

A Business Model to Analyze the Tesla Based on SWOT Analysis and POCD

Ting Jiang^{1,*}

¹ Birmingham business school, University of Birmingham Dubai, 00000, Dubai, United Arab Emirates.

*Corresponding author. Email: txj074@student.bham.ac.uk

ABSTRACT

Tesla is a car company that works on producing cars operating on electricity. It is an America based company that works on electric vehicles and a company that is operating on the clean energy program. All the cars manufactured by Tesla are battery operated can be charged from home or grid storage. It is a modern company trying to introduce products with innovation that can be helpful for the environment. It continuously strives to attain a better future where innovation and technology are not a hurdle. These cars produced by Tesla are by all means comparable to the vehicles produced by other companies in terms of a powerful engine, speed, and other functioning. Making our environment a safe place for all humanity should be the principal purpose of all the new companies and organizations. Thus, the government must encourage people to buy cars that are ecologically safe and pocket-friendly. This article analyzes the development of Tesla, and explores the status quo of Tesla through the POCD and SWOT models, and finally gives suggestions based on the analysis results. I think the most enormous opportunity for Tesla at the moment is that all countries support the development of new energy vehicles, which are environmentally friendly and low-carbon. The future is a good opportunity for Tesla. In the future, I will conduct more quantitative analysis on Tesla's business development.

Keywords: SWOT, Tesla, POCD, People

1. INTRODUCTION

In today's world, when everything is moving at an unprecedented speed, without realizing that our fast pace is causing much harm to our mother nature. The issues related to environmental protection are the talk of the town nowadays. Tesla stepped in at this moment to save the world with its idea of the new product. This new product of Tesla is an innovation that is electricity-based and other vehicle components. Tesla gained fame when it produced the first electric sports car named Roadster. It also made another fully electric car called Model S as well. Currently, the only vehicle manufacturer that is keeping the environment safe is TESLA, as it is producing operatable function electric vehicles.

The point automobile industries lack today is the inefficiency of the cars, the fuel used in them, and the harmful material produced that is posing a constant threat to our environment. Tesla works on the goal to produce automobiles that are highly efficient, great powerful engines, are eye candy to the customers, especially the car lovers, and ecofriendly.

Tesla is a company that was created by two partners initially named Martin Eberhard and Marc Tarpenning, in the United States of America. However, in 2004, Elon Musk became the CEO in 2008 and the largest shareholder through a US \$ 6.5 million investment. Today, Tesla is enjoying fame for being one of the most favorite and valuable automobile industries with a worth of almost \$ 1 trillion. Musk believes that the motto of our company is to pave for ourselves as well as the rest of the industry to move towards a sustainable transport and energy program via the use of electricity and solar power. Global sales increased by 35.8 percent in 2020 compared to the sales in the last year [1].

Despite the fact that automobiles, primarily cars, have become a vital part of our lives, there are still the old combustible engines used in them. The number of purchased vehicles is increasing day by day, which leads us to think that if the problem of the fuel used and the form of engines inserted in these vehicles, the amount of oil consumed will be many folds along with the emission of harmful gasses [2].

The modern electrical vehicles produced in today's world are no less efficient than the earlier produced

vehicles. Tesla is a company that has kept all the concerns of customers in mind and has tailored their concerns and manufactured supercharger charging stations that allow a car to be half charged at 85 kW/h in just 20 minutes, 82 percent of the vehicle is charged by 40 minutes and in a complete 1.5 hours, it is completely charged. So now we have the solution in our hands. We don't need to fear the charging of the vehicle [3-5].

Tesla is now serving as one of the positive examples to the world. Tesla is not only selling the batteries and other superfast charging gadgets to spread the cause of its work and motivate others to manufacture products that have not been able to manufacture such environment-safe products till now [6-8]. A study has revealed that the number of customers for Tesla is increasing day by day as the number of orders received by Tesla is also increasing with almost 15 cars manufactured each week.

2. FIRM'S DESCRIPTION

Tesla is a company that was created by two partners initially named Martin Eberhard and Marc Tarpenning in the United States of America. However, in 2004 Elon

Musk became the CEO in 2008 and the largest shareholder through an investment of US \$ 6.5 million. Today, Tesla is enjoying fame for being one of the most favorite and valuable automobile industries with a worth of almost \$ 1 trillion. Musk believes that the motto of our company is to pave for ourselves as well as the rest of the industry to move towards a sustainable transport and energy program via the use of electricity and solar power. Global sales increased by 35.8 percent in 2020 compared to the sales in the last year [9].

Cars operating on electricity obtained via electricity and solar energy have slowly and steadily paved their way among the top companies in the world and are moving towards becoming a global phenomenon because of their sustainable energy program. In the year 2020, a net income of \$ 221 million was reported by Tesla, which was recorded as the company's first profit, leading to an increase in the country's annual revenue that was 28 percent more than that of the fiscal year of 2019. By the end of 2020, the stocks were raised by \$ 12 billion for Tesla, along with \$ 19 billion cash profit. This revenue of Tesla is gained by the sales of regulatory credits to further manufacturers.

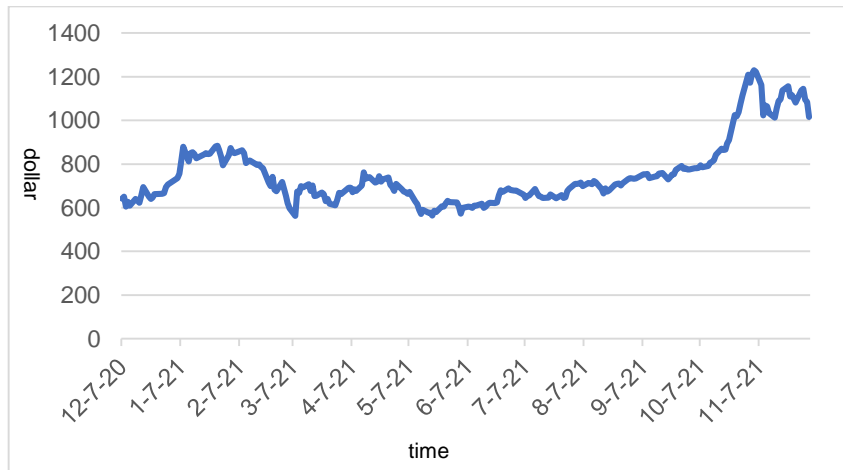


Figure 1. The stock price of Tesla

Tesla is moving towards the idea that instead of buying the batteries, it will produce the batteries itself which will lead to a significant decrease in the production cost of the cars and other products, with more job opportunities for people as well. With the company's investment of \$ 1.5 billion in Bitcoin, it has been revealed that the company will also be accepting its payments via bitcoin as well [6].

3. POCD ANALYSIS

The four essentials to be kept in mind while making a POCD analysis are as follows: People, Opportunities, Context, Deals.

In people, Tesla has to look through a wise and keen look over the audience of its products and has to make

sure that type of product it is manufacturing is keeping its audience excited and ready to purchase. Moreover, the people that are the team members must be efficient and have a well know how of their job, must be aware of all the new products introduced, the demands and wants of people in time, the opinions on their new launches and competition in the market.

Tesla has made good use of the opportunities by making use of the fact that our planet today is in more need of sustainable programs than it has ever been. The introduction of electrically empowered cars has caused a stir in the automobile industry, with more and more investors and customers lining up. The first strategy of the CEO is to produce high price, low volume vehicles so that the purchases can allow the distribution and increase the sale to bring down the battery costs later.

In terms of interest rates and developments, it does not pay for advertisements directly. The company aims to spread awareness among its customers via the showrooms that are present in malls and other popular areas where people usually visit. The investors of Tesla mainly include Geode Capital Management with its stake percentage being 1.3 percent, the top shareholder of Tesla is The Vanguard Group with 5.83 percent as its stake [4].

Thinking about the target audiences and launching or improving products according to their interests can improve loyalty, which is necessary for Tesla. The prices of batteries and chargers should now decrease and fall down to values where people, as well as more public, can attain it.

4. SWOT ANALYSIS

SWOT analysis is often used in business plans and strategic planning to conduct a comprehensive, systematic, and accurate study of the situation in which the research object is located by analyzing internal advantages and disadvantages, external opportunities, and threats to formulate corresponding planning strategies [10].

4.1. Strengths Of TESLA

The major strengths of Tesla include its efficiency of energy. The fact that Tesla is using electricity as a source of its energy makes it's a pioneer in its field to do so. It is also making use of the sustainable energy program where it uses solar energy as renewable energy. As discussed in the finance section the sales of Tesla have significantly increased over the past years and the chart is continuously rising. This is because of the image of the brand in the customer's eye and the reason of the design, idea and innovation in the products being manufactured by the company. What Tesla has produced is a billion-dollar innovation, and the feedback from their customers is amazing, along with the environmental programs that are praising the innovation for bringing light towards the fact that automobiles can also be used with zero environmental damage.

The modern electrical vehicles that are produced in today's world are no less of efficient that the earlier produced vehicles. Tesla is a company that has kept all the concerns of customers in mind and has tailored their concerns and manufactured supercharger charger stations that allows a vehicle to be half charged at 85 kW/h in just 20 minutes, 82 percent of the vehicle is charged by 40 minutes and in a complete 1.5 hours it is completely charged. So now we have the solution in our hands we don't need to fear about the charging of the vehicle.

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working and motivate others to manufacture products that have not been able to manufacture such environment-safe products till now. A study has revealed that the number of customers for Tesla is increasing day by day as the number of orders received by Tesla is also increasing with almost 15 cars manufactured each week.

4.2. Weakness Of TESLA

The demand and supply ratio imbalance are still invading and is unable to meet the rate of production for Tesla. Hence, major problems are being faced in terms of cost and resource management in production units. The idea of producing electric vehicles into life is not an easy task and so is the case of Tesla, to afford the electric batteries and their manufacturing is a major concern among the company members. Moreover, to produce better for keeping the rope in one's hand is also a heavy challenge for Tesla.

4.3. Opportunities For TESLA

Tesla is continuously striving to introduce bigger and better ideas in the market. The idea of autonomous driving has produced thrill among the Tesla consumers and the automobile market as well. The crowd of Tesla is prevailing still in the Europe, US and UK and it still has to deepen its roots in the Asian market. It is a very good opportunity for Tesla to introduce its products in Asia to improve the market stability as well as the financial stability. Tesla is moving towards the idea that instead of buying the batteries, it will produce the batteries itself which will lead to a significant decrease in the production cost of the cars and other products, with more job opportunities for people as well.

4.4. Threats To TESLA

There is a lot of stir in the feedback from the customers about the fact that the legal actions being taken because of the failure of the product in its claimed functionality. Like Tesla came with innovation, the idea of more sustainable energy programs has been ignited in the automobile industry, letting the influx of more and more innovations and competitions. This type of competition can increase the pressure and cost of the products in the market and lead to reduction in the market [7].

So Tesla must work on its energy efficiency more and more so that the competitors cannot come anywhere nearer. And the fact that Tesla has created the electric cars is an invention that people would not think it would have been possible, and no fact can beat this. It must work more on producing cars that are affordable and increase its product range. Moreover, Tesla should now have its showrooms in other parts of the world to improve its sales.

5. CONCLUSION

Despite of the fact that automobiles, especially cars have become a vital part of our lives, there are still the old combustible engines that are used in them. The number of purchased vehicles is increasing day by day, which leads us to think that if the problem of the fuel used and the form of engines inserted in these vehicles, the amount of oil consumed will be many folds along with the emission of harmful gasses [7].

It can be seen through POAD (People, Opportunities, Context, Deals) and SWOT analysis that Tesla is the leading brand in the world of automobiles because of its innovative idea. The fact that this company is producing cars and other products that are a step towards creating a healthy and safe environment. Tesla has set the pace for others to come forward with similar ideas. Moreover, Tesla is also preparing to launch its product in space which is a big step, and the entire planet is ready to witness the next phenomenon by Elon Musk. Besides many rising threats and competitions, Tesla is still trying to retain its position with further innovations and a reduction in the costs so to keep the customers in hand and attracted. It has raised the bar the future generations that will come in the automobile world especially in the sports car as Tesla's first-ever launch was an electrically operated sports car. Moreover, Tesla should now focus more on opening charging stations in the United States as these the major sales areas in the world. Tesla must introduce new products like cars that can be used in everyday life so its purchasing audience can increase further as today it is only producing high end cars that people with normal income cannot reach out to. Tesla has worked efficiently on all the business plans so far as all of them were designed very carefully, keeping in view all the factors that are present in the market. For the future of the business plan makers of Tesla should keep in mind the competition and the need for more range of products as well.

In addition, this research also has certain limitations and lacks the processing of mathematical analysis of large amounts of data. In the future, I will conduct further research based on quantitative models.

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