

The Impact of Globalization on the Economic Development of Tesla

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Abstract: Globalization has deepened economic ties between countries by facilitating the exchange of goods, capital, and ideas. Some enterprises take advantage of their own advantages to actively expand the international market and promote capital flow and technological innovation. Tesla's technological innovation and green energy attract environmentally conscious consumers. Tesla also carries out online stores and offline experience stores, so that consumers can better understand and experience products. The consumer class of Tesla customers is distributed in low, middle and high-end consumer groups, which makes Tesla have enough competitiveness in the automobile market, which makes Tesla's brand buyback group more. In the future, Tesla can carry out gigafactory in developed areas around the world to meet market demand by increasing productivity. As the number of car brands making electric vehicles increases, Tesla needs to make changes in price to remain competitive in the car market. The demand for intelligent cars is increasing day by day.

Keywords: Tesla, model, market, price, product.

1. Introduction

With the rapid social and economic development of humankind, especially in the context of scientific and technological progress and increasing connectivity, many large companies have begun to engage in transnational economic trade. This phenomenon is a hallmark of globalisation, which has deepened economic ties between countries by facilitating the exchange of goods, capital and ideas. As countries have become economically interdependent, businesses have been forced to adapt their strategies to cope with this complex situation. Developed countries have been actively expanding their international markets as a means of enabling capital flows and promoting technological innovation based on their own strengths. These efforts typically involve leveraging existing resources while exploring new growth opportunities in emerging markets. The automotive sector is a prime example of this trend and has witnessed the dramatic changes brought about by globalisation. Tesla Inc. is a key player in the automotive sector, utilising its cost advantage and innovative technology for market expansion. From North America to Asia, Tesla is present in every corner of the world and Tesla vehicles can be seen everywhere on the streets. This paper will investigate the literature and research to analyse the impact of globalisation on the economic development of Tesla Inc. In order to explore how Tesla, Inc. as an influential company is operating around the world, this paper will explain in detail Tesla, Inc.'s market position, business model, and marketing strategies. The paper will analyse

what advantages Tesla Inc. has by comparing Tesla Inc. with Toyota Motor Corporation. Finally, the paper will make some suggestions for the future development of Tesla in view of the economic crisis that Tesla is facing.

2. Tesla Company Profile and Market Position Analysis

2.1. Introduction to Tesla

Tesla is an electric vehicle manufacturing and renewable energy industry multinational company, founded in the United States in 2003, the current CEO is Musk. Tesla has been selected as one of the world's top 500 companies for many consecutive years and is rated as the most innovative electric vehicle company. Tesla's products cover a low, medium and high price level and have a huge customer base. Tesla's brand strategy is an important reason why it dominates the auto market. It is through technological innovation, invention of green energy products, high-end market positioning, humane sales experience center, and unique founder image. Tesla's constantly upgrading technology and perfect services have attracted many users.

2.2. Tesla's Financial Situation

Tesla delivered more than 386,800 vehicles in the first quarter of 2024. Between October and December 2023, deliveries crossed the 484,000 thresholds, setting a new record for the brand. Tesla's market value has soared, initially thanks to its highly sought-after Model 3 vehicle. The car became Tesla's successful entry into the mainstream market. By 2023, the Model 3 will be among the world's best-selling all-electric vehicles, along with the Model Y. This achievement is not only a victory for Tesla, but also a huge boost for the electric vehicle industry. Figure 1 shows the global sales volume of Tesla [1].

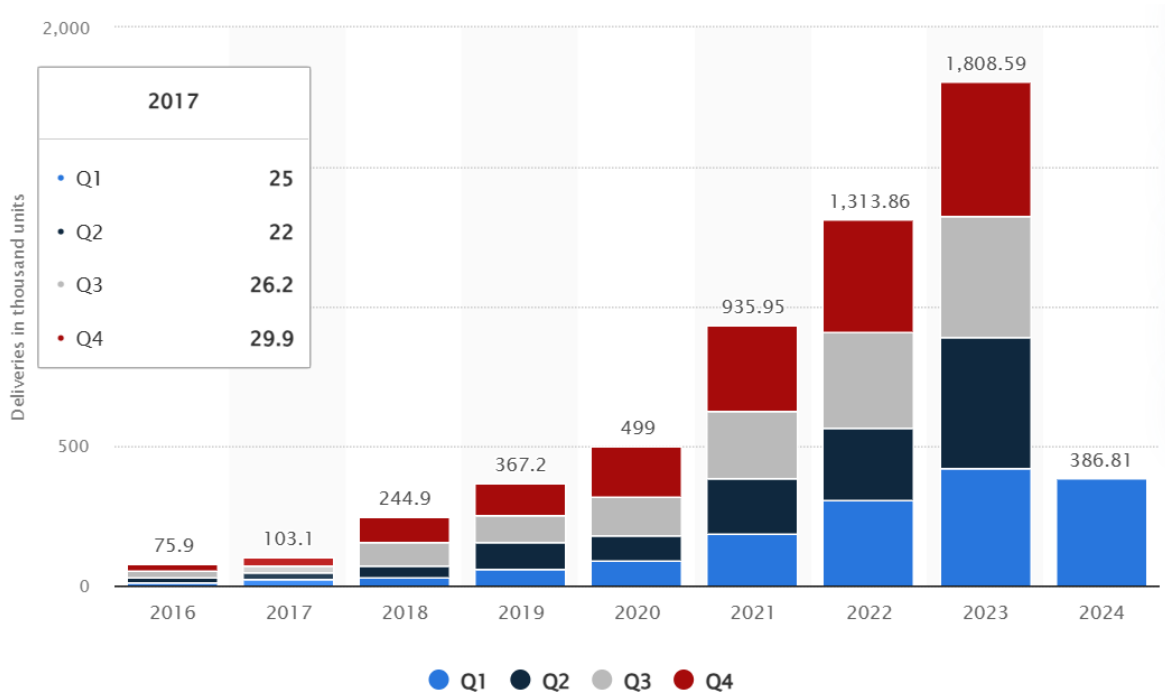


Figure 1: The number of cars Tesla traded globally from 2016 to 2024 [1].

As of 2024, the Tesla brand is ranked as the most valuable automotive brand in the world, with a brand value of approximately \$71.9 billion. As can be seen from Figure 2, Toyota is now in second

place [2]. Brand loyalty plays a crucial role in car buying behavior. Tesla has successfully attracted the choice of consumers of many other brands by bringing unique user experience with its brand image and constantly promoting technology. More and more consumers say that once they get used to and familiar with Tesla driving characteristics, it is difficult to return to traditional driving. This advantage has created a big challenge for other car companies.

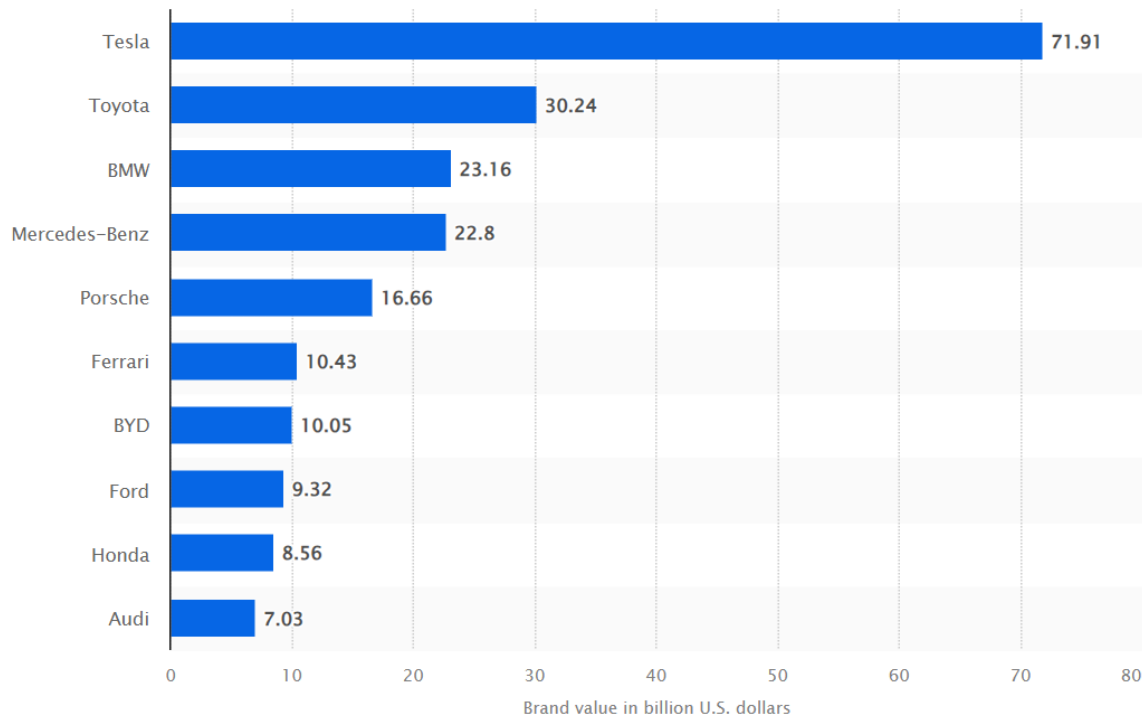


Figure 2: The value of the world's car brands [2].

3. Tesla's Business Model

3.1. Tesla's Cost Control Model

Supply chain refers to the structure of providing products or services to end users around the core of an enterprise, that is, the whole process of sending products from merchants to consumers. Under the tide of globalization, supply chain management is faced with complexity and diversity. Supply chain management is no longer just an internal business, but a complex system involving a global scope. Globalization brings both opportunities and challenges to enterprises. As a new challenge, environmental sustainability requires people to work together to make corporate development and social environmental protection mutually complementary. Environmental protection has always been an integral part of Tesla's procurement strategy. Since 2021, the semiconductor supply shortage on a global scale has brought serious shocks to the manufacturing industry, especially the automotive industry. However, in this case, Tesla managed to circumvent the problem posed by the lack of semiconductor supply by building an in-house software coding capability[3]. Demonstrating its leadership in environmental protection and technological innovation, Tesla has solved the problem of semiconductor shortages. Other car companies, unable to do so and relying too heavily on suppliers, have lost competitiveness with Tesla. Tesla successfully produced the first 1 million electric vehicles in 33 months at the Shanghai Gigafactory, followed by a second batch of the same number in just 13 months. The increase in Tesla's production speed is inseparable from the favorable business environment in Shanghai [4].

3.2. Market Occupation and Expansion Mode

Tesla's brand influence has attracted a large number of consumers, and Tesla is seen as a pioneer in electric vehicles and sustainable energy, while also achieving a balance between technology and environmental protection.

Tesla's products range from entry-level models of Model 3 to high-end models of Model X, meeting the needs of different consumers, and also increasing the brand buyback rate.

Tesla has also been very successful in the Chinese market, especially the super factory built in Shanghai, which has greatly increased Tesla's sales in China. In the future, with the popularity of electric vehicles, Tesla can continue to innovate in technology and products, and further expand to other functional vehicles in life.

3.3. Innovation Model

As of September 2024, Tesla's market value has soared to a staggering \$70.93 billion, which makes Tesla firmly ranked 12th in the global market value list [5]. Many traditional car companies were dismissive of the idea that electric cars would never make it in the luxury car market. However, Tesla, with its unique spirit of innovation and forward thinking, has broken this stereotype. In general, the 18650 battery has some relative weaknesses, such as temperature sensitivity, poor consistency and so on. However, with its market-leading thermal management system and battery management system, Tesla has successfully solved the challenges faced by the traditional 18650 battery [6]. Tesla is not only a car company, but also a technology company that constantly breaks through itself and leads the automotive industry forward. Tesla's sales rights mainly rely on its direct sales model, such as opening offline stores in the local market, in order to better enter the market to meet consumer demand. This flexible sales strategy has helped Tesla build and expand its brand globally.

4. Tesla's Marketing Strategy

4.1. Price Strategy

Tesla's pricing strategy is unique in the auto industry. Unlike other car companies, Tesla adjusts its prices frequently, sometimes multiple times in a year. This flexibility allows Tesla to cut prices at any time to stimulate demand, or sell products at higher prices than competitors, and pass the extra cost on to consumers to meet the challenge of parts shortages. This strategy not only shows Tesla's acumen in the market, but also highlights its decisiveness and determination in business operations. Secondly, taking the Chinese market as an example, Tesla regularly launches insurance subsidies, replacement subsidies and various pricing strategies in addition to price reduction strategies to stimulate demand.

4.2. Product Strategy

Tesla vehicles have gained a high reputation for high performance, which corresponds to its high-end customer base. In order to ensure that no failure will occur during use to endanger the safety of passengers, Tesla insists on selecting safe lithium batteries from reputable suppliers. As a key part of the electric car, the battery selection will directly affect the overall safety of the Tesla Roadster series of electric sports cars[7]. In addition, Tesla has proved with practical actions that electric cars can be linked to supercars. Tesla Company designed a gorgeous sports car Tesla model S in 2012, which can achieve a speed of 0-100 km/h under 3.7 seconds of acceleration, and the standard range of a single charge is 393 km [8]. Powerful performance coupled with gorgeous looks catapulted the Tesla into the ranks of high-end cars. From Model 3 to Model S, Model X and other models, Tesla has

successfully built a mid-end to high-end product line to meet the needs of different consumers. As the market changes and consumer preferences diversify, Tesla is also constantly expanding its product line and introducing new models to stay competitive. Figure 3 below is a price comparison chart of different Tesla models taken from the official website [9].

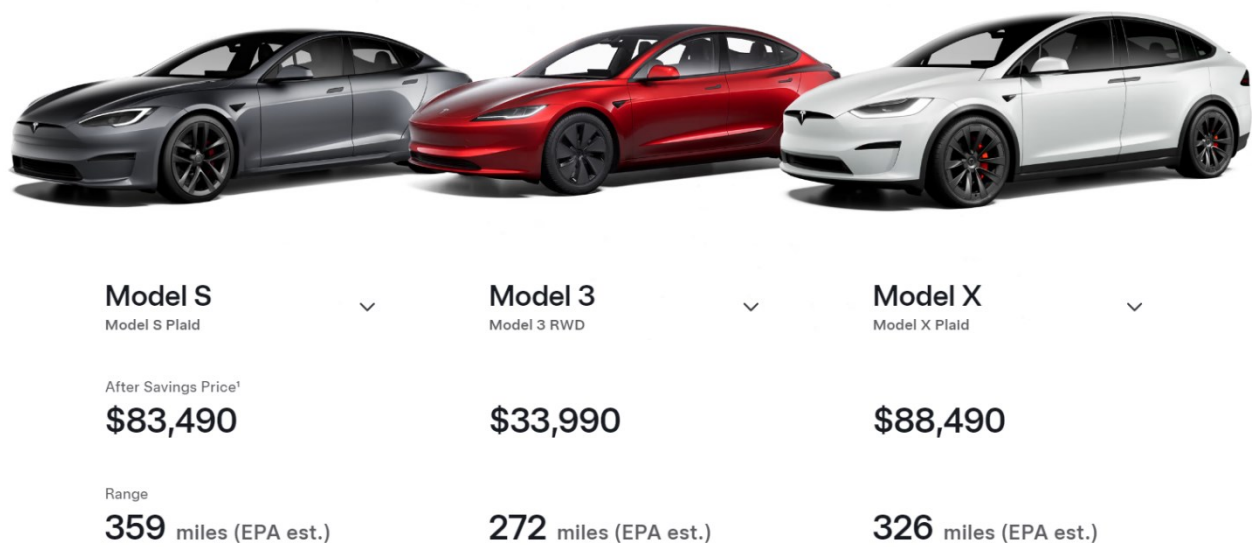


Figure 3: Price and performance comparison of Tesla Model S, Model 3, and Model X [9].

4.3. Publicity Strategy

In contrast to the marketing of well-known car brands, Musk said he opposes advertising. He prefers to invest revenue into building better cars and improving the customer experience, rather than commercials or marketing campaigns. At the same time, Elon Musk's personal visibility is also crucial to brand recognition, and his tweets have caused hot discussion on the Internet, and he ranks high on the list of "most influential people" [10]. Under Musk's management, Tesla provides customers with a user-friendly online and offline service experience. Musk is a charismatic entrepreneur and politician. With his wisdom and vision, Musk Tesla broke people's perception of traditional electric cars with Tesla's electric car series. Its emergence means a change in leadership. It can be seen from this that Musk is also a risk-taker, and some of his risky behaviors often bring unintended results[11]. It can be seen that for consumers, choosing the brand Tesla is not only because of the product itself, but also Tesla CEO Elon Musk himself is also an effective way to promote his company's products.

4.4. Channel Strategy

When Tesla enters Tesla's online official website interface, it will first let customers choose the language, because Tesla customers come from all over the world. On the official website, you can view a variety of Tesla models online, including new energy and various news reports about Tesla. Tesla's official website can also quickly query nearby offline stores, which is very considerate for customers. Tesla provides customers with a user-friendly online and offline service experience. In addition, Tesla's marketing methods are also the focus of attention. Tesla adopts a special marketing method that is different from other car companies, and first launches a product belonging to the high-end sports car series, such as Roadster. After receiving feedback from the initial batch of users, the shortcomings of the technology will be optimized, and then the optimized cheaper and more mainstream electric models will be introduced[12].

5. Tesla's Future Development Proposals

Due to the slowdown in global economic growth in the past two years, Tesla is facing some problems, such as increased market competition, policy and regulatory changes, and challenges in autonomous driving and charging technology. These problems have affected Tesla's economy, and Tesla should solve these problems in the future.

Due to the unique charging mode of electric cars, some regions may not choose Tesla due to the lack of car charging stations or the slow charging speed. Tesla can improve on the charging problem, develop faster and more efficient charging technology, reduce customer waiting time, and solve the problem of slow charging.

After investigation, Tesla's sales in the United States is the most, far more than other countries. Starting January 1, 2021, China announced that it would exempt certain electric vehicles, including Tesla's Model 3, from purchase taxes. Previously, Tesla has set up a wholly owned factory in Shanghai, China, to produce Model Y and Model 3, thus effectively mitigating the impact of tariffs on its business. In addition, the factory has also assumed the main production tasks of Tesla during the COVID-19 pandemic in 2020 [13]. Tesla can carry out more offline stores in China in the future and do more publicity to let more people know about Tesla's tram and driverless technology, so as to increase sales.

In a survey of Tesla users, it was learned that despite high customer satisfaction. However, 62.4% of Tesla users said they had experienced at least one accident or abnormal situation while in autopilot mode, and 13.8% had experienced more than two risks [14]. This shows that although Tesla's driverless technology has been relatively mature, there is still room for improvement. The combination of automobile and artificial intelligence is not a small challenge. Tesla, as a leader in the automotive field, can stand out among competitors if it can better upgrade the Internet system.

At last, in terms of human resources, Tesla workers believe that the pace of work at Tesla is too fast. This prevents workers from achieving a work-life balance. This situation has something to do with Tesla CEO Elon Musk, who often sleeps in his office sleeping bag because of overtime. This situation has undoubtedly caused a lot of pressure on workers[15]. In order for workers to work more actively and develop new products, Tesla Company should improve the working system of the company, or increase the wages of workers, so as to motivate workers to work better and increase long-term profits for Tesla Company.

6. Conclusion

This article investigates how Tesla is building the global market: Tesla's technology is constantly innovating, optimizing autonomous driving features, and attracting consumers who are looking for technology and performance. In addition to electric cars, Tesla has attracted environmentally conscious consumers by producing green energy products. Through the offline experience store, Tesla consumers can better experience products, and Tesla's online official website also has a clear introduction to the Tesla brand. Tesla is not only positioned in the high-end electric vehicle market, but the consumer class of Tesla customers is spread across the low, middle and high consumer groups. This makes Tesla competitive enough in the auto market, which can make Tesla's brand re-purchase group more.

The limitation of this paper is that there is no reliable data to find, so it does not have an in-depth study of Tesla's autopilot technology. Also, this article does not choose a clear opponent to compare and analyze with Tesla.

With the introduction and influx of traditional car manufacturers, the pressure of market competition facing Tesla is increasing, and it needs to constantly innovate and develop updated products to continue to enhance brand value.

In terms of globalization, Tesla needs to create different sales models for each country to better cater to the country's regulations and consumer groups.

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