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Executive Summary

The complete report has focused on the global environment of business. For this purpose, the international organisation, Tesla has been taken. There has been focus on analysing the external environment of the organisation. Along with that, there has been also a discussion regarding the competitiveness of Tesla.

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Introduction

Tesla was founded in 2003. It is one of the most famous company in the world. This company is currently famous for battery electric car manufacturer. Its head quarter is located Palo Alto, California, United States. Tesla sells its products more than 30 countries. In this report relevant business model like Porter's Diamond, value chain, PESTEL will be explained broadly. Apart from the major forces for shaping global business environment will be explained.

Recognize the major forces shaping the global business environment and gain an understanding of the changing global business environment

The external factors that affect business into the following seven categories: 1. Technological environment, 2. The economic environment, 3. legal environment, 4. Social environment, 5. Competitive environment, 6. Global environment.

The technological environment: Today's business reality is different from past. First time technology and commerce have clashed in a way that produces data which is more valuable than tangible and physical objects. Business organisations use technology to reach customers, produce their products and also provide their service. Now customers can purchase products and get service without leaving their home, their comfort zone. Many companies like Apple, Microsoft have removed traditional blue-chip companies. The tech invention is helping connectivity, artificial intelligence to create global platforms (Tenório, 2019).

The disadvantage of technology is now customer can compare products, price, features, services, benefits with other companies.

The evolution of money: One of the most important invention of humanity is money. Now money has taken the position of all merchandise. Paper money started becoming inconvenient. It takes time to count. Another problem is safe place to keep money. For this started bank money in the form of drafts, cheques, credit cards etc. Now debit cards which is plastic money are popular enough. Time by time it passes through different stages which are Commodity money->Metallic money->Paper money->Credit card->Debit card (plastic card).

The economic environment: Economic environment changes dramatically day by day. Business investment was declined (Stoyanova-Bozhkova, 2017). British economy is

increasing its growth rates compared favorably with other top industrial countries. The economic condition has an impact over the business organisations.

Legal environment: The legal environment of business is most complicated external factor. This external factor is potentially dangerous. There are some rules, regulations, laws, and liabilities that company have to admit in order to stay in business world.

Social environment: The social environment of business encloses the values, beliefs, attitudes, and desire of the consuming people. Corporate social responsibility means that many customers are claiming that business be a "good corporate citizens" by upholding charitable causes. Through social media companies get chance to elaborate their reputation and also launch their new products (Stano, 2018).

Customers also know whole details about companies through social media and also using technology.

Competitive environment: through technology which is developing competitive environment is increasing day by day. The local store competes with larger store. customers can order products on online. Therefore, they get products the same day with free shipping charge. Every company get challenges to stay competitive in business world.

Global environment: For business purpose, it is a small world. Free trade can change the game plan for a business organisation. Among the nation free trade has accommodated products and services to flow across the world (Nayak, 2019).

Apply relevant business models (Porter's Diamond, Value Network and five forces) within the context of an international environmental analysis (PESTEL)

Tesla Motors is an American electric car manufacturer. This company is one of the biggest companies in automobile industry. Tesla company applies some business model which are Porter's Diamond model, Value network and most important five forces in the context of their business environment analysis.

Porter Diamond: The Porter Diamond is mainly known as the Porter Diamond theory of National Advantage. The model was created by Michael Porter. This model is planned to help understand the competitive advantage. Using this model Tesla company acts as catalyst to enhance its position in globally economic environment. This is a proactive model which can be applied to help guide how to access investing in various national markets. Porter Diamond uses as a frame work in corporate strategy (Matsugishi, 2020). The Porter Diamond is visually described by a graph or diagram that takes after the four points of a diamond. These four points are 1- Firm strategy, 2- Structure and rivalry, 3- Related supporting industries, 4- Demand conditions.

Value chain : Company uses value chain which is a combination of the systems to make more money. A value chain is built of several subsystems which are used to produce products. Porter breaks value chain into five primary categories. The primary activities of Porter's value chain are inbound logistics, operations, marketing and sales, outbound logistics and service. Secondary activities of Porter's chain value are procurement, human resource management, infrastructure, technological development. The main goal of these activities is to generate value that over comes the cost of conducting that activity. Therefore, it generates more profit. Points of primary activities are discussed in below (Lynn, 2020).

Inbound logistics: Inbound logistics comprehend the warehousing, receiving and inventory control of a company's provisional material.

Operations: Operations comprise procedure to convert raw materials into a complete work. It changes all inputs to prepare as outputs.

Outbound logistics: Outbound logistic is a procedure in which all product distribute as final product to customers. Storage and distribution systems are the part of this procedure. It can be internal or external.

Marketing and Sales: Marketing and sales is a wonderful strategy which elaborates visibility and target customers. Tesla uses this strategy (i.e. advertising, pricing and promotion) to attract customers more. This strategy helps to convince consumers to buy more company's products. In this way company may run ads on face book, Instagram etc. and builds an email marketing (Lancaster, 2017).

Services: This process helps Tesla company to maintain products and improves consumers experience like customer service, repair, refund, maintenance, exchange, warranty etc.

Porter's five forces analysis of Tesla: Porter's five forces is a method that explores the operating environment of competition of a business. Five forces analysis of Tesla searches the external factors in automotive industry. Some competitors of Tesla are Honda Motor company, BMW (Bavarian Motor Works), Toyota Motor Corporation etc. Tesla's elasticity is a reflection of strategic usefulness. Five forces analysis are 1. Competitive rivalry or competition (STRONG FORCE), 2. Bargaining power of customers (MODERATE FORCE), 3. Bargaining power of suppliers (MODERATE FORCE), 4. Threat of substitution (MODERATE FORCE), 5. Threat of new entrance (WEAK FORCE) (Meyer, 2021).

Competitive rivalry of Tesla: Strong force of competitive rivalry are as follows:

1. Small number companion.
2. High aggressiveness of firms.

There are not large number of companions operating in automotive industry. Tesla's marketing mix of 4Ps meet such aggressiveness that creates pressure on other competitive companies. It is a great strategic management.

Bargaining power of Tesla's customers: The bargaining power of customers on company are 1. Low switching cost, 2. Moderate substitute appearance. Low switching costs diminish barriers for Tesla customers to buy cars from other company. Enough substitutes for this reason company reduces customer's bargaining power.

Bargaining power of Tesla's suppliers: Five forces of analysis shows how bargaining power of suppliers. They can shape industry environment to influence the availability of materials. Bargaining power of Tesla's suppliers are 1. Medium forward integration, 2. Average supply level (Loayza, 2020).

Threat of substitutes: Aspect of five force analysis, external factor's intensity lead the threat of substitution. Which are 1. Medium substitute availability, 2. Average performance of substitutes.

Threat of new entrance: The external factors that creates weak force of threat of new entrance as follows 1. Highly cost of brand development, 2. Expensive cost of doing business (Meyer, 2021).

PESTEL: PESTEL is a strategic management tool.

Political factors affecting Tesla's business: The political external factor of Tesla are 1. Governmental inspires for electric automobiles. 2. New global commerce agreements. Political external factors present opportunities to grow automotive companies.

Economic factors: Economic condition effects on macro environment which is described in PESTEL analysis of Tesla. These conditions cover market growth, trade levels, currencies etc. External factors which encourage the automotive industry: 1. Reducing battery costs, 2. Reducing renewable energy costs, 3. Economic durability issues. Tesla's products are more attractive for reducing renewable energy. Economic condition is threat for Tesla's financial performance (Lancaster, 2017).

Social factors: Sociocultural factors important for Tesla's business. Which are as follows 1. Popularity of low carbon lifestyle is increasing day by day. 2.Improving preference for renewable energy.3. Improving wealth distribution to develop markets. Tesla has opportunity to increase its financial performance.

Technological factors: Technological factors plays important role in Tesla's business industry. The factors are- 1. Improving automation in business.2. Improving popularity of online mobile systems. Tesla increase its business through online (Lynn, 2020).

Ecological factors: Ecological factors effect Tesla's market. which are 1. Changing climate. 2.Enhancing environment programs. Tesla promotes its electric vehicle based on climate change.

Legal factors: Marketing mix of 4P of Tesla are accomplished with in legal constraints. Legal external factors are 1. Enhancing international patent protection.2. Energy expenditure regulation.

Identify and critically evaluate the reasons why organisation engage in international trade

Tesla motors is one of the biggest automobile industries in the world. It was founded in 2003. This company is mainly a Silicon Valley-based company.

Corporate strategy: The main goal of Tesla motors is to increase the number of electric vehicle available in market. It sales vehicle through it's owned showroom and online also. It wants to spread a positive example of how social responsibility and fun both are mutually compatible.

Partnership: Tesla has ensured the partnership with two automakers (Toyota and Daimler). It is a strategic partnership. Beside this Tesla has built a manufacturing partnership with Lotus Cars (Loayza, 2020).

Marketing strategy: Marketing strategy is an important strategy of Tesla's business model. This marketing strategy is somewhat of rareness in the global automobile industry, where other business models indulge mass production.

Market segment and product design strategy: Tesla has objected many segments for different stage of product adoption strategy. Like small niche market segment, mass vehicle production etc. In global market product design plays very important role. Tesla makes eye catchy design.

Branding strategy: Branding strategy is important to handle regional, local and global characteristics of their brand. Marketers use branding as a tool. Tesla can elaborate their brand through a volume platform which will created by Models (Eichengreen, 2021).

Marketing communication plan: Tesla's one of the main focus is marketing communication. Using this strategy Tesla gives message to the customers about product's positional statement.

Advertising strategy: For new products, Tesla accepts the importance of global advertisement. Tesla uses media and website also to launch new product. So more people can know their products.

Public relation strategy: Public relation strategy is a key strategy of Tesla motors. Tesla has been fruitful to generate important media coverage of the company. Beside these strategy Tesla make more innovative products. It creates more attractive ads. It gives surprisingly offers so people want to buy products. Tesla could take attention grabbing type events. Using above strategy Tesla engages in international trade (Buchinskaia, 2019).

Strength of Tesla: The company has great quality products that helps it achieve its mission.

Weakness: The costing management of Tesla is weak.

Opportunities: The great brand image of Testa helps it to be relent in the market.

Threats: There are so many threats arise when external factors which creates threat of market competition and cost management within the organisation.

Assess markets in action, understanding their micro-economic and macroeconomic foundations, different market structures and their influence on firm strategy, long run and short run changes, and major features of the current international economy

Micro economics is part of economics. It studies the behavior of firms and separate in making decision of allocation of scare capital. In one word, microeconomics tries to understand decisions, human choices, and the division of resources. It takes bottom-up approach. One target of microeconomic is to explore the market mechanisms. It also analyzes market failure, where markets lay down to produce skilled result. Microeconomic concentrates only on individual and firms. Macroeconomic concentrates on the total economic activity. It deals with the issues of inflation, growth, unemployment and national policies concerning with that issues. Microeconomic trades with the effects of economical policies. Tesla beautifully handle their microeconomic analysis (Agur, 2019).

Macroeconomic covers whole economy. It takes top-down approach. It deals with the performance, structure, behavior and decision making of the aggregate. The main reign of macroeconomic research are shorter term business and long term economic. Fiscal policy, supply policy, monetary policy are the major types of macroeconomic policies.

The long-term strategy of Tesla is to involve at the high end of the market. So, customer wants to get premium facilities.

Short run is explained as a period of time in which at least one input is constant and the other quantities of the inputs can be varied.

The long run strategy is explained as a period of time in which all inputs are inconstant.

There are seven features of the current economic situation are 1. More options for production, 2. The chance to create new markets, 3. Small firms can be big, 4. A higher level of paying field, 5. Networks and important, 6. Culture is no constraint, 7. Regionalization not globalization (Agur, 2019).

Conclusion

The PESTEL analysis, porter's diamond theory, major forces for shaping business world, have been discussed. Tesla's internal external factors have been explained elaborately. tesla's strategies have been explained broadly. A complete picture about Tesla has been explained in this report.

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