Project Update

Team1

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Macro-Environment

Analysis will focus on the US, since Tesla has 86% of sales from US with Europe at 13%.

**P.E.E.S.T.Analysis**

* Political/Legal Factors
  + Political Environment

The US government promotes technology development and a clean environment (Department of Energy gave tesla a loan). Strong distrust in corporations with 2nd highest corporate tax in the world, However; the government provides many deductions (especially environmental tax breaks) for lower effective tax rates.

* + Legal Environment

US patent and intellectual property protection is among the strongest in the world. US government has liability and agency regulations for automakers.

* Economic Factors
  + Growth Rate: Real US GDP growth rate is around 3%
  + Interest Rates: Risk-free rate 1.65%
  + Levels of Employment: 5.5% Unemployment Rate
  + Price Stability: Inflation hovers around 1.%
  + Currency Exchange rates: USD to GBP 0.66 | USD to EURO 0.93
* Environmental/Ecological Factors
  + Global warming has increased the world’s temperature by 1.2 degrees fahrenheit
  + Oil war among countries results in unstable oil price
* Sociocultural Factors
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  + Demographic Trends
* Technological Factors
  + Innovations in process technology (Lean manufacturing, Six Sigma quality)

Most of the change of technology on electric cars comes in more efficiency with what already exists, as in wireless charging and electric car rentals. On top of that, electric motorcycles are about ready to enter the marketplace, which is long overdue.

* + New processes and products

Because electric cars require little in the way of maintenance or replacement parts in comparison to their oil-burning contemporaries, automakers will offer information and entertainment services which reflect the “state-of-the-art telematics and communications systems” found in their cars, and are even launching their own car sharing schemes. BMW is leading the charge with a host of urban mobility apps developed for the new i3, as well as this recent collaboration with Samsung for CES 2014.

Key Question

* Which element is currently most important to the company?

Intellectual property protection and supply chain efficiencies.

* What are emerging trends?

More and more, consumers have begun to focus on energy prices and environmental protection and have looked to start purchase electric cars. The combustion engine has become a mature product and may start to decline.

* Which element is likely to be most important in the future?

Keeping intellectual property private and securing a brand image to prevent other car companies to imitate. Tesla is the father of the first Electric car company.

Industry Analysis

Porter’s 5 Forces

* Power of Customers
  + In the current luxury electric cars market, customers have limited options. In this case, the power of customers is still weak.
* Power of Suppliers
  + If the supplier is powerful enough, then there may be the threat that the supplier will enter the market.
* Threat of Substitutes
  + As a whole, with public transportation and combustion engines as substitutes, consumers have many options. As a focused market of private environmental-friendly transportation, there are no available substitutes.
* Threat of New Entrants
  + Patents and large R&D and manufacturing startup
  + Large technology companies are planning to enter the market such as Apple and Google
* Rivalry among Established Firms
  + At this time, there is little competition within the luxury electric car industry. BMW and Audi have started working on models, but Tesla leads market share by far.