

Strategy Formulation

OSPM-11; 07.10.2020;9:00AM



Corporate-Level Strategy: What business are we in?

Corporation

Business-Level Strategy: How do we compete?

Consumer
Products Unit

Biotechnology
Unit

Media
Unit

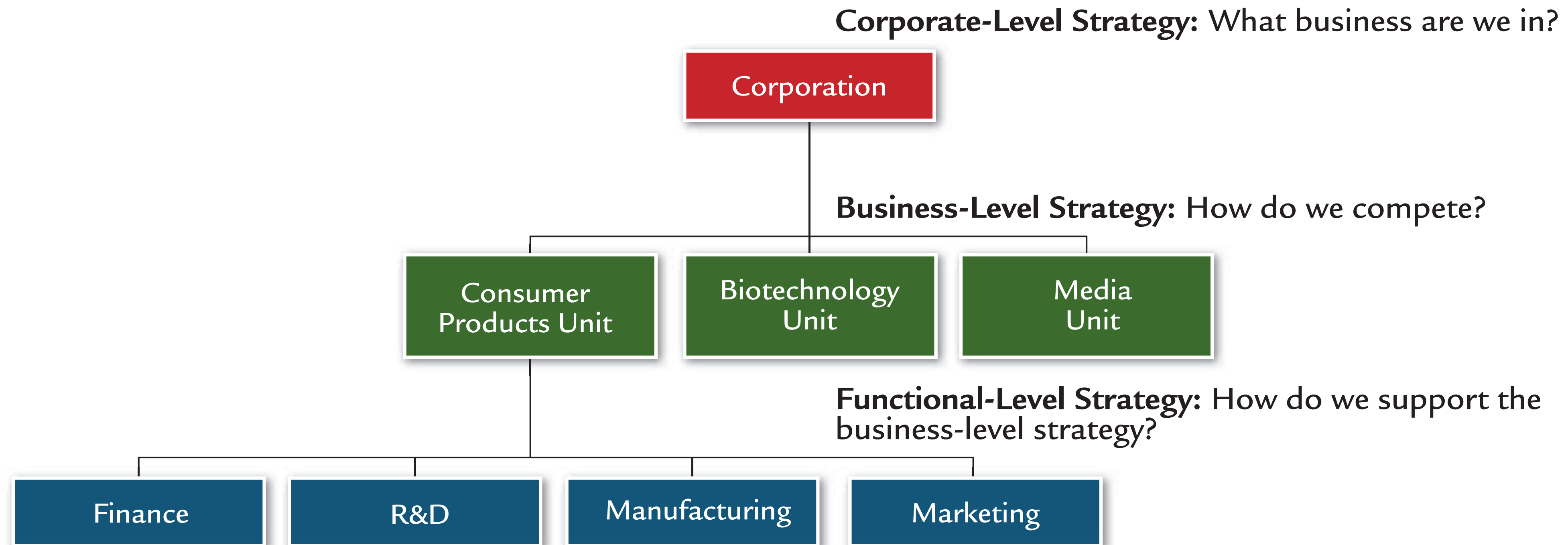
Functional-Level Strategy: How do we support the
business-level strategy?

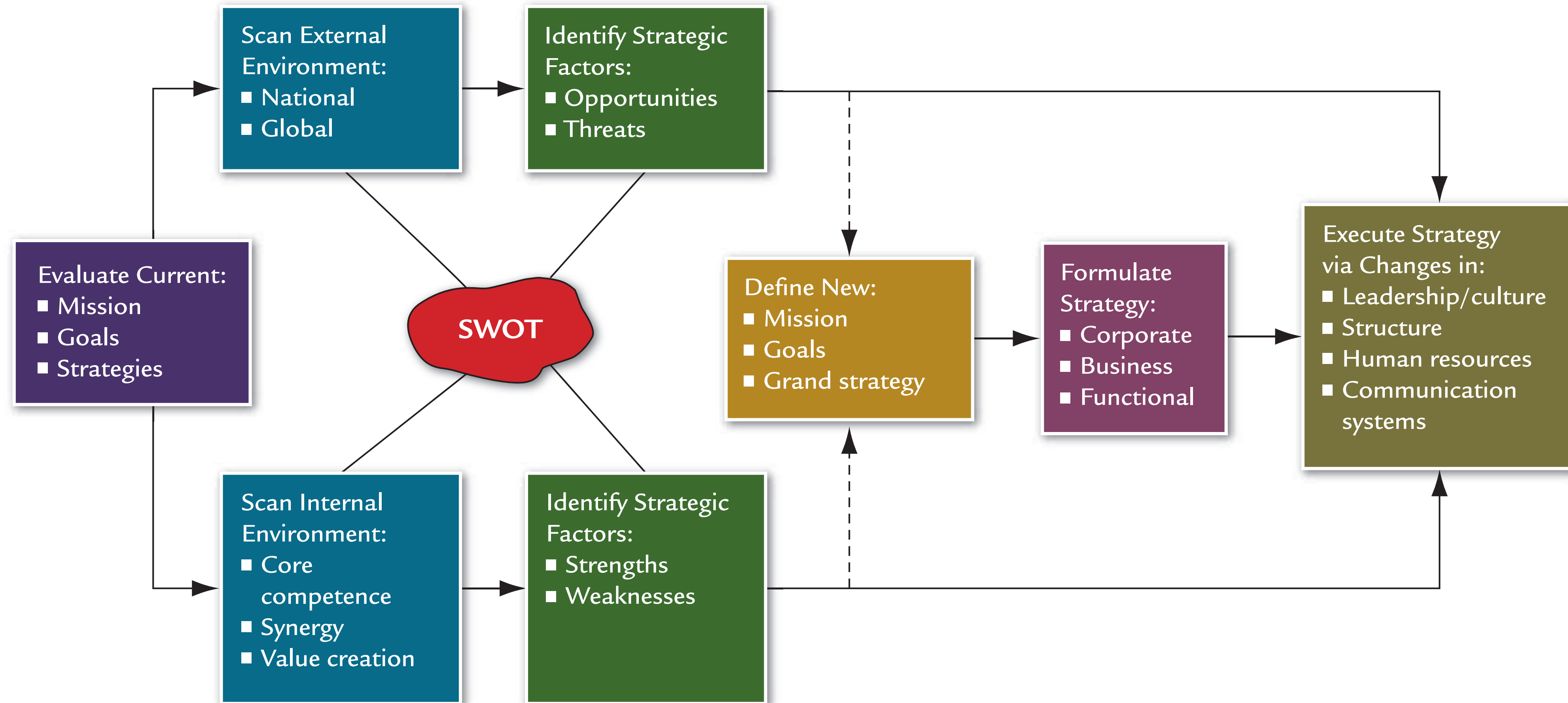
Finance

R&D

Manufacturing

Marketing





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STRENGTHS

- Things your company does well
- Qualities that separate you from your competitors
- Internal resources such as skilled, knowledgeable staff
- Tangible assets such as intellectual property, capital, proprietary technologies etc.

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WEAKNESSES

- Things your company lacks
- Things your competitors do better than you
- Resource limitations
- Unclear unique selling proposition

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OPPORTUNITIES

- Underserved markets for specific products
- Few competitors in your area
- Emerging need for your products or services
- Press/media coverage of your company

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THREATS

- Emerging competitors
- Changing regulatory environment
- Negative press/media coverage
- Changing customer attitudes toward your company

HELPFUL

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STRENGTHS

1. **Brand** - the third most popular global brand.
2. **Financial performance** – continued growth.
3. **Synergies** – its services compliment each other.
4. **Customer Experience** – **fast and reliable service**
5. **Cost Leadership** – commands superior buying power.
6. **Range and Merchants** – huge range of products available.
7. **Technology** – unique IP and R&D including AI.
8. **Superior logistics and distribution systems** - efficient global logistics and distribution system

PROBLEMS

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WEAKNESSES

1. **Low Margins** – although it has good cash flows, the margin on products remains slim.
2. **Asia/China** – Amazon has yet to prove itself in Asia.
3. **Failures/Experiments** – Amazon has yet to develop a leading brand of hardware products.
4. **Employee Treatment** – bad press and coverage about employee treatment is damaging the brand.
5. **Physical stores** – lack of financial growth shows that despite its innovative approach profits are missing.
6. **Sustainability** – Amazon has a poor track record of moving to sustainable solutions and remains opaque about its progress.

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OPPORTUNITIES

1. **Developing markets** – growth opportunities. Exist in developing markets e.g. India.
2. **Expansion of physical stores** – acquisition of further retailers to establish broader presence.
3. **Hardware partnerships** – partner with leading hardware for AI/voice recognition.
4. **Amazon branded products** – expand range which in turn will provide higher margin opportunities.
5. **New markets** – e.g. healthcare a \$1 trillion dollar industry.

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THREATS

1. **Competition** – Large global players are aggressively attacking Amazon e.g. Walmart.
2. **Asia/China** – several Asian competitors could expand operations in the US and Europe.
3. **Merchants and Platforms** – 58% of sales come from merchants. Amazon makes less margin on merchant sales.
4. **Government regulations** – several governments are investigating Amazon's practices and policies with regard to fair play and anti-competitive practices.



TESLA SWOT ANALYSIS

www.garyfox.co/tesla-swot-analysis/

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STRENGTHS

1. Innovation - technologies for energy storage, digital and cars.
2. Strong performance and growth – market leader in electric cars in US.
3. Brand and marketing power – global brand presence but little to no spend on marketing.
4. Strategic partnerships - ecosystem of partners.
5. Design of cars and customer experience – leading design focus across products and customer experience.
6. Elon Musk – the gifted entrepreneur and pioneer.

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WEAKNESSES

1. Manufacturing problems – numerous production problems.
2. Financial Performance – inconsistent profits.
3. Batteries – minerals resources being rapidly reduced.
4. One Man Show – if Elon Musk walked away what would happen to Tesla.
5. Market Focus – spreading itself across a diverse set of market sectors.
6. Capacity – yet to achieve consistent production capacity.

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OPPORTUNITIES

1. International markets – secure growth opportunities in China.
2. Mid Market Products – develop a broader range for mid market pricing.
3. In-house Battery Production – secure own production facilities.
4. Expand ecosystem – expand ecosystem of charge points.
5. Corporate Fleets – align deals with corporate fleets.
6. Government Incentives – work with broader set of governments.

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THREATS

1. Competition – Large global players are aggressively investing in electric vehicle production.
2. Liability Penalties – significant penalties could be due if the court cases go against Tesla.
3. China – competitor have strong foothold in this critical market plus China is developing home grown brands.
4. Lack of critical resources – limited mineral resources and growing demand by other car producers could cause production problems.
5. Substitutes – alternative solutions e.g. sharing economy.

