

# Tesla motors essay sample



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BUSTER**

Tesla Motors is a global enterprise specializing in the design, production, and marketing of electric powered vehicles founded in 2003 by the young businessman, Elon Musk. Elon is well known for co-founding paypal, and now he amazes the world again with his incredible vision of Tesla Motors, and being the main product architect. Tesla Motors appeals to the environmentally friendly market, by currently being the only company to sell a zero-emission sports car. Tesla's fundamental motive and selling point is producing only electric vehicles, as opposed to competing companies, producing a combination hybrid, or diesel car.

Tesla Motors remains in its primitive stages. Being a relatively young and emergent company, Tesla Motors focused on hiring fresh, emerging minds, and based the company in the innovative center, Silicon Valley, California. It is with these pioneering minds that Tesla hoped to create an explosion in the auto making industry, and that it did. They created a buzz in the market with their creative marketing and selling strategies, and impressive product design. Founder Elon Musk once said, " Failure is not an option here. If you're failing, you're not innovating enough."

## STRENGTHS

### Performance and Efficiency

Tesla no doubt sets a new standard for premium performance. Though Tesla Motors is still in its beginning phases, they continue to impress the world in terms of first class performance and efficiency. The secret to their success is an entirely new concept.

Tesla's cars consistently demonstrate superior design, performance, and efficiency. Tesla Motors sets an incredible performance bar. The Roadster, their new sports car met an impressive 3.7 second 0 to 60 acceleration, which is unheard of for electric vehicles (Milstead).

If you're opting for the more practical Tesla Model S instead of the Roadster, you're still hitting an instantaneous acceleration. Within 5.4 seconds of hitting the accelerator, you're going 60 mph, all the while without using a single ounce of gasoline. The Model S has a top speed of 125 mph; outstanding for electric cars. The Model S is equipped with a 85 kilowatt-hour battery, that provides the vehicle with the most optimal performance on the market.

For Tesla to achieve this optimal energy density and efficiency, the batteries all use automotive-grade lithium-ion cells, entirely new to the car market. Along with the lithium-ion batteries, the company makes the car compatible with standard wall outlets, with the Model S gaining 29 miles of range per hour. But, again to revamp the electric vehicle market, Tesla Motors plan to supply the nation with Supercharger Stations. These Superchargers allow Model S owners to achieve a full charge in approximately forty minutes for free, and the chargers are placed around the nation to allow drivers to access them coast to coast. As of right now, the nation has forty Supercharger stations. By 2015, Tesla plans to have them accessible to 98% of the U. S. population, as well as in Canada. This should allow road trippers to conveniently stop and have their car charged by the time they're done grabbing a bite to eat (Spakrs).

## Best Car Ever Tested

In August of 2013, Tesla Motors achieved the best safety rating of any car ever tested, an incredible accomplishment for such a new and undeveloped company. Testing done by the National Highway Traffic Safety Administration, reported Tesla with a five star crash safety rating, which immediately places Tesla Motors in the top 1% of cars on the market today. The Vehicle Safety Score awarded Tesla with a 5.4 stars, when scores over 5 are only acknowledged here; the NHTSA won't award a score above a 5. Consumer reports rate the car at a 99 out of 100, and named it "the best car we've ever reviewed".

## True Electric Vehicle (BEV)

The new generation of vehicles is electric cars, powered by electric batteries instead of fuel. Tesla Motors has made its sole focus electric vehicles; they will only produce battery powered cars, using innovative and new technology to do so. Their slogan is, "Burn rubber, not gasoline." This is extremely beneficial for the company because it gives them a brand image and a concentration, as well as the ability to focus all of their efforts on being the best at electric vehicles. They've entirely ignored alternatives like diesel, ethanol, and hybrids.

They've strayed from the known gas-electric hybrid, and plug-in hybrid to focus on their initial goal; zero-emissions, zero fuel. Competing companies like Ford, Chevrolet, and Toyota are famous for the combination car, that can't be considered a true electric vehicle without the plug-in and charge feature, and by still being partially fuel driven. On top of that, the Tesla

Model S uses about half the energy of a Toyota Prius per mile, and achieves double the range. By focusing exclusively on the true electric vehicle, with a mindset that oil could run out one day, Tesla is unique and far ahead of the game.

Not only does this provide the company an opportunity to focus all their efforts on the brand image, but it creates a loyal and devoted customer base, in a sense. Drivers with the mindset that electric vehicles are the future, like Tesla Motors, will share that vision with Tesla and continue to support and buy from them.

### Innovative Distribution

Tesla Motors has confronted the market in an entirely unique way for the auto making business. Tesla plans to entirely bypass the dealer by providing vehicles directly to the consumer via the Internet, and easily accessible stores, in or close to shopping malls. Is this method sounding familiar? Apple Inc. recently shocked the market by doing the exact same thing. Tesla is essentially mimicking Apple's selling strategy by strategically placing their stores in popular shopping malls in metropolitan areas, to access the consumer directly. By doing this, basically what Tesla is doing is cutting the dealer out of the picture (Ciacca). Being involved with a car dealer is frustrating and difficult, and Tesla is taking the car business to a new level but ridding this (Valdes-Dapena).

Instead of mass-producing these cars only to hand them over to the dealerships to take care of, Tesla builds these cars by order. Tesla also

believes with this direct customer interaction, they'll build a better, more trusting, and longer standing relationship with their customers (Mangram).

“ Our way of thinking about the whole ownership experience is fundamentally different than the way other car companies think about it,” said George Blankenship, Tesla's vice president for sales. “ The best way to do this is to control the process throughout,” (Hyde).

This innovative concept is being attacked by other automakers and dealers nationwide, but soon may just be the way all carmakers access their market. In this way, Tesla remains closely involved with their customer base, and alters the market all together. It is in this way that Tesla Motors will accomplish their bold, but brilliant mission (Philip).

## WEAKNESSES

### Manufacturing Costs

An often attacked issue for Tesla Motors is the price for a new Tesla vehicle. For a Tesla Model S, you're looking at a starting price of \$70, 000, over double the price of some leading competitors. The issue here lies in the manufacturing costs. With their innovative choices in design and composition, they have no choice but to be using more costly parts. Tesla opted for the lithium-ion batteries, which a pose a huge expense on the company. The hope is that as overtime the batteries become more widely used, the prices will go down with that.

The design poses an immense expense on the company. Tesla doesn't provide the typical, plain looking electric car. The appealing design of the car

is costly to the company, but Tesla isn't willing to sacrifice the sleek and attractive design or quality for money.

Though the costs are an incredible weakness for the company, it also poses their beneficial selling point: Tesla's customers receive what they pay for, and they appreciate that. The car is an expensive, incredibly impressive, and well performing electric car, and the first of its kind. What customers must realize is Tesla is in the luxury vehicle market segment, and compared to other luxury vehicles, Tesla is an often less pricy option.

## Recall

In June of 2013, shortly after the release of the Tesla Model S, Tesla Motors recently experienced a voluntary recall of those produced between May and June of 2013. Their concern was the attachment strength of the mounting bracket for the left hand latch of the second row seat being weak. Tesla worries that it may not be as properly retained in a crash as they intended. Issues like this pose a huge weakness to the company, when potential customers are hearing about a safety recall (Musk).

Another recall occurred in 2010 after the release of the roadster, and this one posed a more serious safety concern. The recall involved an auxiliary cable in a single vehicle being chafed against the edge of a carbon fiber panel and causing smoke and a possible fire behind the front headlamp of the vehicle. Tesla Motors performed yet another voluntary recall, but upon hearing this, customers will always associate the " car fire" with the brand, Tesla Motors (Klayman).

There's no recovering from safety recalls such as these. No matter the immense number of vehicles that will go on without an issue, buyers will always remember the one that burst into flames and made headline news.

## Opportunities

### Attractive Electric Vehicle

With the growing popularity of electric vehicles, a niche in the market is clearly exposed. Hybrids and electric cars today aren't meeting the standards Tesla strives for. Electric cars are the future, and with that, young minds and young generations are the ones to sell to. These younger generations have higher expectations of the looks of a car, and associating electric vehicles with the awkward looking Toyota Prius is a thing of the past. Tesla can and has filled that niche in the market by providing, an attractive, sleek, and superior electric vehicle that blows the rest out of the water. Essentially, Tesla set out to prove that electric cars can be awesome, and they achieved just that.

### Oil

A major opportunity for Tesla Motors in the electric vehicle market is the thought that the world could eventually run out of oil. As oil reserves are getting lower and lower, oil prices continue to rise. In that fact alone consumers are less motivated to buy a fuel-driven car. Knowing you can cross the country using Tesla's Supercharger stations to charge your vehicle quickly and free provides an impressive incentive for buyers. Electric cars are slowly becoming more and more popular, and this provides a spot in the



market for Tesla Motors to fill. As stated before, Tesla abandoned prior alternatives, like a hybrid, diesel, or ethanol driven car. Tesla can take advantage of that slot in the market to provide an excellent, 100% true electric vehicle.

### Threats

### Competition

More and more automakers are releasing environmentally friendly cars, which makes the competition for a pricy electric vehicle steep. Tesla's Model S is nearly double the price of leading competitors, and not everyone has \$70,000 to drop on a vehicle. Younger buyers may just be interested in the cheaper alternative, like a Toyota Prius, which costs approximately half.

With the new 100% true electric vehicle, using no fuel, that Tesla has supplied, more and more automakers will be trying to keep up. As Tesla's auto releases prove to be successful, other competitors are in the works to attempt to provide something equally as great, if not better, at a cheaper price if it can be done.

### Large Number of Substitutes

As of now, there are an immense number of substitutes to the pricy Tesla vehicle. Hybrids, diesel cars, ethanol driven vehicles, and ordinary fuel driven vehicles tend to be substitutes, and hybrids provide a much less expensive alternative. As this number of substitutes grows and grows, Tesla has less of an advantage over the other companies.

## Potential Competitor Surpass

With such innovative technologies and design, like Tesla's, there's always the possibility of a competitor striking back with something that matches Tesla's products, or even surpasses them. While Tesla provides the best true electric vehicle on the market, any company can essentially mimic Tesla's design and strategy and provide something better. Tesla Motors must remain on its toes to ensure the competition can't exceed their capabilities (Mangram).

## RECOMMENDATIONS

### Maintain Goals and Remain Loyal to Intentions

Tesla Motors should never consider copping out for anything but a 100% true electric vehicle. This is what sets Tesla apart from any other company, and if they lose that, they'll lose their image and their devoted customer base.

In Tesla's marketing goals in their Registration statement, they stated a few of their primary goals are to, " build long-term brand awareness and manage corporate reputation", and " manage its existing customer base to create loyalty and customer referrals." There is no quicker way to lose loyal customers than by altering what they respect about the company. Tesla's existing and potential future customers are no doubt people who appreciate the ultimate goal of zero-emissions, zero gas. Tesla set out to provide the best electric vehicle, and they've done that. Overtime, there are hopes that their prices will drop when manufacturing costs finally dip as well, but regardless of the price, Tesla needs to maintain their goals.

### Look For Ways To Reduce Costs

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There isn't much Tesla can do about the costs of their parts. They want to provide the best, and searched for unique ways to do so. With those intentions, the company found the lithium-ion batteries to fuel the car, and until prices of these batteries drop, Tesla should be researching other ways to reduce costs, and thus reducing the price customers are paying for the car. A possible way to reduce the cost would be opting for a cheaper battery, but that would take quality and the identity away from the car.

Another option is trying to outsource to whoever could design the car at a lower cost. The problem here is Tesla will lose a lot of their control in the decision making of the perfect vehicle. Anything that could provide less overhead, less inventory, and less manufacturing costs could prove beneficial to the company.

Continue the Innovative Marketing Strategy and Product Design

Since Tesla has been compared to Apple, Tesla must continue in Apple's footsteps; providing innovative products. Each Apple release is cutting-edge, and creates a buzz in the market. Tesla must echo this and continue releasing products that blow competition out of the water.

Tesla's marketing strategy, also mimicking Apple, must continue as well. Reaching out directly to consumers and bypassing the middle man, the dealerships, is the best way for Tesla to continue with their loyal and devoted customer base, and provide the best of the best.

CONCLUSION

Tesla Motors definitely has some obstacles to overcome. Until the electric vehicle is what most or all of new buyers desire, Tesla will struggle keeping up. If Tesla's vehicles continue to be double the price of leading competitors, though those competitors are supplying hybrids, not true electric vehicles, Tesla's cars will only be purchased by the higher class, and the elite. But, as long as Tesla Motors remains true to its goals of providing the best electric vehicle out there, it should completely alter and dominate the market ultimately.

Tesla has already made a name for itself; they've provided the best tested car on the market, hands down the most attractive electric vehicle there is, the only zero-emission sports car in the market, the best performing electric vehicle, and the best methods for charging their vehicles. For a new company, they've already earned an immense amount of trust, a great and devoted following, an impressive first release vehicle, and creative and completely innovative marketing strategy. The best recommendations for this company are to stick with it, and remain loyal to the ultimate goals. Tesla is the future of electric vehicles, and it won't take long to prove that. Essentially, Tesla Motors impressed the market and potential customers by finally making the electric car attractive, appealing, and cool.