

Assignment #1:

Business Strategy Analysis

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1. Introduction

Tesla is an American multinational automotive company that focuses on maintaining innovations in their designs and manufacturers for selling electric vehicles. Tesla is mainly known for electric vehicles, solar panels and batteries for cars and homes. The main aim of this organisation is to elevate the focus on maintaining the transition of the world to a shift in sustainable energy. With the development of technology people also become aware of their choices along with their focus on elevating their knowledge on maintaining environmental sustainability. As Tesla focuses on manufacturing electronic vehicles, it enhances the attraction of the people. The main reason for elevating the growth of this organisation is its focus on maintaining revolution in the automobile industry by manufacturing luxurious and affordable electric vehicles. Tesla was founded as an electronic vehicle manufacturer by an engineer named Martin Eberhard and Mac Tarpenning in 2003. Then, in 2008, Elon Musk handed over the responsibility of the organisation and enhanced the focus on maintaining revolution within the automotive industry. Tesla develops its growth because they do not confine itself to the automotive, but it enhances the focus on expanding the scope of development by including the energy system and products.

As Tesla focuses on promoting clean energy to maintain environmental sustainability it helps them to attract a larger audience. With the development of awareness about environmental sustainability, people also enhance their focus on shifting their choices, which reflects largely on the development of Tesla. Apart from that, Tesla also enhances its focus on privatising the demands for green technology, which makes a revolutionary change in the automotive industry and elevates their position within the industry. Elon Musk also focuses on maintaining the aim of not only selling the products but also the innovation and technology that attracts people. Along

with that, it also helps them to ideally position to capitalise in the changing landscape of the automotive industry. Tesla always focuses on maintaining workplace diversity because it helps the workers elevate their scope of incorporating innovations for developing the manufacturing process. As Tesla focuses on elevating their growth it also enhances their focus on recruiting innovative talents to incorporate different ideas for developing their work process and also to maintain the motivation of the work environment.

If the organisation does not focus on elevating employee motivation then it will not help in maintaining a positive work environment for the employees. The main values of Tesla are focusing on maintaining their best services and maintaining the demands of the people along with respecting the employees for enhancing the scope of continuous learning (Edrawsoft, 2024); apart from that, the organisation also focuses on maintaining environmental responsibility. Maintaining their values helps them to set principles to elevate the work process among the employees which also has them to enhance their work process development. As per the report, Tesla developed sales growth enhancements for about 1438 992 vehicles from January to October 2023. The projected growth for 2024 is expected to reach \$79 billion. Apart from that, the growth of the organisation is estimated to reach about \$78 billion by 2028 (Statista, 2023). The main thing Tesla focuses on for enhancing their operations is innovation. Innovation helps in elevating the growth of the manufacturing process and it also reflects a positive impact on manufacturing different designs on electric cars.

2. Analysis

2.1. Porter 5 Forces

Porter's five forces analysis helps to understand Tesla's marketing conditions that impact business performance strategy formulation, etc. Tesla is one of the Global Organisations in the automobile sector that needs to consider different factors of the market for their product placement, pricing formulation, and election of the target market. Tesla's opposite in different global markets, these factors help them direct strategic framework effectively.

<i>Porter force category</i>	<i>Summary of Industry Forces</i>
Competitive Rivalry (high)	<p>In terms of competitive rivalry, Tesla is placed in a strong position due to different reasons. Tesla is an automobile organisation that mainly deals with electric vehicles and technology-based automobiles (Lang, Reber & Aldori, 2021). This makes the market Tesla has low competition because of the number of organisations in the sector. However, the competition is gradually growing because every other Global automobile organisation is also focusing on manufacturing EVs.</p> <p>Organisations like BMW, Audi, Porsche, etc, are competitors of this competition but have not been able to intensive it in this sector. The high need for financial resources and strong</p>

	technological infrastructure makes the sector less competitive and provides a strong Force for organisations like Tesla.
Threat to New Entry (low)	<p>Tesla relies on innovation in its market development and product development. In this respect, the cost of innovation is expensive, which makes it a less favourable sector for the new entrance. It is also to be noted that the scaling of the market is also a very challenging innovative automobile sector. The scaling is favourable for the existing player but not for the new entrants. Tesla has also built a strong and costly structure for its products and maintenance (Anderson et al. 2022). This high operational cost makes it difficult for new entrants to this sector for new startups. So, the threat of new entrants for Tesla is low in the sector.</p>
Threat of Substitution (high)	<p>Tesla's products reflect innovation uniqueness and advanced technology implementation (Okanga, 2022). This makes it less prone to substitution. Tesla enjoys a strong position in a market that is new and gradually developing</p>

	<p>with time. Substitution in the sector is very limited, which creates low competition for Tesla in practice. Besides, the switching cost of the market is also low in this sector, which makes substitution a moderate force for Tesla. It is also to be noted that the available shows moderate performance that also helps Tesla to stay in a stronger position. This makes substitution or threat of substitute a moderate Force for Tesla in terms of operation and management.</p>
Customer Buying/Bargaining Power (high)	<p>Tesla enjoys a strong but limited customer base (Silas, 2022). The major reason for this is the low switching cost of the products. It enhances the power of bargaining or switching to other brands or categories of vehicles for purchase by the customer. Competitive brands of Tesla also play a significant role in terms of customer scaling, which affects Tesla's customer acquisition or growth margins. The power of the customer also affects the low volume of purchases of the cars of the organisation or brand. In this</p>

	<p>respect, it can also be said that I will vehicles are prevalent in use but have not dominated the fuel-driven car market yet. This makes the sector of operation for Tesla restricted in growth to a certain level.</p>
Supplier Bargaining Power (moderate)	<p>Tesla adopted forward integration and relies on multiple suppliers for its operations (Zhang, 2022). Forward integration always provides a moderate force because it makes an organisation stronger to address supply chain challenges in the market. Besides, the organisation does not have to rely on one single supplier, which makes the bargaining power of the supplier moderate in practice. It is also to be noted that the supplier number of the sector is vast, but in terms of performance, they exert moderate force. Tesla enjoys a smooth supply chain because they are suppliers that get huge orders from the organisation. This also makes the bargaining power of the supplier moderate.</p>

Table 1: Porter's 5 Forces Analysis

Source: (Developed by the author)

2.2. SWOT Analysis

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> ● Tesla has built an inspiring and productive workforce. This workforce reflects diversity and equality at the same time. Tesla has achieved America's Best Employer in the 2021 Forbes list. This shows that the organisation has been successful in building healthy workplace conditions for its workers and employees in practice. ● Tesla is a highly profitable organisation. In 2022, it will be in the leading position among electric vehicle manufacturers and sellers globally (Carlier, 2023). One of the major reasons for this is Tesla, in the EV vehicle sector, already holds a leading position and has captivated song infrastructure for product development and maintenance. It is 	<ul style="list-style-type: none"> ● The first major challenge for Tesla is its manufacturing complexity. Tesla, being a highly innovative organisation that manufactures automobiles, which are alternative energy solution electric vehicles, also needs to think about innovative and smart engineering to develop features of its vehicles. The whole process becomes complex, and sometimes, it affects the commitment of the organisation relating to the launching of the new product. ● Tesla is finding it difficult to meet supply chain demands for its product. The main reason for this is that it is every vehicle marks Innovation and unique design. This sometimes creates problems in managing the high demand for the products to be delivered on time. This leads to a loss

<p>also profitable because of its strong investment in technology and techniques for its product development.</p> <ul style="list-style-type: none"> ● Innovation in product and management practices makes Tesla a strong Organisation in the global market. Innovation is reflected in not only its products or vehicles but also in its operation and Infrastructures and management Tools and techniques. Innovation also keeps its product unique in the market, which holds the positive attention of the customers in terms of purchase behaviour. 	<p>of customer market share and brand reputation in practice.</p> <ul style="list-style-type: none"> ● Tesla also faces a limited battery supply from the market (Carlier, 2023). The products or vehicles of the organisation rely extensively on plugin batteries or electric batteries for smooth functioning or running. However, the limitation of battery supply from the Global market creates difficulty in meeting the demands of the customers related to the product. The organisation have to rely on reliable sources for its battery supply.
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> ● Emerging markets are considered potential for any growth of the sector (Takahashi, Muraoka. and Otsuka, 2020). The growth of amenities provided by the Imagine market is mainly because of its wide range of 	<ul style="list-style-type: none"> ● Ethical concerns and issues with automatic self-driven vehicles impact the perception of the customers in terms of purchase. Self-driven vehicles have high risks of technical defects and accidents for pedestrians on roads

<p>customer base and availability of resources at low prices. This is one of the significant aspects that can be helpful to test lab in future in becoming a mass brand from just a premium easy brand.</p> <ul style="list-style-type: none"> • In-house production of batteries is an effective way for organisations to reduce their cost of production and control the supply chain. Using this method of in-house battery production gets its battery supply-related issues and challenges and is more efficient in meeting the demand of the customer for every automobile model. 	<p>(Hansson, Belin, & Lundgren, 2021).</p> <p>This can be a threat to Tesla in terms of ethical business practices and maintaining brand image competition.</p> <ul style="list-style-type: none"> • Customer adaptation of electric vehicles is still perceived as challenging to the sector. This is mainly because electric vehicles are highly expensive and have advanced technology implications. This limits all categories of customers to purchasing this vehicle. Besides, electric vehicles also have a perception of the short-term sustainability or risk of accidents for customers.
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Table 2: SWOT analysis

Source: (Developed by the author)

2.3. Ansoff growth matrix

Market penetration

Tesla has adopted market penetration strategies in different ways. In the US, this market penetration strategy has helped Tesla to aggressive marketing strategies and to gain a competitive advantage in terms of practices organiSation (Han, 2021). It is marketing

penetration, exporting its cars, and promoting its best-selling models like model X, S, etc.

Market penetration for global organisations like Tesla is a necessity to expand the customer base and enhance market share profitability. This has helped Tesla to sell more and more electric vehicles in different operating markets. This has also been reflected in maximising revenue for the organisation. It is to be noted in this respect that for Tesla, market penetration has been a challenging initial face, but a gradual increase in the adaptation of customers has made this process prevalent in the organisation in practice. Tesla has also been very conscious about its marketing strategies for penetration. It realises heavily or needs an investment framework for gaining hold of a new market.

Product Development

The product development of Tesla is based on different strategic conventions. Firstly, new national innovation to its products is the effective way through which Tesla has held a strong customer base. Every product is different and new in the market, along with the advanced implementation of Technology systems and processes. Secondly, Tesla has also implemented and invested heavily in its promotions of products that reflect the perception and needs of the customer in the modern and current era (Du & Li, 2021). Tesla has adopted its ability in its product development operations and also in framing infrastructure. The organisation implemented solar base and solar panels within its charging systems and also in there operational infrastructure. It is to be noted that these strategies have helped the organisation to be efficient in product development. The strategies of product development show Tesla's realise of innovation promotion and sustainable operation for gaming brand position and awareness in the market. It is also the way through which an organisation has been able to regulate its cost of operation and management and enhance the quality of service provided.

Market Development

Tesla knows the right market due to its long experience in Global Business. It is to be noted that in market development, Tesla focuses on share markets for implementing effective Strategies and placing products like Model S to create value for the customer. The main aspect that is focused in this product development is an environmental concern and eco-friendly aspects of the model for his high-income luxurious customers. The environmental aspects have enhanced the value of the model to turn leaves and enhance economic growth in those expanded markets. The advertisements for Tesla also reflect the educational value of each product and inform customers about its eco-friendly aspects and beneficial contributions to the environment (Rok & Kulik, 2021). Value creation of products is the major focus of the organisation in terms of market development. In this respect, sustainability is the key weapon that tastes like use and adopts the attention of its customer base in the foreign market.

Diversification

Tesla, being a global automobile brand, understands the significance of diversification in expanding market share. The organisation, in this respect, has been working on creating and developing battery products for its non-automotive products. It is also working on building solar panels and solar products that can be infused both in its cars and in its operations. In this respect, alternative energy solutions are a prime focus of the organisation in framing diversification Strategies and ideas. The role of Tesla is significant to drive diversification in the infusion of innovation and sustainability (Cao et al. 2021). The organisation is trying to Infuse sustainability with its diversification operations to create both market and customer value at the same time. The initiative shows that Tesla can implement diversification innovatively and also through effective

value creation for its products in terms of environmental concerns. Tesla has also been very prospective in framing diversification strategies aligning the future needs.

2.4. Business canvas model

Key Partners	Key Activities	Value Proposition	Customer Relati	Customer Segn
<p>OEM suppliers are the first partner of Tesla. The suppliers help Tesla to transform your innovative idea into a finished product. Organisations like Toyota and Panasonic are also partners of Tesla. This collaboration health Tesla in strategic conventions in the market</p>	<p>Research and development, designing and software development is a significant activity of Tesla in practice. Secondly, manufacturing and sales are significant areas of operation of the organisation. This deals with creating innovative vehicles and selling</p>	<p>Electric vehicle, or EVs, is the first aspect that has helped to create value for the brand. The main reason behind this is that it has provided an alternative energy solution for the Transportation system. Secondly, features like autonomous driving have helped to create a distinctive feature</p>	<p>Strong and efficient customer service of Tesla. Supercharge networking of the organisation.</p>	<p>High and luxury Tesla followers Elon Musk Followers Concerned about the environmental impact of vehicles</p>

<p>(Bridge & Faigen, 2022). The third partner of Tesla is the different car leasing organisations. These partners help Tesla not only enhance its sales rate but also maintain a strong focus on its customer base. The fourth partner is charging point stations for Tesla vehicles. These are a significant partner who</p>	<p>them. Marketing is another significant area that helps Tesla enhance its market share and brand awareness (Tai, 2023).</p>	<p>for the products of Tesla (Grigorescu et al. 2020). This technology has helped to create a unique image for the organisation to its customers.</p>		
	<p>Key Resources</p>	<p>In order to make</p>	<p>Channels</p>	
	<p>The first key resource is the factories of Tesla. There are two types of factories in the organisation. The first is the car assembly line factory, and the second one is the Giga factory (Cooke, 2020).</p>	<p>operations sustainable, Tesla focuses on building solar energy systems to enhance operational aspects.</p>	<p>Tesla follows both offline and online channels for this marketing and sales (Liang, 2022). For offline, Tesla has its showrooms across the operating markets.</p>	

helps Tesla in charging. There are batteries on the way for the existing customers of the organisation.	The second key resource of Tesla is technology implications like electric battery technology, autonomous driving technology and big data. These resources help Tesla to manufacture innovative products to practice.		For online, Tesla has its website where all the models, including prices and purchase procedures, are facilitated.	
Cost Structure			Revenue Streams	
<ul style="list-style-type: none"> ● Technology development and maintenance cost. ● Infrastructure and operations cost ● Research and Development ● Sales, labour and promotion costs. 			<ul style="list-style-type: none"> ● Selling, upgradation and maintenance of vehicles of Tesla. ● Solar energy systems and batteries. 	

Table 3: Business model canvas

Source: (Developed by the author)

3. Conclusion

To conclude, it can be said that Tesla is one of the major technology-based organisations and leading global Organisations in the automobile sector. The analysis provides certain insights that show Tesla's approach to business and strategy implementations in practice. This includes understanding the market. Tesla has been very innovative in both its operation and product development. It has helped Tesla to be a sector that is less competitive and more scopeable to business sustainability. Tesla has been the dominant supply base because of the opportunity of a Limited number of suppliers in the sector having moderate performance. It is also seen that the brand has been profitable due to the infusion of sustainability aspects. Sustainability is a significant and current trend in the market, and in this respect, the way Tesla has been active in making a product that is an alternative energy solution and building and operations that reflect eco-friendly aspects is very relevant and addressable to connect the needs of the market and customers business. In this respect, Tesla is also making efforts to diversify products like solar systems and solar panels that can reduce the use of nonrenewable energy resources. The market resources available for Tesla being limited show greater potential in helping the organisation to be advanced, progressive, and flexible to meet demands and needs even in future. The strengths and opportunities show that Tesla is very active in creating a favourable workplace culture that is driven through innovative practices and product development. The opportunities gained in this respect are focused on emerging markets. On the other hand, weaknesses and threats show that

innovation itself has brought complexity to Tesla's product manufacturing and resource availability. In this respect, the opportunity shows that if Tesla manufactures its own batteries in-house, then the limitation of battery supply can be mitigated. In terms of strategic recommendation, the market penetration shows that Tesla's investment is more focused on promotion. However, Tesla can also invest in research and development so that besides the premium range, the organisation can also manufacture affordable rates electric vehicles that can make it a mass brand. In infusing innovation into sustainability, the organisation can also engage customers in its promotional and advertisement campaigns with today's awareness and increased use of these vehicles.

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