAA-
12	11	China Construction Bank	China	Banking	\$52,681	-4.4%	\$55,547	AAA	AAA
13	26	Home Depot	United States	Retail	\$51,053	+8.4%	\$56,312	AA+	AAA-
14	7	Facebook	United States	Media	\$58,971	-41.7%	\$101,201	AAA-	AA+
15	16	State Grid	China	Utilities	\$58,846	-2.2%	\$60,175	AAA	AAA
16	15	Mercedes-Benz	Germany	Automobiles	\$58,797	-3.2%	\$60,760	AAA-	AAA-
17	14	Agricultural Bank Of China	China	Banking	\$57,691	-7.0%	\$62,031	AAA-	AAA
18	29	Starbucks	United States	Restaurants	\$53,432	+16.9%	\$45,699	AAA	AAA



VALUABLE



RARE



COSTLY TO IMITATE



NON-SUBSTITUTABLE

MANUFACTURING CAPABILITY

- 6 Giga Factories with locations in USA, Germany, Mexico, and China.

BALANCE SHEET (Unaudited)					
In millions of USD	30-Sep-22	31-Dec-22	31-Mar-23	30-Jun-23	30-Sep-23
ASSETS					
Current assets					
Cash, cash equivalents and investments	21,107	22,185	22,402	23,075	26,077
Accounts receivable, net	2,192	2,952	2,993	3,447	2,520
Inventory	10,327	12,839	14,375	14,356	13,721
Prepaid expenses and other current assets	2,364	2,941	3,227	2,997	2,708
Total current assets	35,990	40,917	42,997	43,875	45,026
Operating lease vehicles, net	4,824	5,035	5,473	5,935	6,119
Solar energy systems, net	5,562	5,489	5,427	5,365	5,293
Property, plant and equipment, net	21,926	23,548	24,969	26,389	27,744
Operating lease right-of-use assets	2,251	2,563	2,800	3,352	3,637
Digital assets, net	218	184	184	184	184
Goodwill and intangible assets, net	419	409	399	465	441
Other non-current assets	3,236	4,193	4,584	5,026	5,497
Total assets	74,426	82,338	86,833	90,591	93,941
LIABILITIES AND EQUITY					

- Building and Ev centric infrastructure that matches the value and capabilities if Tesla.
- With growing infrastructure and plans to have multiple new facilities in the next few years, Tesla is making it quite difficult to have a counter challenge.



Region	Model	Capacity	Status
California	Model S / Model X	100,000	Production
	Model 3 / Model Y	550,000	Production
Shanghai	Model 3 / Model Y	>950,000	Production
Berlin	Model Y	375,000	Production
Texas	Model Y	>250,000	Production

E360 DIGEST
JUNE 7, 2017

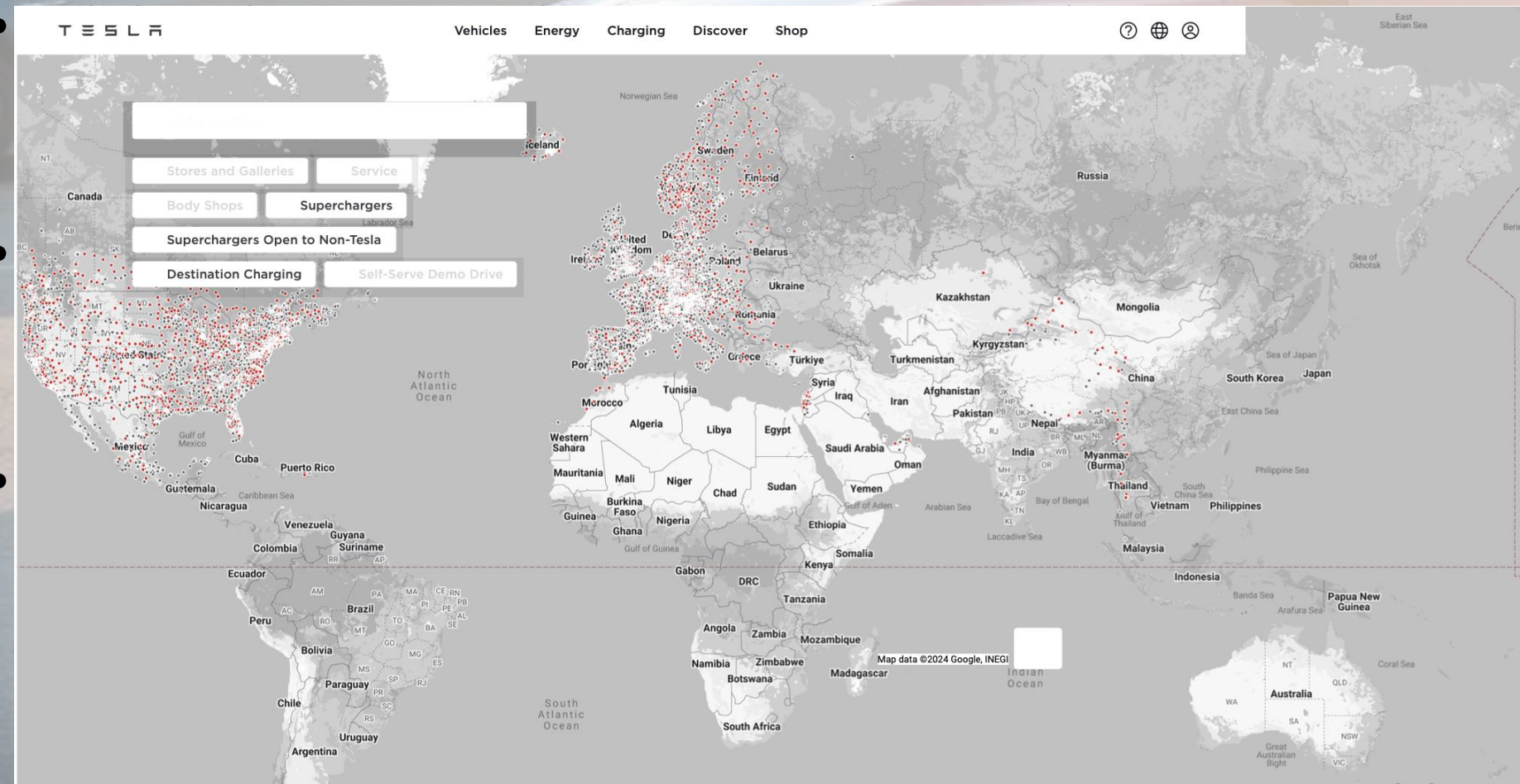
Musk Says Tesla Plans to Build up to 20 ‘Gigafactories’ Worldwide

At Tesla’s annual shareholder meeting, founder and CEO Elon Musk said the company eventually plans to build 10 to 20 “gigafactories” capable of producing both cars and lithium-ion batteries.



NETWORK

- With +50,000 superchargers, Tesla owns and operates the largest global, fast charging network in the world



More automakers plug into Tesla's EV charging network

Reuters

November 1, 2023 3:36 PM GMT+1 · Updated 2 months ago



VALUABLE



RARE



COSTLY TO IMITATE

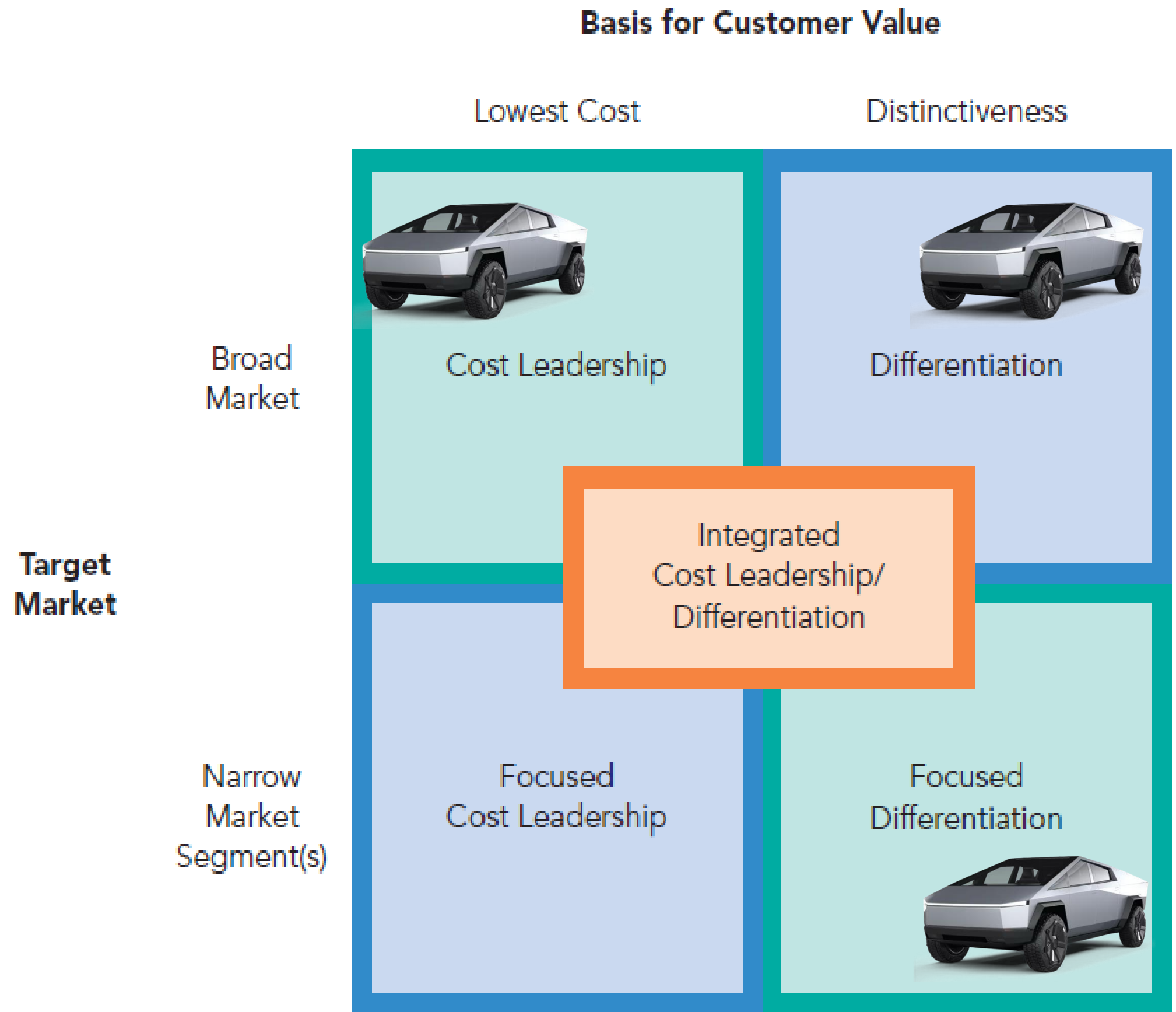


NON-SUBSTITUTABLE

DIFFERENTIATION STRATEGY



Figure 4.1 Five Business-Level Strategies



INTEGRATED COST LEADERSHIP DIFFERENTIATION?



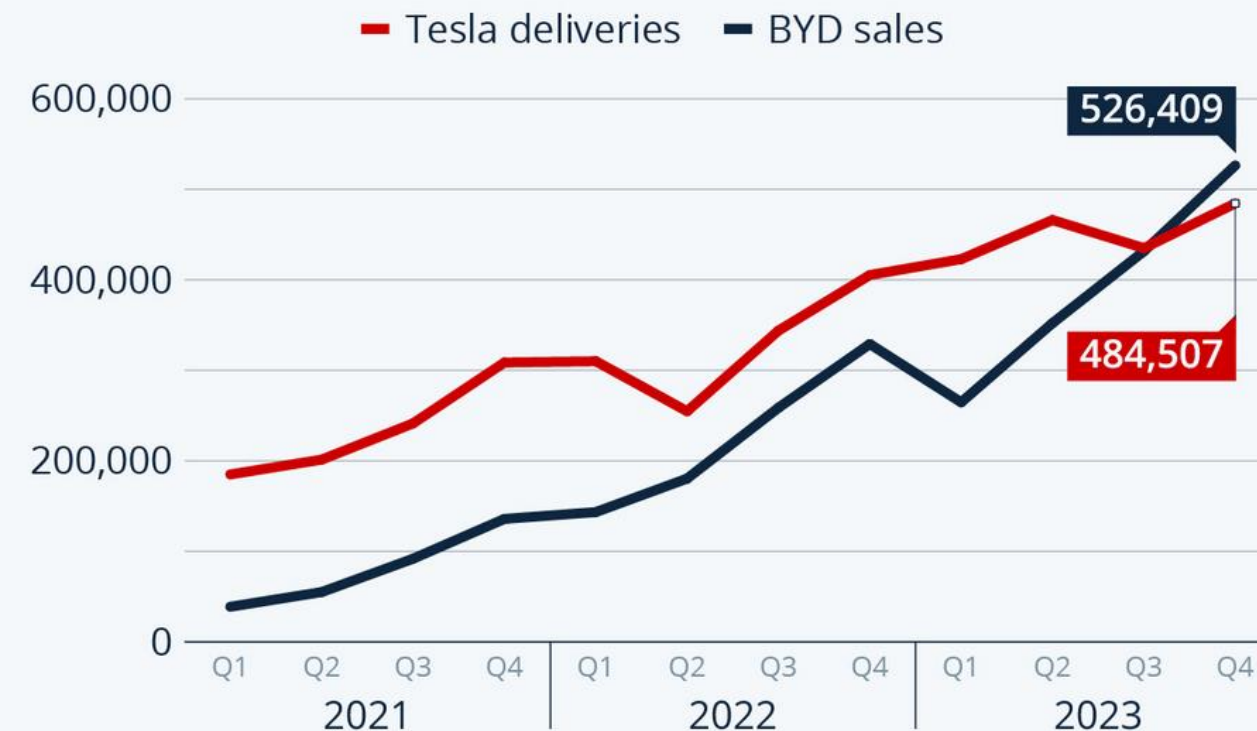
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Markus Fasse, Lazar Backovic
15.01.2024 - 09:25 o'clock

China's BYD Overtakes Tesla in Q4 2023

Global passenger battery electric vehicle
deliveries/sales of Tesla/BYD

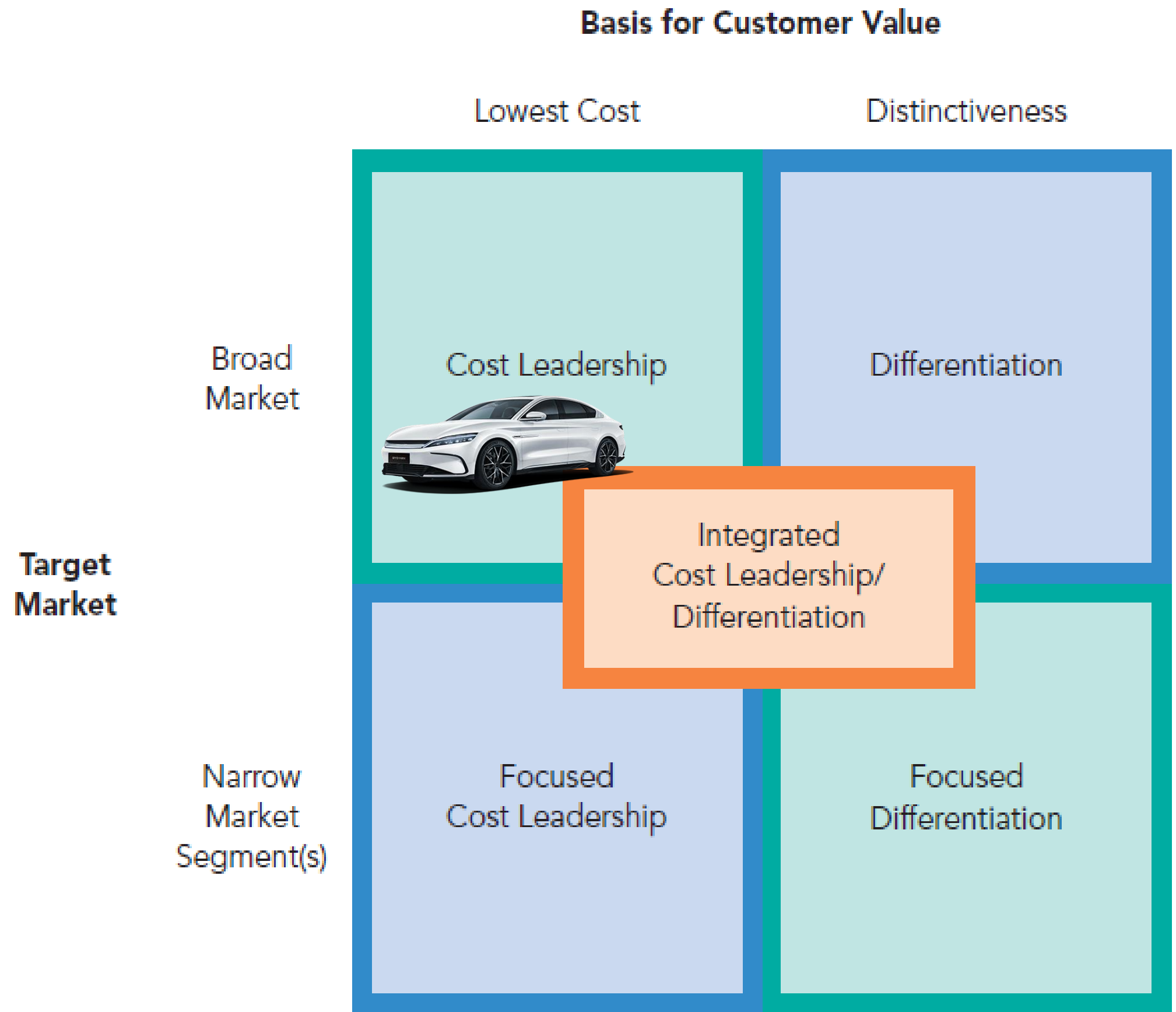


Sources: BYD, Tesla

COST LEADERSHIP STRATEGY

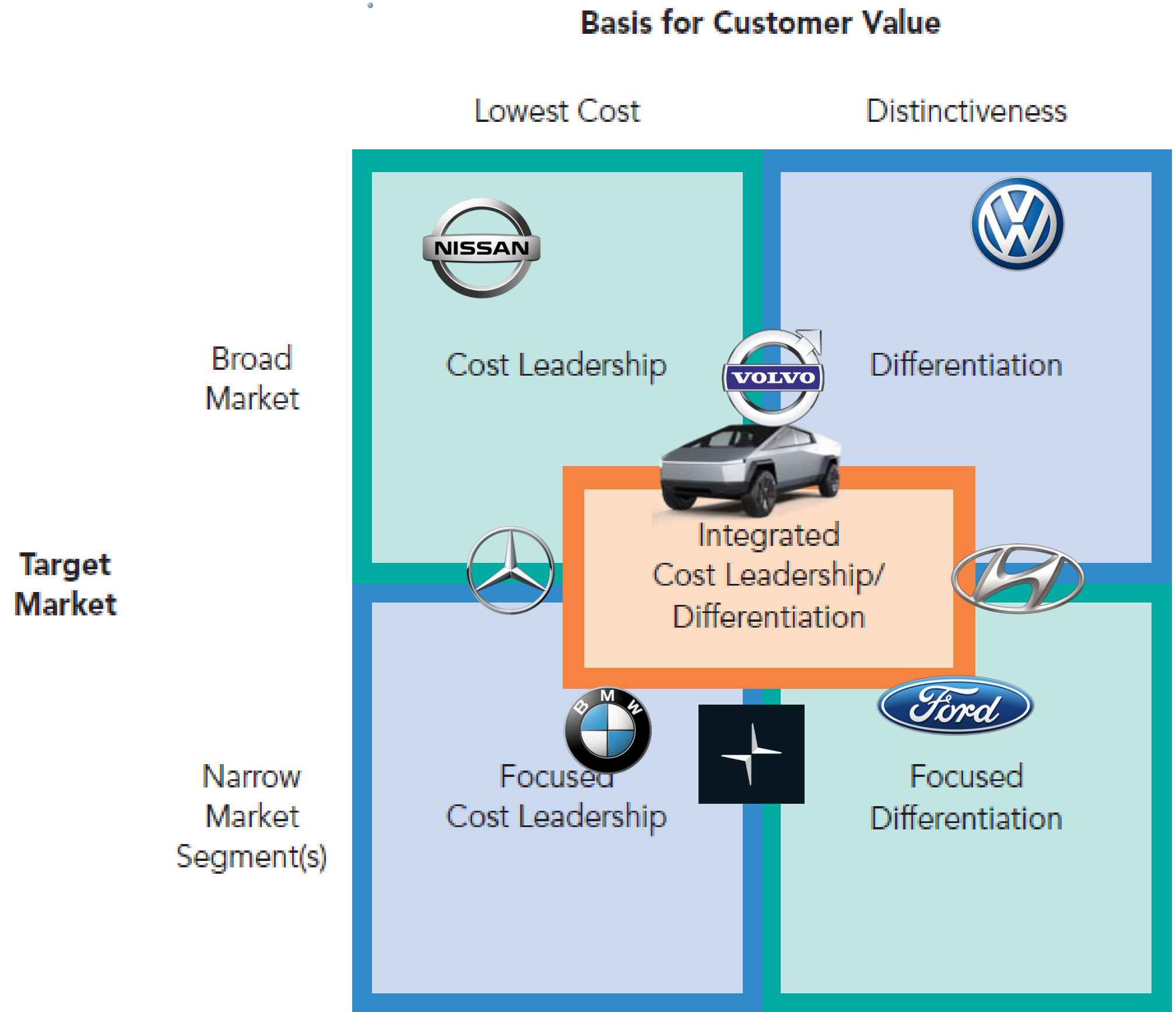


Figure 4.1 Five Business-Level Strategies

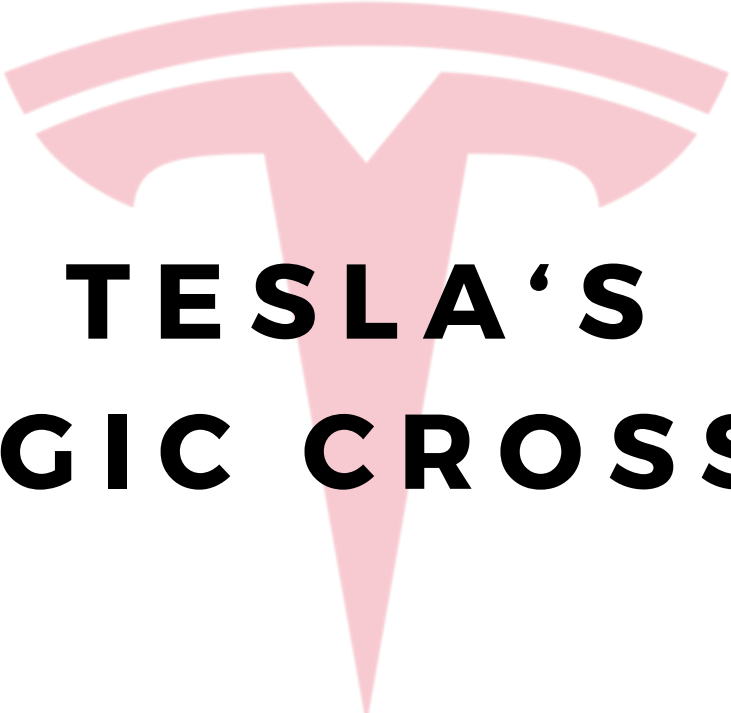


TESLA'S NEXT STEPS?

Figure 4.1 Five Business-Level Strategies



INTERNAL ORGANIZATION



TESLA'S STRATEGIC CROSSROADS

FERNANDA CABRALES

KARTIK SHARMA