

Marketing Fundamentals



University of Wells Trinity Saint Davis

Assignment 2

Critical Analysis and Evaluation

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1.Introduction

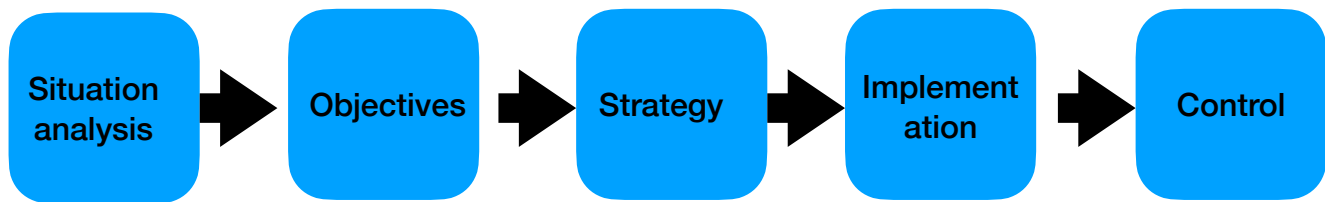
This report will provide Critical analysis and evaluation and futures recommendation base on marketing strategies , situational and external analysis which are assistance for Tesla company to develop sustainable business strategy who take account all opportunities and threats that can be identify which can impact negative or positive on the way to success .

1.1 Marketing Definition - “ Marketing is the management process responsible of identifying , anticipating and satisfying customers requirements profitably “ (Chartered Institute of Management , 2023) . Marketing play crucial role in modern business organisation than most of the people think . Since is studied , practiced and researched more definition come out in a many ways in academic or business purposes . According to the American Marketing Association (2017) for example the marketing and marketing research is reimported and modified regularly . That is the activity and process of set of institution which creating , communicating and exchanging that have value for their clients and society at large .

1.2 Main stages in marketing process

Marketing process is the steps which the organisation use to identify and create customer value in long term consumer relationship . In addition creating consumer value the company creating their own value which mean by developing products and services which customers wants and needs the company create a value itself in term of sales , profit and and customer relationship . There is five steps which the process can divide .

Marketing process
Diagram
Source:
[https://www.educba.com/
digital-marketing-process/](https://www.educba.com/digital-marketing-process/)



a.Situational analysis is the process to recognise challenges and opportunity in internal and external business environment and implement in your organisation Guthrie (2022) . Once analyse those factors you can have better view of where are you now to where you want to be and give make the decision making more accurate with no wasting time by false moves .

b.Objectives are the goals which the organisation want to achieve including increasing sales , sales growth , increasing market share , loyalty and awareness . The objectives keep the marketing team focus on the main priority and stick to the main focus of the business . Allow the marketing team to measure the the success or failure and help to allocate the resources appropriately (Study Smart) .

c.Strategy is a long term plan by determining who is your target audience , what is the value positioning and deciding what channel to use to reach them .The marketing strategy guide to sync in the costumer base , develop the right product for them and determine how you communicate with them about their demands . According to CoSchedule (2022) research show that marketers were 414% more likely to report success when they document their strategy .

d.Implementation is the process where the strategy is turn to real life actions , setting up deadlines . The implementation executing the strategy to ensure the firm approach their objectives . Marketing plan with poor

implementation may consciences unsatisfying and frustrating customers needs and damage the brand image (CoSchedule , 2022) .

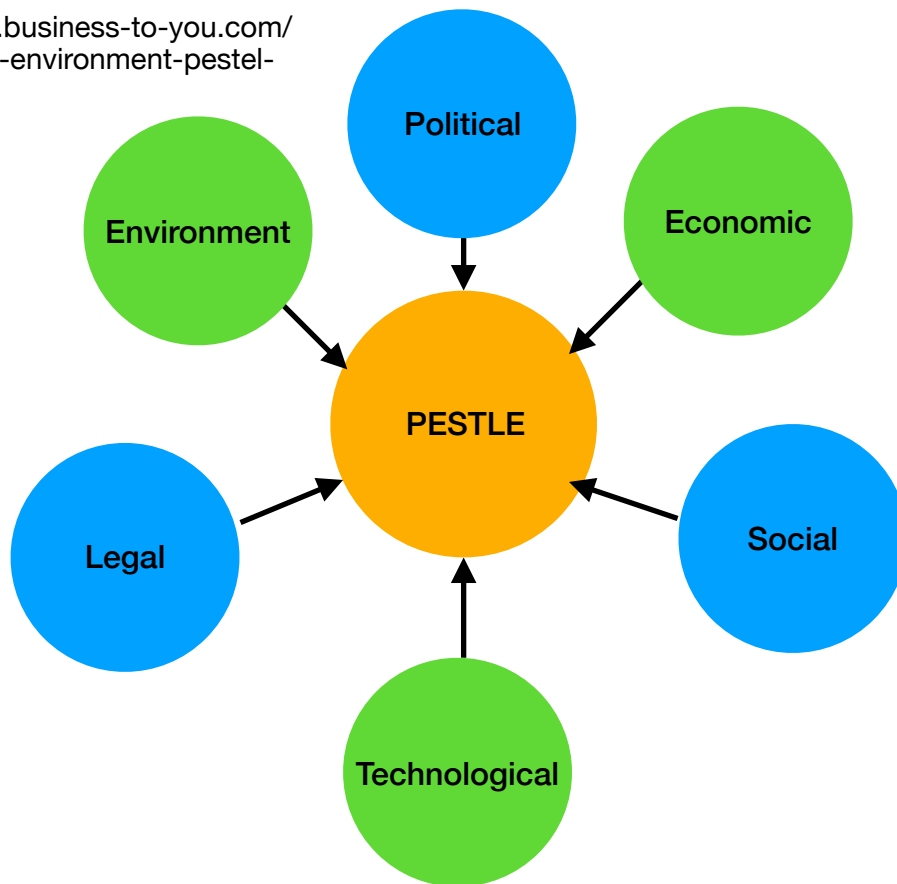
e.Control that is the controlling mechanism who monitoring , evaluation and measurement about how company performing in terms of sale revenue , market sales or profit . The management team evaluate and examine their strategy and make adjustment if is needed . Make modification as you go could affect of money lost , earning no sales if there is poor marketing control .

2. Macro environment analysis of TESLA

Tesla Motors was create 2003 in Silicon Valley by group of entrepreneurship and engineers with the idea to build up company for electrical vehicle which are competitive price and fully electrical . Tesla prove that the cars can be fully electrical , safer and reliable on the market by wining 2013 best car of the year from Motor trends and best selling electrical car in 2015 and 2016 . Tesla expand globally by opening couple Gigafactory across the globe which impact on their production and contribution (Tesla , 2023) .

2.1 PESTLE analysis

PESTLE analysis is a framework that examines political , economic , social, technological , legal and environmental factors that can affect a company's operation .



a.Political - The Political analysis affect Tesla's expansion plans in different countries Tesla faces trade barriers to expand globally .Different country have different regulations regarding electrical vehicle production and sales , making it challenging for Tesla to comply with all of them . For example United Stated government show interest in electrical vehicle new technologies and granted a low interest loan which help the company to attract so may investitures . In addition some states like Virginia or Colorado offers state tax credit of 5000 dollars to attract people buying electric cars (Chinta , 2018) . In another hand Tesla face some different political challenges in China . As a United State company Tesla pay 25% import duty to sell in China with make that **unfavourable** (Rosenbaum , 2018) , however after new regulation in Chines government to spur and implementing electrical vehicles and motivate automakers to invest more aggressive in production . Nevertheless Tesla Motors face a lot of competition and inventors on the new fully electrical cars which are more profitable with only

2.5% duty rate which make that factor **unfavourable** , furthermore China's long term climate change plan is to replace all fuel vehicle and Tesla already establish there brand there which made China's political forces challenging and of the end **favourable** , because one third of Tesla sales is made in China .

b.Economic - Tesla's financial stability is affected by fluctuations in the global economy . The recession of 2008, for example , led to low the sales and production halts for Tesla . However , Tesla's growth in recent years indicates its resilience to economic downfalls .The global push for electric vehicle market is an excellent opportunity for the firm to continue its growth which make the economic force **favourable** for the company (Hivelr Business review , 2023) .

c.Social - The social environment relates to the trend in consumer behaviour and preferences . Consumers are concerned about suitability which is favourable for Tesla as it already focusses on production of eco-friendly cars . The rise in social media's increased the brand visibility for the company . On another hand , the public perception of Tesla's CEO Elon Musk 's behaviour on social media can affect the company negatively .

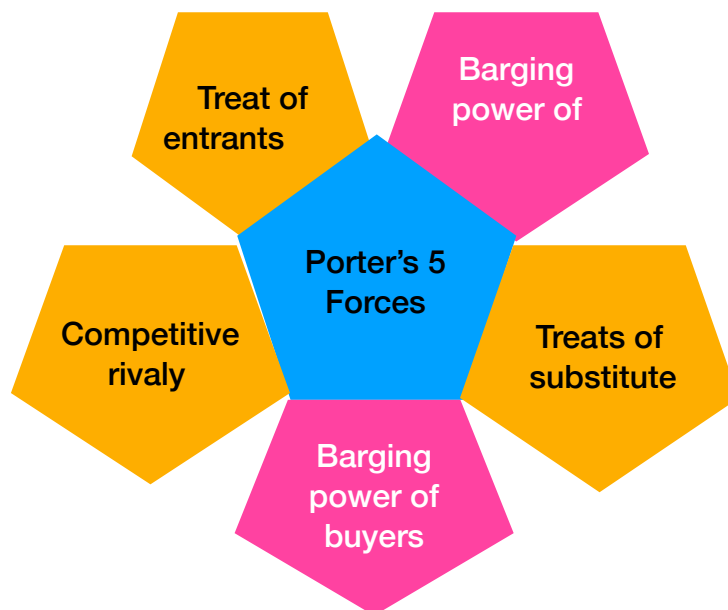
d.Technological - Tesla's competitive advantages lies in its advanced technology . The company's focus on innovation is tremendous opportunity for growth on the market and absolutely **favourable** . However , there is some **unfavourable** forces like the potential threats faced by the company including rapid technological advancements by competitors and the rising cost of developing and implementing new technologies .

e.Legal Tesla face legal issues , such as lawsuits regarding accident involving Tesla cars and product liability concerns , which expose the company to reputation damage and financial losses . Nonetheless , the increasing government support for Electric vehicles creates opportunities for Tesla to expand and operate more freely which made that force **favourable** .

f.Environmental concerns are the centre of Tesla's business model . Consumers are increasingly demanding Electrical vehicles , which is a fantastic chance for Tesla to expand with the global demands of sustainable energy . However , the firm faces obstacles such as the limited supply of raw materials and constraints on green energy production .

In conclusion of the PESTLE analysis factors are more **favourable** , because the company manage to cope with the global business environment challenges and turn them to profitable and beneficial for the company . The reason of that is the advanced technology and commitment to sustainable energy which expanding across the globe and the public rising concern for environmental issues give the company many advantages to growth . However , Tesla's success is not without its adversaries , such as stringent regulation , legal issues , and a competitive technological environment(Hivelf Business Review 2023) .

2.2 Porter's 5 Forces - Tesla is leading player in the electric vehicle market and has transformed the way cars are powered and driven . This subhead will evaluate Porter's 5 analysis of the company .



a. Threat of new entrants - Medium . While Tesla was one of the first companies to pioneer electric cars , the increasing demand for eco-friendly transportation has spurred other startups and. Established automakers to enter the market . Beside of that , Tesla has strong brand recognition and its technological advancements , such as the Supercharger network and autonomous driving capabilities , provide significant barriers to entry . Tesla's unique blend of branding , software and hardware capabilities makes it extremely difficult for new entrants to gain traction in electric vehicle market (McKinsey & Company , 2023) .

b.Barging power of suppliers - Low . Tesla has reduced its reliance on external suppliers by manufacturing many of the car components in-house . This places Tesla in a strong position to negotiate with suppliers , reducing the risk of supply chain disruption . According to Isidore (2022) vertically integrated supply chain has allowed it to minimise production costs and reduce its reliance on suppliers .

c.Barging power of buyers - Medium . As a electric car market expands , buyers have more options to choose from . This puts considerable pressure on Tesla to continuously improve its offerings to maintain its market position . Despite of that , Tesla manage to lowers the bargaining power of buyer with offering not just product , nevertheless benefits as well . Offering unique services with the arrivals can't replicate , autopilot capability or innovative subscription model instead of traditional leasing (Hadi , 2023) .

d.Threat of substitutes - Medium . Tesla still dominate on automobile market and is synonym for cozy and eco-friendly environment vehicle which move the company in high cost leadership . The Gigafactory for example can reduce the battery cost by thirty pro cents which can give the firm significant an advantage in the cost leadership . Spending most of their resources in researching and developing in technology such keep gain competitive edge over the competitors . However , the gasoline powered vehicle are still

dominate on the automobile market and presence of competitors who aiming to disrupt the electrical car market with alternative offerings ,raises the risk of substitute (Kasi , 2020) .

e. Competitive rivalry - High. Tesla face insane competition from established automakers such as Ford , General Motors , and Volkswagen , who are investing in developing electric car technology , as well as newer players in the market . The electrical vehicle market becoming incredibly competitive with many players entering and pushing the boundaries of new technologies (Kasi , 2020) .

3.Advantages and Disadvantages from PESTLE analysis

Each of the PESTLE components could come with their advantages and disadvantages depend from which part of the world the company try to operate or invest .

The demands of eco-friendly cars increasing globally with opportunity for Tesla and made the company financially stable which provide competitive advantage . Many developing country support and incentives which Tesla receive from various governments for the electric vehicle and the programs for support in developing in charging network infrastructure . According to CNN Business (2023) Tesla open second Megafactory for batteries in China , which is great example of it. Tesla have high environmental responsibility , which resonates with increasingly conscious consumers . Nevertheless , the company enjoys generally positive public perception . In addition the investment in developing products and new researches give the company advantages for diversification growth strategy . For example , the new reusable sky rocket which Tesla build for NASA (Tesla , 2023) .

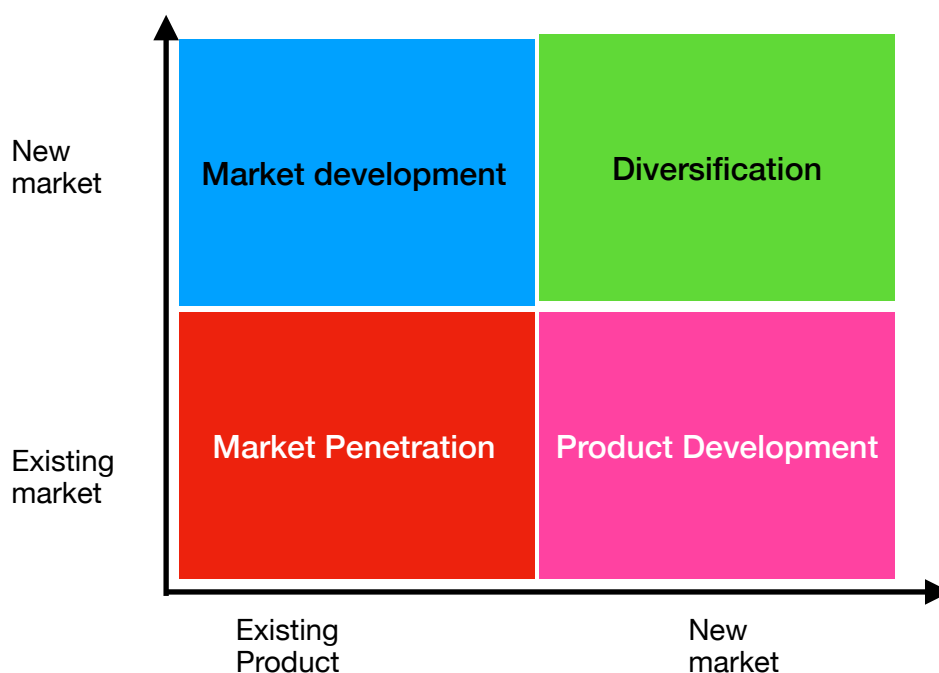
Disadvantages

Technological changes occur at a rapid pace , which can pose a risk on the company business model . Furthermore , the company's dependence on technology can pose risks related to technology glitches , and cyber-

security. There is a lot of competitors on the market which can impact demand for Tesla vehicle and the consumers can switch for more affordable cars . In addition , Tesla production process is very expensive and can affect the profitability of the company .

4.Recommendation from Ansoff Matrix - this subheading will provide two of the Ansoff Matrix strategies as a future recommendation for Tesla's growth which they haven't use yet . As a company already established them self in the electric car market the best approach for them would be to focus on **Market penetration** and **Diversification** .

Ansoff Matrix Strategy Diagram



4.1 Market penetration - Tesla could consider implementing a Market penetration strategy through Price reduction . Currently , Tesla's electric cars are perceived as a premium product , which limits its potential customer base . By reducing prices , Tesla could target a wider customer base ,

including those who are looking for more affordable electric cars . This strategy also help Tesla to compete better with other electric car manufactures and increase sales volume . However , it is crucial to keep in mind that strategy may affect the company's profit margins , so careful consideration would be required .

4.2 Diversification - The company could focus on forming partnership with other companies that are not necessarily in the automotive industry but have synergies with Tesla's brand , such as alternative energy , AI , or space technologies companies . This strategy would enable Tesla to diversify its business offering s while leveraging the strengths of other companies .

5.Conclusion

Tesla already established itself as a electric car leader in the market with strong brand image and unique marketing strategy . In addition exploring opportunities in alternate markets like solar energy and energy storage solution can reinforce the firm as a leader in energy solution provider as well to provide sustainability in a long term in the market .

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