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# Professional Strategies of Tesla Motors that Brought Success to the Company

Tesla Motors is a very high-profile company in a high-profile industry. Tesla Motors Inc. is not only a leading manufacturer of electric cars but it also provides energy management services. The company aims to market its products in the leading car market. As Tesla Motors Inc. is a young company that was established in 2003, the growth of the company is in a fragile condition due to many variables like legal decisions, technological issues, etc. In spite of the challenges, Tesla as a company has successfully employed various business-level strategies.

The generic strategy used by Tesla is that of differentiation. Product differentiation is a strategy where the firms attempt to gain competitive advantage by increasing the willingness of the customers to pay for the product or service which they provide. Tesla Motors Inc. has focused on a narrow group consisting of delighting wealthy customers in order to avoid competition with large car manufacturers and targeted a demographic where they can compete on performance and social sciences. By having a differentiation strategy Tesla has succeeded in avoiding direct competition with Gm, VW, and Ford. If they would have competed with the other large car manufacturers, it would have been almost impossible for them to make profit margins.

There are very few car brands that provide a range of electric vehicles, Tesla is one of them, has differentiated its product by adding luxury to its cars. Tesla Motors have a very limited range of products and the major cause for that is hidden in its mission statement. They don't want to be the market leaders as of now due to a lack of advanced production technology. The cars launched by Tesla are outstanding in terms of utility and luxury. Tesla's Model S is an electric sedan having a unique combination of functionality, convenience, and styling whereas the other one is pure luxury. Tesla is also trying to build a third generation of electric car pricing a bit low compared to others to capture larger segments of buyers.

Apart from differentiating its product through a combination of utility and luxury, Tesla has also played a differentiation game by focusing on providing a unique consumer experience by eliminating the middlemen chain. Unlike other brands Tesla lets the consumer customize the car before purchasing online. Tesla is of a view that transferring ownership to the dealers would restrain it from maintaining the control of the service level, hence Tesla has 50 stores worldwide ensuring full operations and maintaining optimum consumer service at these locations. Recently Tesla has planned to launch a gigafactory by the end of 2017 to reduce the cost of manufacturing the products which will enable them to make the products more mass market.

Tesla Motors CEO is a brilliant entrepreneur involved in many tech companies. He devised a new strategy where he transformed competitors into collaborators. Tesla Motors opened its patent to all and revoked suits against anybody who used the technology in good faith. The decision by Tesla motors was taken up to promote standardization as it would imply that Tesla would be setting up the standards and other electric vehicles would be adopting the same which would further lead to cementing Tesla's position as the market leader.

Moreover, Tesla was of the view that if the technology would be known to every competitor it would lead to economies of scale as putting the car parts and setting up the ecosystem would

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be simpler and more profitable Tesla has also successfully employed intensive strategies as well which include the development of the market by introducing the product into a new market and geographical regions. Tesla was initially in North America but now it has expanded to Asia and Europe. Another key used by Tesla to grow its range of products was the development of the product. Tesla motors who were initiated into luxury electric vehicles have now planned to launch a new range of products that are less expensive. this introduction of a new range of products has helped tesla to differentiate its brand as well as reduce the competitive threaten addition, Tesla motors have, over the years entered into various strategic partnerships. In order to accelerate its development of the EV cells and battery pack performance, Tesla entered into an agreement with Panasonic in 2010. Tesla uses Panasonic's technology for lightweight and durable battery packs which reduce the cost of production. Moreover, in the same year, Tesla partnered with Toyota also. This deal was aimed at increasing tesla's engineering, manufacturing, and production expertise. In addition, a joint venture of Toyota and Tesla allows Tesla to share branding space with a highly respected market leader in the car industry.

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