

Global Business Challenges

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Strategic Analysis and Challenges Confronting Tesla

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Executive summary

This report provides a comprehensive analysis of Tesla's external environment through a PESTEL analysis, Porter's Five Forces analysis, and SWOT analysis. It examines various factors affecting Tesla's business operations, including political, economic, social, technological, environmental, and legal aspects. Additionally, it assesses the competitive landscape and internal strengths, weaknesses, opportunities, and threats faced by Tesla in the electric vehicle industry.

The analysis emphasizes Tesla's strengths, including its strong brand recognition and production advantages, as well as opportunities in the Chinese market and global environmental trends favoring electric vehicles. However, Tesla faces challenges such as limited consumer groups, frequent product quality issues, fierce market competition, and supplier pricing challenges.

Based on the analysis, strategic recommendations are provided to capitalize on strengths, mitigate weaknesses, seize opportunities, and address threats. These recommendations include expanding market presence in China, improving product quality and safety, enhancing product innovation, optimizing supply chain management, and increasing brand awareness.

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Introduction

Founded in 2003 by Elon Musk, Tesla, Inc. has become a pioneering force in the electric vehicle (EV) industry, bringing innovative technology and a sustainable vision to revolutionize transportation (Cooke, 2020). From its inception, Tesla has aimed to hasten the world's shift towards sustainable energy by manufacturing electric vehicles, energy storage solutions, and solar products. Tesla has gained significant brand recognition and a loyal customer base globally due to its sleek designs, advanced technology and environmental commitment.

In recent years, Tesla has faced a myriad of challenges amidst the rapidly evolving global landscape. These challenges stem from various factors, including political, economic, social, technological, environmental, and legal influences. Political differences across regions impact Tesla's operations and market dynamics, while economic fluctuations and consumer preferences pose uncertainties for the company's growth trajectory (Kissinger, 2018). Additionally, societal shifts towards sustainability and technological advancements present both opportunities and threats for Tesla's market positioning (Jiang, Jia and Liao, 2024). Environmental concerns, particularly regarding energy sources and raw material extraction, further shape Tesla's strategic decisions (Tabuchi and Plumer, 2021). Moreover, legal regulations and policy changes in different jurisdictions affect Tesla's market access and competitive landscape (Yen, Daly and The Associated Press, 2023).

As Tesla navigates these challenges, it must formulate strategic responses to maintain its market leadership and sustainable growth trajectory. By understanding the global challenges it faces and leveraging its strengths and opportunities, Tesla can continue to drive innovation, expand its market presence, and contribute to a more sustainable future.

1.Main Findings

1.1 PESTEL Analysis

1.1.1Political

Political differences exist globally, domestically, and locally, particularly within the United States. These differences involve interactions with various state governments, policy implementation, and compliance with different laws. Ensuring compliance for electric vehicle manufacturers is a complex task due to the involvement of numerous state and local governments. Battery-powered transportation has become a significant focus of the current US government. Despite the growing momentum towards electric vehicles, some government officials lean towards maintaining reliance on gasoline-powered vehicles. One contributing factor is the average cost of electric cars, which stands at approximately \$65,000, potentially posing affordability challenges for Americans. Nevertheless, the automotive industry is increasingly embracing electric vehicles, and several members of the United States government express satisfaction over the prospect of electric vehicle battery plants generating additional employment opportunities (Singh, 2020).

Furthermore, EV development is being accelerated by government agencies such as the US Environmental Protection Agency. According to reports, there is a forthcoming proposal aimed at tightening restrictions on automobile emissions. The proposal suggests that by 2030, at least 54% of new vehicles sold in the United States should be electric. A more ambitious scenario envisages two-thirds of sales of electric vehicles by 2032. Additionally, the current administration has set goals for automakers to enhance fuel efficiency and decrease tailpipe emissions by 2026 (Yen, Daly and The Associated Press, 2023).

Consumer purchasing decisions are significantly influenced by political affiliations, as evidenced by a survey showing Democrats are twice as likely as Republicans to consider buying electric vehicles. States implement various strategies to incentivize electric vehicle adoption, with California leading the charge by aiming for all new vehicles to be electric or hybrid by 2035. However, challenges arise, including funding charging infrastructure and road maintenance amid declining gasoline tax revenue. To tackle this issue, the Biden administration plans to establish a nationwide network of 500,000 charging stations, backed by a \$7 billion allocation in the Bipartisan Infrastructure Law. Additionally, \$10 billion is earmarked for sustainable transportation initiatives, with a focus on electric vehicle battery materials. Despite these efforts, concerns remain about the high cost of electric vehicles, suggesting that incentives alone may not fully address affordability issues (IEA, 2023). Although governments are encouraging the development of electric vehicles, Tesla's business

and market prospects may be affected by different government policies and regulations. Therefore, it is important for Tesla to develop a flexible strategy to address policy challenges and maintain a competitive advantage in the changing policy environment.

1.1.2Economic

The decision of consumers to invest in electric cars is often influenced by the relative cost compared to traditional gas-powered vehicles, and this relationship can be sensitive to economic conditions. Encouragingly for the electric vehicle industry, there is positive momentum in the real GDP. Growth increased from 3.2 percent in the third quarter of 2022 to a robust 2.7 percent in the fourth quarter. These figures signify a simultaneous upswing in company investments in inventory and a rise in consumer spending. The prospect of increased consumer spending bodes well for the electric vehicle sector (BEA, 2023).

However, despite encouraging current economic indicators, both prognostications for the future and ongoing events suggest potential economic challenges ahead. Despite the US GDP outperforming expectations and consumers adeptly managing elevated inflation and interest rates, certain forecasts point towards an imminent recession, characterized by three consecutive quarters of diminishing GDP growth. The heightened interest rates pose a specific threat to the expansion plans of electric vehicle manufacturers, as they signify an escalation in the cost of capital (BEA, 2023). While consumer decisions to invest in electric vehicles are influenced by cost comparisons and current positive economic indicators provide some support, future economic forecasts could pose potential challenges. In summary, Tesla needs to pay close attention to changes in the economic environment and proactively propose new growth strategies.

1.1.3Social

A company's wider or macro environment, which includes the labour market, customers and investors, is profoundly affected by social circumstances and trends. This section discusses how the company aligns itself with social trends in its target market. Managers need to ensure that their strategies take full advantage of these external factors. These include an increasing preference for a low-carbon way of life, support for renewable energy, and a desire to redistribute wealth in developing countries. Tesla has significant growth opportunities in the first two factors. Due to these external factors, there has been an increase in market demand for Tesla's electric vehicles and related products. Furthermore, Tesla has the potential to improve its financial performance as wealth continues to spread in the developing world. This trend broadens the potential customer base for the company's relatively expensive vehicles. Tesla can expand its business globally by capitalizing on socio-cultural

opportunities (Lavi and Reich, 2023).

Tesla is presented with both challenges and opportunities in relation to socio-cultural factors. The growing societal preference for low-carbon living and renewable energy presents growth opportunities for Tesla. However, it is crucial for the company to ensure that its products meet consumer expectations in terms of quality and performance to avoid damaging its reputation. However, the improved distribution of wealth in developing countries provides a broader market for Tesla. Nevertheless, the company must address potential political and economic uncertainties carefully. Therefore, it is crucial for Tesla to consider these socio-cultural factors to maximize opportunities and mitigate potential risks (Lavi and Reich, 2023).

1.1.4 Technological

The electric vehicle industry is expected to be significantly impacted by continued technological innovation. One of the primary focal points is the enhancement of batteries and their capacity, a crucial element for the effective operation of electric cars. At present, electric vehicle batteries utilize liquid electrolytes, which impose limitations on the achievable mileage range. However, there is ongoing development of semi-solid state or solid-state batteries, offering substantially improved energy density per unit area (Liu, 2022).

Effectively managing the space occupied by batteries is crucial for vehicle safety and functionality. CATL has introduced cell-to-pack technology: Battery cells are strategically placed within a battery pack to optimize both space and energy density. Tesla has taken a unique approach by integrating battery cells directly into the car's chassis. This Tesla innovation is expected to significantly cut costs by fifty-five percent and reduce space requirements by thirty-five percent, potentially contributing to more affordable electric vehicles. Additionally, improvements in battery charging processes have been made. The main barrier to fast charging is the lack of high-capacity charging infrastructure, requiring government-backed grid expansions (Liu, 2022).

The electric vehicle industry's continued technological innovation has significantly impacted Tesla, particularly in battery technology. While Tesla has integrated some advanced battery management technologies, such as directly integrating battery cells into the vehicle chassis, it still needs to address issues of space utilization and safety. Furthermore, Tesla must prioritize the development of charging infrastructure, particularly addressing the shortage of high-capacity charging facilities. By consistently innovating and forming strategic partnerships, Tesla is anticipated to sustain its dominant position in this fiercely competitive market and achieve long-term, sustainable growth (Singh, 2020).

1.1.5Environmental

Electric vehicles are recognized for their environmental friendliness; however, the electric vehicle industry must carefully consider the environmental impact when producing them. The environmental impact of electric vehicles can vary based on the energy mix of the grid where they are charged, and in some cases, it might be less eco-friendly than hybrid vehicles. Encouragingly, governments are actively working towards generating cleaner energy, contributing to the overall environmental friendliness of electric vehicles (Liu, 2022).

The extraction of raw materials for manufacturing electric vehicles (EVs) and their components raises environmental concerns. Lithium-ion cells, essential for EVs, require materials like cobalt, lithium, and other rare earth elements, all of which are associated with significant environmental issues, particularly cobalt. The mining and refining processes for cobalt in EV production result in harmful air pollution, including sulfur oxide emissions. Additionally, byproducts from these processes can seep into the surrounding environment, contributing to environmental degradation (Tabuchi and Plumer, 2021).

Recycling rate for lithium-ion batteries are normally only five percent, but this is expected to increase over time, especially with available recycling facilities. Lithium-ion batteries contain valuable materials that can be reclaimed, and they also offer potential applications in storage. Leading the way, companies like Nissan and BMW are repurposing old EV batteries for grid storage. But before these batteries can be reused, they need to be carefully tested to make sure they are reliable (Tabuchi and Plumer, 2021).

While electric cars are often considered environmentally friendly, their production and use still pose significant environmental challenges. It is important for Tesla to thoroughly evaluate the overall environmental impact of electric vehicles, particularly in regards to energy sources, raw material extraction, and battery recycling. The company could collaborate with governments and other automakers to promote the development of cleaner energy sources and improved battery recycling technologies. This would mitigate the negative impacts of electric vehicles on the environment and ensure a sustainable development path (Jiang, Jia and Liao, 2024).

1.1.6Legal

The Inflation Reduction Act of 2022 provides indirect legal support for the whole electric vehicle sector. By emphasizing the combat against climate change through tax breaks and promotions, the legislation naturally enhances the prospects of electric cars. In turn, provides further support to the expanding electric vehicle industry. Reducing tax subsidies for Chinese-made batteries while incentivizing domestic battery

manufacturing in the United States is a strong driving force for the development of the electric vehicle industry (Jiang, Jia and Liao, 2024).

The United States represents just one among various regions where political considerations significantly impact the automobile industry. Europe and China have introduced regulations and subsidies to promote hybrid vehicles. Some in the automotive industry believe that instead of relying on new, underdeveloped technologies, the internal combustion engine should be improved (Kissinger, 2018).

The electric vehicle industry in the US has received indirect support from the Inflation Reduction Act of 2022. Tesla should closely monitor any policy changes to ensure it can fully benefit from any changes in the law. Furthermore, political factors are also having a significant influence on the electric vehicle industry worldwide. While regions like Europe and China have implemented policies to encourage the use of electric vehicles, there are also proponents of internal combustion engine technology. Therefore, Tesla must remain adaptable to the legal environment of various countries and regions and devise strategies to maintain a competitive advantage and gain market share globally (Jiang, Jia and Liao, 2024).

1.2 Porter's Five Forces Analysis

1.2.1 Competitive Rivalry

The electric vehicle industry is highly competitive, with more than 40 models available for sale in the U.S. market alone. Now traditional automakers have adapted to the growing demand by integrating their electric vehicle operations. These companies are investing heavily in electric vehicles, with Volkswagen planning to invest more than \$34 billion over the next five years to improve product competitiveness. In 2022, in the European market, Volkswagen's new energy vehicle sales ranked first. Looking ahead to 2025, according to sales projections, the top electric vehicle manufacturers include Volkswagen, Geely, Tesla, Toyota and others. Volkswagen is expected to lead all automakers in electric vehicle sales by 2025 (Hall, 2019).

1.2.2 Bargaining Power of Suppliers

Suppliers hold significant bargaining power in the production of electric vehicles due to various factors. Prices for essential bulk materials like steel, aluminum, and copper are consistently on the rise. Manufacturers face a heightened demand for microchips, which are currently in short supply. Manufacturers have increasing demand for Microcontroller Unit and AI chips, but there are not that many high-quality chip manufacturers. Existing supply chains are struggling to keep up with growing demand. Suppliers for electric vehicle manufacturers are scarce, increasing the negotiating

power of existing suppliers. Manufacturers rely heavily on imported materials necessary for battery production (Deaux, 2023).

1.2.3 Bargaining Power of Customers

Consumer bargaining power in the industry has increased slowly over time. The availability of electric car options has also increased and is expected to continue growing. Although the number of models available is not particularly large, it is expected to increase from about sixty to over one hundred. Consumers feel that they have a variety of options, as most of the major brands in the industry are involved (Fisher and McCabe, 2019).

1.2.4 Threat of New Entrants

New electric car competitors are unlikely to pose a risk. The manufacturing costs for electric cars are considerably higher than those for traditional cars. This high production cost poses a significant barrier for new manufacturers trying to enter the market. In addition, there are several prominent brands in the industry. This makes it difficult for new firms to replicate the established processes of their competitors. It is highly unlikely for a new player to penetrate the automobile industry, especially given the extensive operations and significant financial investments required by established companies. Moreover, the involvement of most leading vehicle manufacturers in the electric vehicle space diminishes the threat of traditional car manufacturers entering the electric vehicle industry (Hall, 2019).

1.2.5 Threat of Substitute Products or Services

Electric vehicle manufacturers face a high threat from alternative products or services. In cities, many cities are actively developing public transportation to reduce emissions in terms of residents' travel. If the development of electric vehicles is viewed as the primary mobility solution, it may exacerbate income inequality. Because public transportation is a more cost-effective option. Consumers can also choose hybrid and gasoline-powered vehicles, which have lower upfront costs compared to electric vehicles. A hybrid car can be purchased for under \$40,000, compared to around \$33,000 for a petrol car. Meanwhile, the average purchase price of an electric vehicle is more than \$60,000, which is significantly higher than that of a conventional vehicle (Deaux, 2023).

1.2.6 Reflections on the Analysis of the Five Forces

Tesla is facing various challenges and opportunities. The increasing competition, especially from traditional car manufacturers such as Volkswagen who are aggressively entering the EV market, could influence Tesla's market share.

Additionally, the bargaining power of suppliers has an impact on Tesla's production and costs, with particular risks in the raw material supply chain. Although consumers have gained some bargaining power, their influence remains limited due to the unique nature of EVs and brand loyalty. To address these challenges, Tesla should focus on innovation, building its brand, improving product quality and service levels, and finding stable supply chain channels to maintain its leading position in a competitive market (Kissinger, 2018).

1.3 SWOT ANALYSIS

1.3.1 Strengths of TESLA

Higher Brand Recognition: In the electric car industry, Tesla is an early brand, which has a big advantage. Its innovative spirit is widely recognized and it is considered a pioneer in the automotive industry. Its unique design and constant innovation have won it many loyal fans. In addition, Tesla's success is inextricably linked to Musk's personal halo effect and word-of-mouth marketing, which has made it a world-renowned electric car brand. Musk's pioneering designs and concepts in the aerospace and metro sectors have further enhanced his legendary image and influence, indirectly increasing Tesla's brand equity (Cooke, 2020).

Production and Supporting Advantages: Under Musk's leadership, Tesla is vertically integrated, integrating in-house technology and production processes across multiple products to achieve multi-product versatility. This has led not only to a significant increase in production efficiency, but also to a reduction in production costs. For example, many parts of the Model S and Model X are common, and many parts of the Model 3 can be used in the production of the Model Y, which is difficult for other automakers to achieve. In addition, Tesla is building factories in the USA, Europe and Shanghai to become the largest battery manufacturer in the world and gain some cost benefits (Jiang, 2022).

1.3.2 Weakness of TESLA

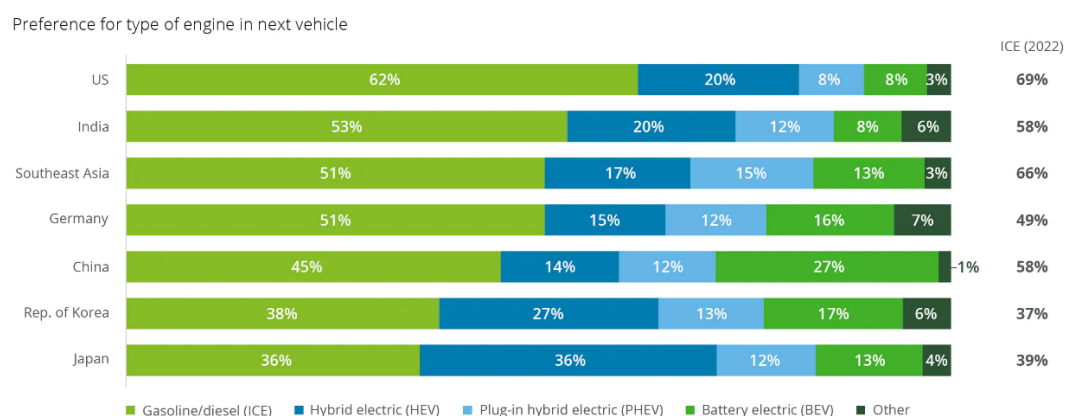
Limited Consumer Group: Tesla is positioned as a high-end product, so its consumer groups are mainly focused on the middle and high-end level. Tesla has managed to attract a group of customers through its advanced technology, who are more focused on Tesla's achievements in the technology field, similar to those consumers who are keen on Apple products. They value the coolness of the vehicle, not just the quality and reliability of the product. At the same time, consumers are interested in the latest technology and smart connectivity features of cars, while also seeking unique and trendy experiences. This passion makes them willing to invest time and money in products that are on the cutting edge. However, this position also limits the scope of Tesla's product audience, which is mainly concentrated in the middle and high-end

market (Jiang, 2022).

Frequent Product Quality Issues: Tesla has been popular with consumers, but its safety has been questioned due to frequent recalls for various reasons, such as faulty door lock control, auto-assist steering, and warning light displays that are too small. These recalls have exposed Tesla's challenges in certain key safety technologies and triggered a rethinking of safety standards for new energy vehicles by consumers and the industry. Although Tesla is a leading company in the electric vehicle industry, safety is always the top priority in scientific and technological development, even while pursuing innovation and progress (Gillmore and Tenhundfeld, 2020).

1.3.3 Opportunities for TESLA

Vast Market in China: China has expanded its high-level opening to the outside world and improved its business environment. Chinese consumers are increasingly receptive to green mobility, with a growing interest in electric vehicles. In particular, consumers in China, South Korea, and Germany show a strong preference for pure electric vehicles, while Japanese consumers are more interested in hybrid vehicles. This suggests a significant potential for electric vehicles in China (Deloitte, 2023).



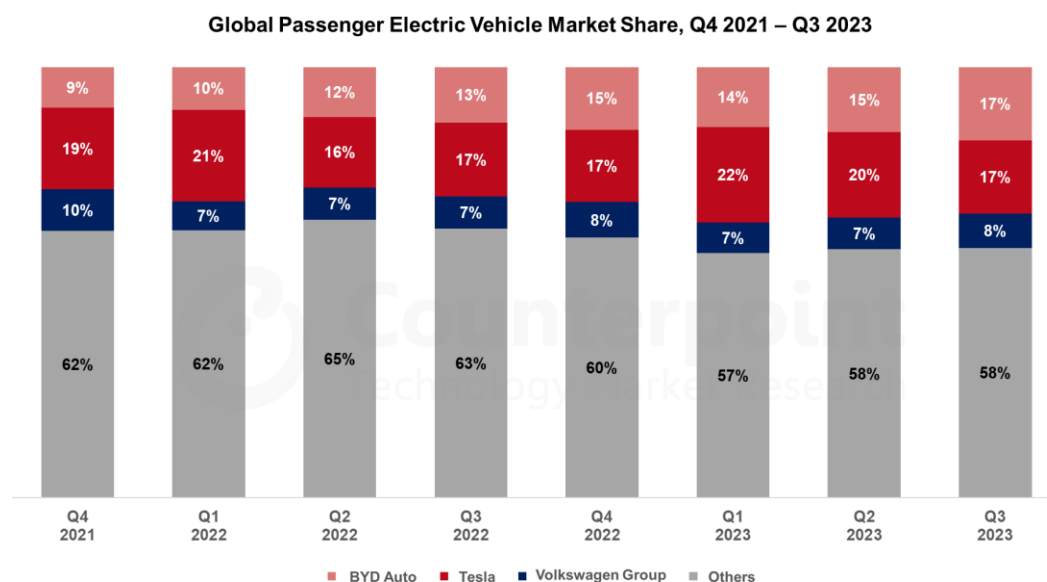
Note: Other includes vehicles with engine types such as compressed natural gas, ethanol, and hydrogen fuel cells; "don't know" responses weren't considered.
 Q40. What type of engine would you prefer in your next vehicle?
 Sample size: n= 703 [China]; 1,128 [Germany]; 948 [India]; 567 [Japan]; 806 [Republic of Korea]; 5,089 [Southeast Asia]; 1,766 [US]
 Note throughout: Sum of the values in selected charts may not add to 100% due to rounding.

Deloitte(2023)

International Environmental Trends: The global market for electric vehicles is growing rapidly, driven not only by consumer preference for sustainability, but also by a range of supportive and favourable policies introduced in various countries. In Thailand, for example, the government offers consumers subsidies of more than \$2,000 for the purchase of electric vehicles. As a result of the trend towards reduced emissions, many traditional car manufacturers have stepped up their R&D efforts to promote electric vehicle projects. The rapid growth of new energy vehicles is driving an accelerated low-carbon transition in the global transport sector (IEA, 2023).

1.3.4 Threats to TESLA

Fierce Market Competition: In the electric vehicle market, Tesla faces competition from many new brands, which also have strong strength, such as NIO, Li Auto, Xiaopeng Motors and so on. It is important to note that while new brands are emerging, the transformation of established car companies should not be underestimated. Additionally, traditional car companies such as BMW and Volkswagen are actively developing electric vehicles to increase their market share. These brands have strong financial backing and a large consumer base, making the transition to new energy vehicles relatively easy. It is important to note that BYD has been gaining momentum recently, leading to fierce competition between the two brands, particularly in China. Despite this, Tesla still holds a significant market share in the global electric vehicle market (Counterpoint, 2023).



Counterpoint(2023)

Supplier Pricing Challenges: Tesla's ability to maintain profitability is inextricably linked to its ability to control costs. Among other things, Tesla has achieved vertical integration of production from batteries and motors to complete vehicles through the innovation of self-built factories and production facilities. The establishment of Gigafactory Shanghai has improved Tesla's production efficiency and significantly reduced labour costs. Tesla first worked closely with Panasonic, and after scaling up, Tesla opened up the battery supply chain and gradually introduced LG Chem and CATL, which effectively reduced procurement costs. However, how Tesla can further reduce supply chain costs and control costs under the condition of quality assurance is still an important issue (Cooke, 2020).

The analysis above highlights several advantages and opportunities for Tesla, including high brand recognition, significant production advantages, and enormous potential in the Chinese market. However, Tesla also faces several challenges and threats, such as frequent product quality issues, increasing market competition, and

supplier pricing challenges. Tesla's premium positioning limits its audience, while frequent product quality problems may harm its brand reputation and market position. Furthermore, the global electric vehicle market is becoming increasingly competitive, with both new and established brands putting pressure on Tesla. In addition, Tesla must address challenges related to supplier prices and maintain profitability while reducing costs. Therefore, in order to maintain its leading position in the electric vehicle industry and face new challenges, Tesla must continuously optimize product quality and production processes while strengthening its market competitiveness (Kissinger, 2018).

1.4.TOWS ANALYSIS

1.4.1 SO Strategy

- Capturing China growth opportunities: Tesla has the potential to increase its market share in China by leveraging the Chinese government's support for new energy vehicles and the growing interest of Chinese consumers in electric vehicles. To take advantage of the growth opportunities in the Chinese market, Tesla should focus on increasing its production capacity in China, reducing costs, and intensifying marketing efforts (Jiang, 2022).
- Strengthening International Market Expansion: Tesla has the potential to increase its market share in the global market and take advantage of the growing demand for sustainable transportation. To achieve this, Tesla should focus on increasing brand awareness and expanding its marketing and channel building efforts in Europe and Asia (Zhou, 2023).

1.4.2 OW Strategy

- Improving product quality and safety: To address safety concerns arising from frequent recalls, Tesla can improve its product quality control and safety technology development. This can be achieved by investing in technology R&D and strengthening internal quality control. By doing so, Tesla can enhance the safety and reliability of its products, increase consumer confidence, and improve its brand image (Zhou, 2023).
- Lowering product prices can attract more consumers: Tesla can make its products more affordable by reducing their prices to attract a wider range of consumers, especially ordinary consumers. By reducing production costs, improving production efficiency and optimizing supply chain management, Tesla can reduce product prices, expand market share and increase sales (Paoli and Gül, 2022).

1.4.3 ST Strategy

- Improved product innovation and performance: Tesla could leverage its strong brand recognition and innovative spirit by increasing its investment in research and development in the field of electric vehicle technology. This would enable the company to launch new, more competitive products and maintain its leading position in the market. It is important for Tesla to continuously improve product performance to deal with the threat of new brands (Jiang, 2022).
- Optimizing supply chain management and controlling costs: To ensure stability and quality of raw material supply, Tesla should strengthen its supply chain management and establish solid relationships with suppliers. Additionally, Tesla can improve production efficiency and reduce production costs to maintain profit levels while responding to supplier price challenges (Fisher and McCabe, 2019).

1.4.4 WT Strategy

- Strengthening supply chain management and partnerships: To address issues such as production delays and cost increases due to supply chain problems, Tesla can improve communication and cooperation with its supply chain partners. Additionally, improving the transparency and stability of the supply chain can further enhance the effectiveness of these efforts. This can be achieved by establishing closer partnerships, which will also reduce the company's dependence on key components and better address potential supply chain risks (Cooke, 2020).
- Increase brand awareness and market share: Tesla could enhance its marketing and branding strategies to boost brand awareness and market share, mitigating the impact of competitors and market fluctuations. This could be achieved by launching targeted marketing campaigns aimed at diverse consumer groups, increasing brand exposure and consumer awareness through social media channels, and improving overall marketing efforts (Cooke, 2020).

Conclusion

In conclusion, Tesla's success in the electric vehicle industry is underpinned by its innovative spirit, strong brand recognition, and vertically integrated production advantages (Cooke, 2020). However, amidst its remarkable achievements, the company faces significant challenges and must navigate through a complex external environment to sustain its growth trajectory.

The analysis of Tesla's external environment through the PESTEL framework reveals a mix of opportunities and threats. While government support for electric vehicles, particularly in China and Europe, presents opportunities for market expansion (Deloitte, 2023), regulatory uncertainties and economic fluctuations pose threats to Tesla's operations. Moreover, societal trends favoring sustainability and technological advancements drive the demand for electric vehicles, but environmental concerns regarding raw material extraction and battery recycling warrant attention.

Porter's Five Forces analysis highlights the competitive intensity within the electric vehicle industry, with traditional automakers aggressively entering the market and suppliers exerting bargaining power. Additionally, the threat of substitutes and new entrants underscores the need for Tesla to continuously innovate and differentiate its offerings to maintain a competitive edge.

Internally, Tesla's strengths in brand recognition and production capabilities are tempered by weaknesses such as limited consumer groups and product quality issues (Gillmore and Tenhundfeld, 2020). Despite these challenges, opportunities abound for Tesla, particularly in the vast Chinese market and the global shift towards sustainability.

To capitalize on these opportunities and mitigate threats, Tesla must strategically leverage its strengths while addressing weaknesses. By expanding its market presence in China, improving product quality and safety, enhancing innovation, optimizing supply chain management, and increasing brand awareness, Tesla can solidify its position as a leader in the electric vehicle industry.

In essence, Tesla's journey towards sustainable growth requires a multifaceted approach that integrates strategic foresight, innovation, and adaptability. By aligning its operations with emerging trends and leveraging its core competencies, Tesla can navigate through the complexities of the electric vehicle landscape and emerge as a dominant force driving the future of mobility.

Recommendations

- **Expand Market Presence in China:** Increase investment in production facilities and marketing efforts in China to tap into the growing demand for electric vehicles. Collaborate with local partners and leverage government incentives to gain market share (Deloitte, 2023).
- **Improve Product Quality and Safety:** Enhance quality control measures and invest in R&D to address product quality issues. Implement rigorous testing protocols and prioritize consumer safety to uphold Tesla's reputation (Gillmore and Tenhundfeld, 2020).
- **Enhance Product Innovation:** Allocate resources towards research and development to introduce innovative features and technologies in Tesla vehicles. Focus on improving battery technology, autonomous driving capabilities, and sustainable materials (Liu, 2022).
- **Optimize Supply Chain Management:** Strengthen relationships with key suppliers and diversify sourcing to mitigate risks associated with supplier pricing fluctuations. Invest in digital supply chain solutions to improve visibility and responsiveness (Cooke, 2020).
- **Increase Brand Awareness:** Launch targeted marketing campaigns to enhance brand awareness and engage with diverse consumer segments. Utilize social media platforms and strategic partnerships to amplify brand messaging and reach new audiences (Jiang, Jia and Liao, 2024).

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