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Introduction

Tesla is a multinational company and it's become a most successful automobile industry in the world. It is founded by Elon Mask and Jeffrey Straubel in 2003. Tesla's aim is to tend to sustain energy and it proposes to manufacture and system for storage energy and sell different types of electric vehicles depending on the costumer's preferences. In United states of America domestic market has 60% of tesla's revenues out of total revenues and firm decided to expand business globally and for this tesla mainly targets Asian and European countries in which China is a main developing country to target for tesla. Therefore, Tesla targets global market, which means to face high-cost reduction due to increase in potential new costumers.

Tesla was one of the companies among other car makers globally in the past decades and became a first firm to introduce an EV powertrain and battery pack. Moreover, tesla is a first firm to move in betting in lithium-ion battery costs and to decrease in upcoming years.

Therefore, this report will focus on business environmental analysis and organizational strategy. There will be discusses on Tesla business strategy in China and what are opportunities and challenges which are faced by tesla during moved business to China. Moreover, what are restriction barrier which are experienced by Tesla in China.

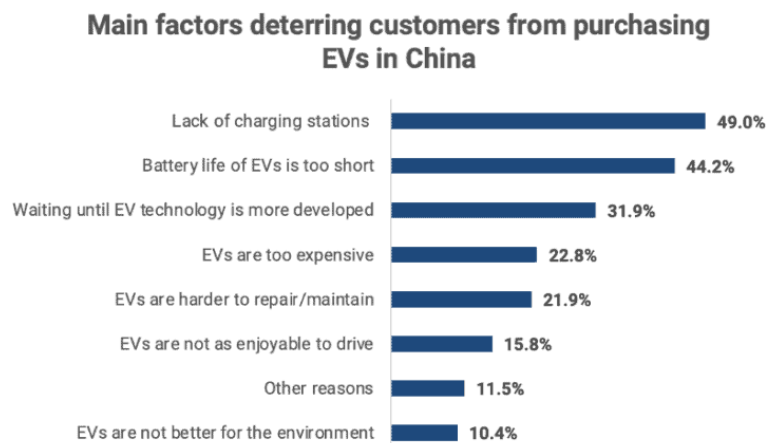
Organizational Strategy

Tesla is using organizational strategy same as other automobile companies. Other vehicles firms used traditional strategy with higher response rate and prefer to adapt different markets instead of manufacturing same product for every single market. Whereas, tesla mainly targets three types of costumers depending on their purchasing power but faces cost reduction pressure. For example, Toyota uses traditional strategy but tesla do not respond to local responsiveness, Tesla try to combat with this challenge by producing Model X at just cost \$35,000 which is not enough as but automobile market is looking highly competitive because AUDI or Toyota provides luxury and affordable cars at \$30,000 this makes a challenge to tesla. However, costumers are able to reduce cost when purchasing an electric vehicle because they do not buy a car running a fuel. Tesla has faced several challenges during expanding a business in Asian. For example, there is less than 1% of electric vehicles which are sold in India. The Indian market is challenge for tesla because electric vehicles dominated by fuels vehicles. Tesla's adverting strategy enables firm to make it different from other automobiles companies and this helps to tesla to attract more and more consumers for their vehicles.

Business Environment Strategy

Flashback to 2008, when tesla introducing their first high performance electric sports car called Tesla Roadster and on that CEO of Tesla Motors Elon Musk stated that “Tesla Motors is to help expedite the move from a mine-and-burn hydrocarbon economy towards a solar electric economy, which I believe to be the primary, but not exclusive, sustainable solution” (Musk, 2006). In China, Elon Musk’s strategy to enhance car manufacture and also to increase charging system infrastructure of Tesla to increase the tesla electric cars numbering on road. A major strategy of tesla in China is vision and timing.

Tesla found some problems which are deterring customers towards purchasing tesla vehicles in China.



Tesla in China

In the beginning of 20s, the industrial stage moved to east Asia and from east Asian countries China becomes a leading nation whose influences international markets and many big companies. Many European Nations are now looking to China for raw products and other exported products. There are many key factors for which China is a country for a number of firms. Firms which are invested in China companies such as Ford Motors, BMW and Volkswagens. These companies enjoy factors such as cheap labour, location, exported and imported products, sites for construction and for factories and cost effective. Many industries went to China and declared China as a 'The Middle Kingdom' for finding cheap workers In China and focussing on China as a market for exported products. However, business in China changed rapidly and sometime business in China may be misunderstanding and may be business failed.

Historically, Deng Xiaoping helps China to boosts up China's economy and later 'open door policy' opened for foreigner companies through China enter into world trade organization (WTO) in 2007.

Foreigner companies found difficulty in past decades, that why Chinese governments and authorities introduce laws which allowed foreigner firms to invest. In 1987, foreigner organizations are increasing rapidly from those international joint ventures is one of the largest groups in the 'the middle kingdom'. According to previous analytics of foreign investment in China approved that foreign-invested policies from 2012 and it was down by approximately 10.52% a year, with actual investment is US\$91.7 billion which is approximately 3.49%a year.

Tesla formed a strong business in China and delivered over 83,135 China-made electric cars by September 2022, boosting up firm's monthly records, according to China Passenger Car Association in which clearly mentioned that number of tesla vehicle increase by 8% from August 2022 and Tesla's Shanghai industry topping up with higher deliverer of approximately 78,900 by June 2022 and this high number followed by December 2019 and its sis highest in China as a us investment company. High sales of tesla electric vehicles showed that it is new trend in automobile industries and population also wanted to consume EVs of tesla. Globally tesla delivered over 335000 EVs and it is highest automaker ratio among other automobile industries and its average sale is 355062 for a year. Tesla established its plant most production industry at the shanghai in June to increase their production because shanghai is one of the main cities in the world with highest population. Shanghai tesla factory has a capacity of 22,000 units weekly.

PESTLE Analysis of Business in China

Political Factors:

- China has a good trade and also has a relation with other countries but some political issues with the America and south China is reason for political instability and this disturb investors to invest in China.
- China has a proper laws and strategies to manage low cost of the material
- Business investors also have a low-cost labour which is major key feature for business.
- Moreover, Government authorities have plans to help business and also provide subsidizes for firm which can help to promote business.

Economic Factors:

- China has a population with high purchasing power and it is also sufficient high and also has a high GDP.
- China has a high inflation rate and also increase in property rates; this affects the growth of Chinese economy in the future.

Social Factors:

- China is one of the highest populations in the world and around 90% population is literates. Companies get an expert with their work at a lower cost.
- China has an urban lifestyle and people's changing their tastes and choices according to preferences. Also changing in social behaviour of population.
- China has a high number of internet users with approximately 410 million users and this enhances rise in e-commerce and this made China is the best place for e-commerce activities.

Technological Factors:

- China has well known position in the world in term of technology and there are many platforms such as Baidu, Alibaba, etc which helps companies to promote products.
- China makes laws and some strong strategies to inspire and promote products that can help to growth for companies. These strategies are for international firms as well as for domestic also.
- Much of Chinese population use online shopping and services instead of visiting stores.

Environment Factors:

- Environment may be indirect impact on Chinese economy and China has increased growth in the past years due to urbanization.
- China introduces some guidelines to companies. Its main objective is to secure environmental productions and this may enhance firm's production.
- China has large area to setup factories and industries. But they have to reduce the pollution by imposing some techniques. They also need to work on cost of manufacturing and try to reduce it.

Legal Factors:

- China banned some social media application such twitter, Facebook and WhatsApp and these platforms are prevented to get profits.
- China also introduces barriers for foreign investment and this may affect or may decrease international investment China.
- China formulating some plans for ecommerce business such taxation and IPS. However, there is no law or barrier during online services between buyers and sellers.

Tesla Porter's Five Forces

Vehicles industry is a vast spreader business across the world and this business has a challenge. Tesla is a very successful business and Tesla Porter's Five Forces are mentioned below:

- Industrial competition (Strong Force)
- New entrance Threat (Weak Force)
- Suppliers bargaining power (Moderate Force)
- Products Substitute Threat (Strong Force)
- Customers bargaining power (Moderate Power)

Industrial Competition (Strong Force)

The vehicles industry is vast spreader industry and very competitive, so that's why this industry is a strong force. There are various strong forces in industrial competition which are Tesla analysis possible forces:

- Competitors Number is a weak force
- Aggressive competitors are a strong force
- Low switch cost is a strong force

After detailed identification force, Tesla deal with intensive competitive in the market.

- Innovative services of tesla spread across the world.
- Improvement in supply chains, improvement in continuous commitments and high profits.
- Low cost is one of the most attractive advantages for industrial competition.
- Media marketing strategy is very Important.

New entrance threats (weak Force)

New entrance threats are known as low level. Factors which are responsible for discouraging entrances are mentioned below:

- Advertising Development is not affordable because it needs to be innovative and have very advance techniques. This is the one of the major forces to discourage new companies because high cost.
- Vehicle industry need to enough finance and this is weak force.
- Growing economy is also a weak force. Economy is a positive way for established new market firms, but it does not support new entrances in market.

Suppliers Bargaining Power (Moderate Force)

- Moving Forward is a moderate force.
- Tesla is a firm which procures from multiple manufactures. Because, it not depends on single manufacture. So that's why it is moderate force.
- Average level of supplies is also to be a moderate force. Bigger volume of services for supply effects down bargain power of suppliers.

Products substitute services (Strong Force)

- Products substituting threatening of tesla is a one of the strong forces of tesla's porter five forces because tesla has average and moderate substitute options in the automobile industry.
- Substituting performance is also a strong force.
- Moderate number of available of substitutes is also a strong force.
- Cost of low switching is one of the contribute factor which is responsible for enhancing competition among other competitors.

Customers Bargaining power (Moderate Force)

- Low cost of switch is also moderate force because of increasing buyers power of bargaining. They may switch to any automobile without any extra cost.
- Availability of substitute is also a moderate force. There is not too much supply of vehicles in the automobile sector and there are less but strong force.
- Purchasing at low because of automobiles consumers can own up to one or more vehicles.

Opportunities for tesla in Chinese market

Tesla emerging as a new automobile Industry in China and introduced as a policy for industrial protection environment which stated as a support for the new electronic cars development and adverting new electric cars. For instance, financial policies which are very supportive for new cars brands, purchasing unlimited green license plate. But there are not opportunities for tesla, But opportunities available for other electric automobiles firms. Firstly, location is the one of the critical reasons for tesla stores in China. Most of the tesla stores are in developed cities in China. Moreover, Automobile industry of tesla is developed more than other domestic firms. So that's why Chinese consumers choose tesla cars having trust in the tesla's technology.

Distribution Stores of Tesla Stores

Tesla's first store opened in Shanghai in 2013 and then approximately 140 tesla stores opened in China till 2021. Tesla stores covered over 296 Chinese cities in around 34 Chinese provinces with around 2111. Tesla stores mostly opened in first tier 498 Chinese cities and also opened in around 584 new first tier cities. Remaining 30 percent cities are third and fourth tier. Mostly tesla stores are distributed in developed Chinese cities where city native have high economic rate and highly recognition of emerging Chinese products. There is also Chinese strategy which are planned for smooth entries for new firms in Chinese automobiles industry.

Challenged Faced by Tesla

Tesla electric cars has a high performance on Chinese urban roads and Tesla's cars has a well-known grip, steering, handling and highly advanced engine. However, having these features still tesla has a little use on Chinese cities roads. It is clearly stated that high price of tesla vehicles becomes the reason for Chinese population buy other brands of electric cars instead of tesla. Brands such as BYD, Xiaoping and other. Another reason is the simple design of tesla and less fancy than other brands. In China, mostly young generations are buying energy vehicles who are adapt to advance technology. So that's why it's obvious that appearance of vehicles of tesla is not preferred by young population. This became the big reason that the tesla is not welcomed in China. Tesla's is not planed in installing charging piles. In 2014, charging piles manufacturing stagnated and lowest level of customers satisfaction level. Due to low level of charging piles customers who ordered tesla vehicles in cities instead of shanghai and Beijing costumers are not able to pick up their cars. Since Tesla's charging piles incompatible with domestic new electric vehicles, so that's why tesla have to manufacture its own charging piles. But, limited manufacturing of Tesla's charging piles

Conclusion

In past decades, Tesla growing rapidly in China and sales of tesla accounted to approximately 30% globally. In the process of tesla's development, company faced various challenges and opportunities. This report describes problems and policies which are faced by tesla in Chinese market and location of production sites and stores is also discussed. Moreover, report also contain PESTEL analysis of tesla in china in which factors mentioned such as political, economic, social, technological, environment, legal factors which are responsible for settlement for company in china. Moving further, Porter five forces of tesla are also highlight which forces are strong, moderate or week for tesla. Forces which are discussed in report Bargaining power, suppliers power, threats and competition among tesla and other companies.

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Introduction

- ▶ Tesla is a well known automobile industry for electric vehicles established in 2003. Tesla has almost more than half of revenues in USA.
- ▶ From USA provinces tesla try to establish their business in European and Asian countries
- ▶ Tesla mainly targets international market by using different organizational strategies.

Organizational Strategy

- ▶ Tesla using same strategy and planning for companies growth.
- ▶ Tesla introduced tesla models with advance features and cost same a other companies vehicles.
- ▶ Tesla adverting their vehicles which able company to grow and attract more and more electric vehicles consumer.

PESTEL Analysis

- ▶ Political Factors
- ▶ Economic Factors
- ▶ Social Factors
- ▶ Technological Factors
- ▶ Environment Factors
- ▶ Legal Factors



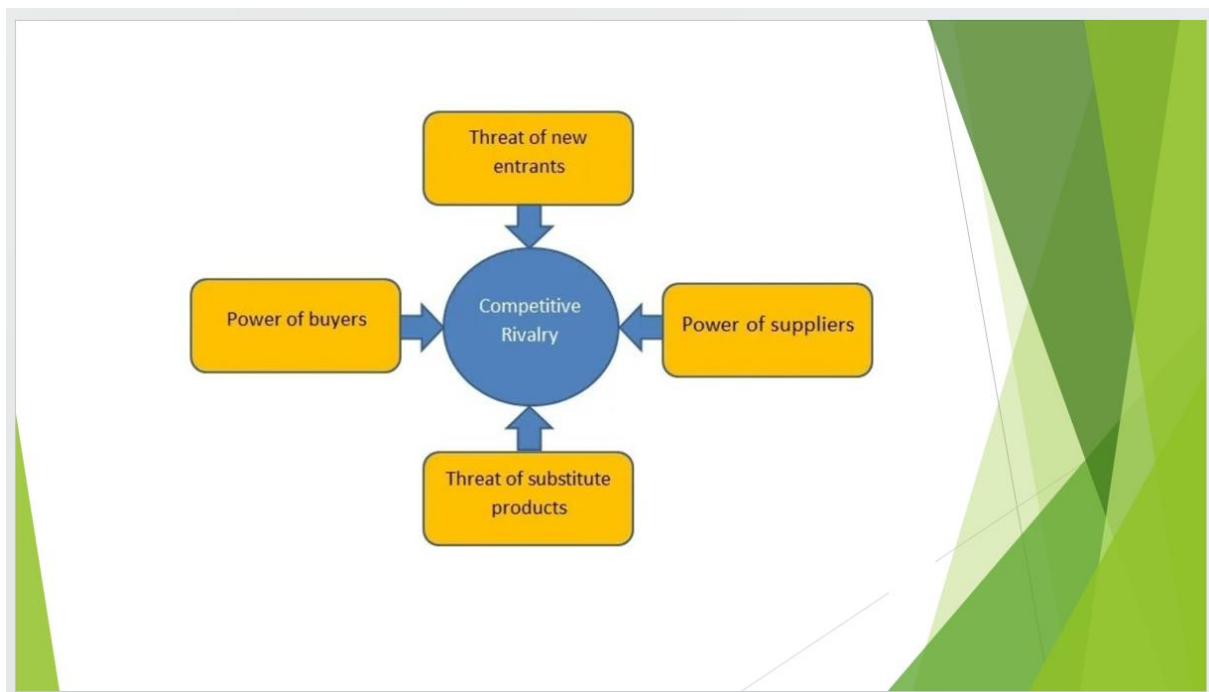
PESTEL Analysis of Tesla



P Political	E Economics	S Sociological	T Technological	E Ecological	L Legal
• The political factors have favored Tesla's growth and ensured its expansion in other countries. • The government incentive has strengthened its financial performance owing to its drive for environmental sensitivity.	• Economic factor refers to the economic growth of the company and its profitability. • The sale of electric automobiles has proven to be a boost for the global economy.	• The socio-cultural factors that shape and mold the population help marketers understand the needs of the target customers. • The environment-friendly attitude of people and renewable energy resources popularity	• Tesla cars are at par with technological advancement. • It does not take long for a company to come up with a similar feature to compete.	• The company supports the expanding environment programs to deal with climate change and controlled use of resources issues. • Tesla can expect growth by analyzing the ecological factors.	• As Tesla is expanding its business to other countries, they need to maintain the regulations and update their policies to abide by the rules. • Tesla's limited sales operation overseas might pose a problem in addition to the restrictions put by many states on direct sales.

Tesla's Porter's Five Forces

- ▶ Industrial competition (strong Force)
- ▶ New Entrance Threats (week Force)
- ▶ Suppliers bargaining Power (Moderate Force)
- ▶ Products Substitutes Threat (Strong Force)
- ▶ Customers Bargaining Power (Moderate Power)



Opportunities For Tesla

- ▶ China introduced policies for industrial protection which help tesla to develop and advertizing their new vehicles.
- ▶ Location is the major reason for any firm to grow. China has vast spread area for any companies to set up their business and for this tesla has production in almost all big Chinese cities and has tesla store in 296 Chinese cities in 34 provinces.