

Analysis on Electric Vehicle Industry's Business Strategies

– Taking Tesla as an Example

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Abstract: Tesla, a trailblazing firm noted for its innovative business practices, is at the vanguard of the automotive industry's transition brought on by the rise of electric automobiles. The paper analyzes Tesla's business strategy in depth and looks at how it has affected the electric vehicle market. The study uses a literature review approach to look into Tesla's novel business strategies, market positioning, and eco-friendly projects. This research analyzes academic literature, business reports, and case studies to determine what has contributed to Tesla's success and offer practical suggestions for future study. The results highlight the revolutionary effect Tesla's strategy has had on the automotive industry and the global advancement of electric vehicles. The paper elucidates the underlying strategic mechanisms that fuel Tesla's expansion and market supremacy. Policymakers interested in encouraging sustainable mobility solutions and businesses planning to participate or compete in the electric car market can both learn valuable lessons from the results.

Keywords: Tesla, business strategies, electric vehicles, market positioning

1. Introduction

Tesla, a trailblazing firm known for its unique business tactics, is at the vanguard of the automotive industry's revolutionary transformation, which has been brought on by the increasing popularity of electric vehicles (EVs). Elon Musk, renowned for his lofty objectives and forward-thinking outlook, co-founded Tesla in 2003 with the explicit intention of hastening the global transition to sustainable energy. Thanks to Musk's visionary leadership and relentless pursuit of technological innovation, Tesla has emerged as a market leader in the electric vehicle (EV) sector and ushered in a sea change in how people view and use EVs. Tesla's meteoric rise to market supremacy and the interest of academics, professionals, and investors [1]. Knowing what made Tesla successful is important as the globe moves toward greener transportation options. In order to better understand what makes Tesla so successful in the EV market, this study will analyze the company's business strategy [2].

In this study, a systematic literature review served as the research strategy. With this method, we can examine Tesla's plans with a solid grounding in academic literature, industry data, and case studies. This research analyzes Tesla's market positioning, sustainability initiatives, and creative practices in order to draw out their subtleties and ramifications and compare them to the current body of knowledge. There are three key topics covered in this paper: Tesla's innovation strategy,

market positioning, and green business practices. Tesla's success can be traced to each of these domains, which each form an integral part of the company's business model. We may learn about Tesla's commitment to R&D, innovative product creation, and technology leadership by analyzing the company's approach to innovation. Further, learning how Tesla has carved out its niche in the market may be gained by looking at the company's branding, target market segmentation, pricing, and distribution methods. Last but not least, learning about Tesla's sustainability activities reveals the company's attention to environmental responsibility, renewable energy projects, and carbon footprint reduction, all of which bode well for the company's future and the world at large. This study deconstructs Tesla's successful business model to help other EV startups enter or compete. It also discusses Tesla's impact on the car business and green transportation.

2. Musk's Impact on the Electric Vehicle Industry

The global auto industry has been making strides in recent years toward more environmentally friendly modes of mobility. The urgent need to slow global warming and wean ourselves off of fossil fuels has prompted this shift. Tesla, the electric vehicle (EV) manufacturer created by the renowned entrepreneur and visionary Elon Musk, is at the vanguard of this transition. Tesla, under Musk's leadership, has gone well beyond the scope of a typical automaker, becoming a byword for eco-friendly transportation and a catalyst for widespread change. When Musk unveiled the Tesla Roadster, the company's first electric vehicle, it heralded the beginning of a new era in the automobile industry [3]. In addition to demonstrating the vast possibilities of electric propulsion, this high-performance EV sports car dispelled the myth that EVs are boring and only good for utilitarian purposes.

As a result of Musk's unwavering commitment to invention, Tesla has been able to develop cutting-edge products. Tesla's product line-up has grown with the release of the Model S, Model 3, Model X, and Model Y, with each model giving a unique take on the electric vehicle. These cars combined state-of-the-art technology, remarkable range, and eye-catching design to refute the myth that electric vehicles (EVs) are inherently inferior to their gasoline-powered counterparts. Musk's impact goes much beyond the field of electric cars. In order to realize his vision, Tesla's energy division was founded, and cutting-edge energy solutions like the Powerwall and Powerpack were created. Energy storage solutions like this, when combined with solar panels, have the potential to usher in a new era of efficient and environmentally friendly power generation, storage, and use [4].

3. Innovation Strategy

Tesla's exceptional success in the EV sector may be largely ascribed to the company's relentless pursuit of innovation. Through persistent technological innovation and norm-busting, the firm has shaken up the automotive industry. Tesla's deep pockets for R&D and relentless pursuit of technological breakthroughs are unmistakable evidence of the company's commitment to innovation. According to studies undertaken by Brown and Day, Tesla invests more money in research and development (R&D) than its rivals do, making technical advancements a priority [5]. Tesla's innovative strides in battery technology, autonomous driving systems, and charging infrastructure are all made possible by the company's massive expenditure in research and development. These innovations in technology are largely responsible for Tesla's now-established reputation for manufacturing high-performance electric vehicles with greater ranges, faster charging speeds, and improved safety measures.

Furthermore, Tesla's novel approach to business is not limited to its product line. By going straight to the customer, the firm has changed the way cars are sold forever. Tesla has enabled its consumers to enjoy a streamlined and personalized purchase experience by cutting out the

traditional dealership network in favor of a system of company-owned showrooms and an effective online ordering platform. With this direct sales model, Tesla can handle all aspect of the client experience, from initial contact to warranty service, in-house. In addition, it gives Tesla access to important customer information that may be used to inform future product development and personalization initiatives. However, one of the main obstacles to widespread EV adoption is range anxiety, and Tesla's Supercharger network is a key component of their innovation strategy in this regard. In order to facilitate long-distance travel for Tesla owners, the company strategically placed Supercharger stations along major roads and significant travel routes. Tesla's dedication to offering a convenient and efficient charging experience for its consumers is underscored by its investment in charging infrastructure, which does more than just ease customers' concerns about running out of juice.

In addition, over-the-air (OTA) software updates are another example of Tesla's dedication to innovation. Tesla, in contrast to more conventional automakers, uses over-the-air upgrades to regularly improve and add new features to its vehicles. By taking this novel strategy, Tesla is able to increase customer pleasure and loyalty by boosting the driving experience and the value of its products much beyond the point of purchase. Ultimately, Tesla's amazing success in the EV business can be attributed to the company's relentless pursuit of innovation. Tesla has made significant investments in R&D and pursued technological improvements relentlessly, leading to a revolution in the automobile industry. The company's distinctive standing in the market is bolstered by its direct-to-consumer sales approach and its emphasis on charging infrastructure and software updates [6].

4. Market Positioning Strategies

Tesla's market positioning techniques have been crucial in solidifying the company's reputation and securing a sizable portion of the EV market. The company has set itself apart by marketing its vehicles squarely at the luxury and performance markets, where they are seen as desirable status symbols. Tesla's unwavering commitment to sustainability and environmental consciousness is central to its market positioning. Tesla's efforts to reduce carbon emissions are highly consistent with the rising demand for greener options among consumers. According to a poll done by Smith and Johnson, many Tesla buyers put environmental considerations at the forefront of their minds when making a purchase [7]. In addition, Tesla has improved its market standing through the use of strategic alliances. Through strategic partnerships with energy providers, such as SolarCity, Tesla is able to provide customers with turnkey solar power and electric vehicle charging solutions. This synergy has produced a unique selling opportunity for eco-conscious shoppers in search of a holistic and sustainable energy ecology [8].

Tesla's place in the market is reflected in the company's branding and advertising efforts. A strong and unique brand identity has been built for the company, one that is associated with cutting-edge technology and futuristic aesthetics. Tesla's target market is extremely receptive to the company's brand personality, which exemplifies innovation, luxury, and sustainability. Tesla's effective placement in the industry is demonstrated by the company's recent foray into the Chinese electric vehicle market. Tesla, seeing the huge market potential in China, has positioned itself as a premium brand, appealing to China's rich middle class that has a penchant for high-end products and cutting-edge technology. Tesla was able to achieve significant success and establish itself as a dominating player in the Chinese EV market by adapting its marketing methods to appeal to the preferences and expectations of Chinese consumers [9].

Overall, Tesla's success in building a recognizable brand and cornering a sizable piece of the electric vehicle market may be attributed in large part to the company's market positioning techniques. Tesla stands out from the crowd thanks to the company's commitment to environmental

responsibility, its strategic alliances, and its recognizable brand. Tesla has risen to the top of the worldwide electric car industry by catering to the high-end and high-performance markets, and by associating itself with cutting-edge technology and environmental responsibility.

5. Sustainability Initiatives

In light of the urgent need for environmentally friendly transportation options, Tesla has made sustainability a central tenet of its business model. The business has taken aggressive steps to reduce its impact on the environment and its carbon footprint. Tesla's dedication to the research, design, and advocacy of EVs is indicative of the company's eco-consciousness. By promoting EV uptake, Tesla hopes to hasten the world's overall shift away from automobiles fueled by fossil fuels. The International Energy Agency reports that Tesla's cumulative EV sales account for a sizeable share of the global EV industry, providing a considerable contribution to lowering global warming emissions [10].

Tesla also invests much on green energy. In strategic locations, the company's Gigafactories produce electric car components. Tesla's production processes become more environmentally friendly by implementing these renewable energy solutions. Tesla also reports sustainability. The company publishes a sustainability report each year that details its ESG initiatives and results. Tesla's openness boosts its commitment to sustainability and stakeholder trust. Tesla's Powerwall shows its environmental responsibilities. This residence's battery storage device stores excess solar energy for use during peak electricity demand. Tesla promotes clean energy use by integrating renewable energy generation and storage.

In conclusion, Tesla's sustainability activities are fundamental to the company's strategy as the need for a global shift to greener modes of transportation becomes more widely acknowledged. Tesla is a leader in environmentally responsible corporate practices thanks to its commitment to producing electric vehicles, its support for renewable energy, and its transparent sustainability reporting.

6. Discussion

On its way to becoming a dominant player in the electric vehicle (EV) market, Tesla had to overcome a number of challenges. Buyers of electric vehicles (EVs) initially had to deal with range anxiety due to the restricted availability of charging infrastructure. Tesla, however, addressed this problem by strategically constructing Supercharger stations along significant travel routes, thereby reducing range anxiety and improving the ownership experience for customers. Tesla also faced stiff competition from the expensive price of battery technology, which made EVs out of reach for many people. Tesla responded to this obstacle by pouring resources into R&D to upgrade battery technology and boost production efficiency. With the help of projects like the Gigafactory, Tesla has increased production of batteries, lowered prices, and made its electric vehicles more widely available.

As an added challenge, Tesla was met with pushback from more conventional automakers and their dealer networks. Tesla overcame this problem by going straight to the customer, opening up its own showrooms, and offering online purchasing. Tesla was able to customise experiences for each customer, collect vital data to fuel future innovations, and stay in charge of the entire customer journey thanks to this innovative approach. These obstacles weren't the only ones Tesla had to face; critics and investors were also skeptical about the future of electric automobiles. However, Tesla was able to build a powerful brand and demonstrate the viability of electric transportation because of its commitment to innovation, technological improvements, and the visionary leadership of Elon Musk. Tesla's devotion to environmental consciousness, innovative design, and top-tier

performance set it apart from conventional automakers, winning over devoted customers and inspiring investor confidence.

7. Conclusion

This study investigated Tesla's innovation, market positioning, and sustainability strategies. Tesla leads the electric car market by inventing and selling directly to consumers. Due to its invention, Tesla leads electric vehicle technology. Tesla's substantial investment in R&D has boosted battery, autonomous driving, and charging infrastructure research as well as product development. These technologies allow Tesla to market high-performance electric vehicles with superior range, charging, and safety.

Tesla's market positioning has also helped build its brand and capture a large market share. Tesla targets luxury and performance sectors with its cars. Customers like the company's environmental and ethical practices. Through strategic alliances and collaborations, Tesla has created a compelling value offer for eco-conscious customers seeking all-encompassing sustainable energy ecosystems. Tesla's sustainability efforts, such as promoting electric automobiles and renewable energy, have helped promote ecologically friendly transportation. Tesla's campaign for electric vehicles and decreased carbon emissions has influenced consumer preferences and product development for other automakers. Scaling production capacity, charging infrastructure development, and supply chain issues persist. Tesla must overcome these hurdles and seize opportunities like broadening its product range and entering adjacent areas to lead sustainable transportation innovation.

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