

# Tesla analysis

Finance



Tesla Analysis There are a number of reasons that allowed Tesla to overcome formidable entry barriers, dealer network, service network, plant and equipment, among other challenges in the market to be a competitor to BMW 5- series using its Model S. One of the reasons is the focus on the market for high-performance pure electric vehicles ensured Tesla lacked direct competition from established rivals allowing Tesla to be far much ahead of electric vehicles in the electric vehicles market (Hartung, Par. 2). The large companies are focussed on the production of petroleum-powered car business allowing Tesla to exploit the electric car market and made an electric car that is the highest rated car ever reviewed. Tesla continues to decrease limitations and make them better with each new model as envisaged in the Tesla Model S.

There has been low allocation of research and development funds by established automobile companies to electric vehicles allowing Tesla a competitive advantage and the success in the market (Hartung, Par. 14). Tesla has the iconic CEO and founder Elon Musk to thank for access to best engineers and access funds easily beating the established brands on this front especially access to talent. Tesla chose a market demographic consisting of wealthy, environmentally conscious, and educated people providing it with reputational advantage over established companies like Ford. The demographic also offers Tesla access to high margins on each car sale owing to the ability of the market segment to pay for high-performance car that sacrifices very little to efficiency.

Innovation also allowed Tesla to overcome the above barriers in the market including the introduction of direct sales to the consumers cutting expenses on dealers and the need to have networks. The other benefit of innovation is <https://assignbuster.com/tesla-analysis/>

that the company was in a position to produce high performing electric car and with innovation it is currently continuing the provision of charging stations to meet client needs and concerns as well as develop the electric market further.

#### Work Cited

Hartung, Adam. “ Why Tesla Is Beating GM, Nissan and Ford”. Forbes. June 28, 2013. Web. February 14, 2015.