

LEVEL 6 ASSESSMENT SPECIFICATION

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Submission method:	All written assessments, where practical and possible, must be submitted via Turnitin unless otherwise instructed by the Lecturer. (Please DO NOT put this assessment specification into Turnitin or it will match many similarities with other students, submissions.) Alternative submission method (if applicable): Late submission of the assessment will result in a late penalty mark. Penalties for late submission: Up to one week late, maximum mark of 40%. Over one week late, 0%. Only the Extenuating Circumstances Panel may approve a change to submission dates.		
Academic honesty / referencing:	Academic honesty is required. In the main body of your submission you must give credit to authors on whose research and ideas your work is based. Append to your submission a reference list that indicates the books, articles, etc. that you have used, cited or quoted in order to complete this assessment.		

Module Learning Outcomes (from module syllabus)

Upon successful completion of this module the student should be able to:

- Apply relevant strategic and economic models in order to assess the impact of current economic conditions and organisations strategic approach.
- Analyse the major forces shaping the current business environment and critically assess their impacts on the development of corporate and business level strategy.
- Assess markets in action based on micro-economic and macro-economic foundations, including different market structures and their influence on strategy.

Tesla's Strategic Analysis and Sustainable Development Strategy

Abstract: This report looks into Tesla's strategic analysis as well as its sustainable development strategy. Tesla is among the most dominant EV automakers in the United States and has gained popularity across different markets. The report begins by analysing Tesla's external environment using PESTEL Model, finding that the company operates in a highly competitive environment and which is characterised by volatile, political, economic, and social elements. The report also looks at Tesla's resources and capabilities and finds that the company is well positioned to compete globally. It also looks at Tesla's strategic formulation and competitive positioning through Porter's generic strategies and Ansoff's Matrix, finding that the company focuses more on differentiation, market penetration and product development. The report concludes by recommending strategies that would increase Tesla's competitive advantage.

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1.0 Introduction

Tesla is an American-owned automaker company founded by Martin Eberhard and Marc Tarpenning in 2003. After it was founded, very few people predicted that it would go public since no American car company had successfully gone public since 1956 (Chinta & Chinta,2025). Tesla has had a remarkable journey since it was founded, despite nearly collapsing numerous times. Despite numerous challenges, the company has not only survived but has thrived to become a market leader in electric vehicles globally. This growth has been fuelled by a number of factors, including relentless innovation, strategic vision, and a unique business model that is built on vertical integration. However, the company has continued to face a number of challenges, including stiff competition from renowned automotive brands and new entrants, such as Chinese EV makers (Sypko, 2022). Tesla has also been facing supply chain challenges following geopolitical issues between the US and the company's suppliers. Despite these challenges, Tesla has continued to dominate the EV market due to its superior strategies. As a market leader in the automobile industry, Tesla becomes one company that is worth looking into. This paper will look into Tesla's strategic analysis as well as its sustainable development strategy.

2.0 External Analysis

Today's automotive industry can be described as technologically-driven, highly competitive, and very dynamic. These features are largely driven by the global need for sustainable strategies (Chinta & Chinta,2025). Some of the key external factors

that shape the shift toward this trend are government support for electric vehicles, increased competition from traditional players, supply chain complexities, and sophisticated consumer demands and preferences. Essentially, Tesla's external environment can be analysed using the PESTEL framework.

2.1 Political Environment

Key government policies have played a great role towards Tesla's growth. For instance, the need to combat climate change has made many governments to provide incentives for electric vehicles (Ciuriak, 2025). This has played a critical role in Tesla's growth. However, the geopolitical tensions that the world faces today, such as the trade tensions between China and USA, have threatened Tesla's supply chain, given that Tesla sources some of its raw materials from China (Chinta & Chinta, 2025).

2.2 Economic Environment

Economic environment encompasses an array of issues, including consumer purchasing power, GDP, interest rates, inflation rates, and employment rates among other factors. Consumer preferences are now increasingly shifting towards sustainability (Šostar & Ristanović, 2024). This has helped to increase the demand for electric vehicles, which Tesla manufactures. However, the increasing raw material costs and the fluctuations in the global economy pose great risks for Tesla.

2.3 Social Environment

Social environment revolves around a number of issues, such as education levels, consumer attitudes, norms, and perceptions among others. Overall, most consumers are now preferring eco-friendly products (Šostar & Ristanović, 2024). This has led to an increase in the demand for electric vehicles, since they contribute very little towards environmental pollution. This shift aligns to Tesla's brand image of being innovative, futuristic, and luxurious. However, Tesla has faced challenges in regard to community impacts, worker rights, and maintaining consumer loyalty.

2.4 Technological environment

The automobile industry is increasingly becoming technology-driven. Different brands have to keep innovating to stay relevant in the market. Tesla operates in this environment, requiring it to keep innovating for it to stay competitive (Ciuriak, 2025). This explains why it leads in innovations toward autonomous driving and improved battery technology.

2.5 Environmental

The global strong support for sustainable products has acted in the favour of Tesla's business model. The increased need for environmental protection to combat climate change has increased the demand for Tesla's products (Ciuriak, 2025). However, Tesla needs to maintain consistency in sustainable sourcing as well as overall production.

2.6 Legal

Legal environment entails the laws that govern doing business. Some of the legal concerns that might affect Tesla include tight environmental regulations, intellectual property rights, and safety standards compliance.

3.0 Internal Analysis

Tesla has a dominant market position, resulting from its internal capabilities, coupled with generic business strategies. The company is more of a technology company than a traditional carmaker. Tesla Resource-Based-View (RBV) and SWOT Analysis can help identify the company's internal capabilities that has formed Tesla's key competitive strategy. Tesla's competitive advantage has been driven by valuable, unique, and hard-to-imitate/rare internal resources. These capabilities are clearly evident in Tesla's advanced battery technology, Gigafactories, and Full Self-Driving software. The company also has a strong brand name in regard to technology and innovation.

3.1 Tesla's VRIN

One of the key tangible and intangible resources (VRIN Analysis) is the company's massive physical infrastructure. Tesla has massive factories (Gigafactories) that are strategically located to absorb supply chain risks. Tesla's proprietary Supercharger network has helped the company maintain its strategic position since these superchargers are cost effective and fast, which reduces customer anxiety.

Another key resource is technological leadership. This intangible resource is rare, valuable, and imitable. Tesla has been able to come up with unique software, such as Full Self-Driving and Autopilot capabilities. These capabilities, coupled with supercharger network, are hard to copy or imitate. This is a massive competitive advantage for Tesla.

Another key resource is human capital. Tesla has a highly skilled manpower. This is an intangible resource, which is rare, valuable, and imitable. Tesla has a highly skilled and experienced management from the CEO, the management, and the engineering workforce. This resource has allowed the company to keep innovating, making Tesla a dominant brand in the EV market.

The company also possesses dynamic capabilities, such as vertical integration, agile manufacturing and strategic resource openness (Sypko, 2022). Tesla has made some of its innovations and technology accessible. This has accelerated the adoption of electric vehicles, strengthening Tesla's ecosystem.

3.2 Tesla's SWOT Analysis

Strengths	Weaknesses
• Innovation & strong brand reputation • Vertical integration • Strong financial base, allowing the company to keep innovating	• Supply chain constraints, leading to declining vehicle deliveries. • Smaller portfolio. It has limited models for customers to choose from, unlike many traditional

and coming up with futuristic cars. • Extensive Supercharger network. Tesla has close to 70000 connectors globally, eliminating one of the key barriers to EV adoption (Purnawan, 2024). • Charismatic and highly skilled leadership	automakers. • Limited global presence. The brand is mostly popular in north America. • Product quality consistence issues, as evidenced by customer complaints and frequent recalls.
Opportunities • Furthering Full Self-Driving • Get into new markets, such as India. • Leveraging AI capabilities. For instance, Robitaxi. • Global shift toward sustainability. Tesla can invest more in sustainable products, such as Powerwall units and solar roofs. • Increased energy storage business	Threats • Stiff competition from traditional automakers, such as Hyundai, and new entrants, such as China's BYD (Sypko, 2022). • Legal and regulatory constraints, such as privacy concerns and Autopilot's legal scrutiny. • Geopolitical risks. Tensions between USA and other countries threatens Tesla's supply chain. • Economic downturns

4.0 Tesla's Strategy Formulation & Competitive Positioning

4.1 Porter's Generic Strategies

Porter came up with two generic strategies for firms' competitive advantage. These two strategies are differentiation and cost leadership. Tesla's generic strategy revolves around differentiation. Differentiation strategy involves a company distinguishing its products or services from those of competitors (Acar, 2024). Tesla focuses on differentiation, through direct-to-consumer sales channel and technological innovation. This strategy has allowed Tesla to become a dominant brand in the global EV market. Tesla is known for producing unique and high-performance electronic vehicles (Purnawan, 2024). These vehicles are produced using cutting-edge technologies and software. These technologies usually set Tesla ahead of other traditional automakers. Additionally, Tesla differentiates its products from those in the market through vertical integration. The company controls its supply chain from battery production to software development, increasing its competitive advantage. Tesla is able to avoid traditional dealership through direct-to-consumer model, which helps improve brand image and customer experience

4.2 Ansoff's Matrix

Tesla can leverage Ansoff's Matrix to stimulate strategic growth. It can do this by balancing innovation and intensive expansion. One of Ansoff's Matrix strategies is market penetration. Tesla can focus on existing products in its existing markets

(Zugay & Zakaria, 2023). It can focus on selling its known products, such as Model Y and Model 3, in its existing markets, such as USA, Canada, and China. Tesla can also focus on product development. This matrix involves developing new products for its existing markets. Tesla can expand its existing models and offer more options to its existing markets. The other matrix is market development. This matrix involves expanding to new markets in new locations. For instance, Tesla can expand to the Indian and Asian markets where its presence is not dominant. This can help Tesla increase its market base, spread risks, and avoid over reliance on certain markets (Lei, 2025). The other matrix is diversification. This matrix involves expanding into new areas different from the company's mainstream (Zugay & Zakaria, 2023). Tesla has already made its name in the global electric vehicle market. However, the company can decide to expand and invest in other areas, such as solar products or energy storage solutions. Overall, Tesla's primary strategies based on Ansoff's matrix are market penetration and product development.

5.0 Tesla's Sustainability & Strategic Recommendations

Based on Tesla's internal and external environment analysis, it is evident that the company has already made its name in the global EV market. This has been made possible by a number of factors and sustainable strategies that the company has adopted. For instance, its focus on electric vehicles and clean sources align with the shifting trends in consumer preferences towards eco-friendly products (Lei, 2025). This report has, however, highlighted several challenges and treats that may impact

Tesla's strategic position. Some of these treats include supply chain disruptions and competition from traditional players and new entrants. This necessitates Tesla to implement several strategies to boost its strategic position.

One of the recommendations is that Tesla should diversify its supply chain to reduce geopolitical risks that might affect its operations. The company should come up with diverse sources for raw materials for its key components, such as cobalt and lithium. China is Tesla main raw material source (Purnawan, 2024). The trade and geopolitical tensions the have been prevalent between China and the USA, can disrupt Tesla's supply chain. It should seek other sources. Another recommendation is market diversification. Tesla has positioned itself uniquely in the market as a premium brand. With increase competition from brands, such as BYD, Tesla should accelerate the development of affordable vehicles for mass markets (Lei, 2025). Tesla should also accelerate its presence in different areas across the world. This will reduce its reliance on its traditional markets, which are increasingly being unpredictable due to political and regulatory issues (Basile, 2026). For instance, Canada and China have been important markets for Tesla products. The ongoing trade tensions and tariff wars between the United States and these countries threaten these traditional markets. This threat requires Tesla to invest into new markets. The internalisation strategy that Tesla could use is exporting. Exporting can allow Tesla to increase its capacity and spread risks, increasing its competitive advantage (Lei, 2025). The company can also diversify its product line. As indicated earlier, the shifting consumer preferences towards eco-friendly products presents massive opportunities for Tesla. Being a

leader in the electric vehicle industry, the company can focus on other products, such as solar roofs, clean energy storage gadgets, and other sustainable clean energy related products.

6.0 Conclusion

As consumer preferences shift towards sustainable and environmentally-friendly products, more opportunities are emerging each day. Tesla was able to spot this opportunity and began its production of electric vehicles. The company has been one of the most successful companies in the US and around the world. This has been a result of its generic and sustainable strategies. This report has looked at Tesla's strategic analysis and its sustainable development strategy. It has looked at the company's strategic analysis as well as its sustainable development strategy. The company's resource capabilities, such as strong capital base, skilled manpower, strong brand, and vertical integration, have allowed the company to effectively compete in the market to become a dominant brand. Its external environment has presented both opportunities and challenges. This report has also analysed Tesla's strategy using the Ansoff's matrix and concluded by recommending some strategies that allow Tesla improve its strategic position, in an environment characterised by stiff competition.

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