
TO STUDY THE BARRIERS AND THE CHALLENGES OF INTERNATIONAL MARKET. A SPECIFIC STUDY OF COMPANY TESLA

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ABSTRACT

The study on the barriers and challenges of entering international markets, with a specific focus on Tesla Inc., delves into the intricate dynamics that influence a company's expansion beyond its domestic borders. Tesla, renowned for its groundbreaking electric vehicles and innovative energy solutions, serves as a compelling case study due to its ambitious global growth strategy. The abstract of this study encapsulates an in-depth examination of the multifaceted hurdles faced by Tesla as it navigates various international markets. It scrutinizes regulatory complexities, including differing environmental standards and trade policies, which often necessitate significant adaptations to Tesla's products and business model. Moreover, the study explores cultural nuances and consumer preferences that demand tailored marketing strategies and product localization efforts. In addition, it investigates logistical challenges such as supply chain management and infrastructure development, particularly concerning Tesla's electric vehicle charging network. Furthermore, the abstract underscores the competitive landscape within the automotive industry and the emergence of local rivals in foreign markets, posing formidable challenges to Tesla's market penetration and brand recognition. Overall, the abstract offers a comprehensive overview of the intricate interplay of factors influencing Tesla's international expansion, providing valuable insights for both scholars and practitioners in the fields of international business and strategic management.

1. INTRODUCTION

Introducing a product or service to international markets involves navigating numerous complexities, from cultural disparities and regulatory hurdles to logistical challenges, competitive landscapes, financial considerations, and more. Thorough cultural research is essential to understand local norms and consumer behaviours, while compliance with diverse regulatory frameworks is critical to avoid legal issues. Logistical complexities such as infrastructure limitations and supply chain inefficiencies must be addressed proactively, and understanding competitive dynamics is vital for developing successful market entry strategies. Financial planning and risk management are also crucial, alongside localized marketing efforts and a focus on long-term sustainability. By addressing these aspects comprehensively, businesses can enhance their chances of effectively penetrating international markets and achieving sustainable growth.

Objective

2. OBJECTIVE

Sure, here's an expanded list of objectives for the topic "Introducing a Product or Service to International Markets":

1. Understand Cultural Differences: Explore the nuances of cultural norms, values, beliefs, and behaviours in various international markets to tailor products, marketing messages, and business practices accordingly.
2. Navigate Regulatory Frameworks: Gain insights into the diverse regulatory environments across countries and regions, including product standards, safety requirements, labeling regulations, and import/export laws, to ensure compliance and avoid legal issues.
3. Address Logistical Complexities: Identify and mitigate logistical challenges such as infrastructure limitations, transportation costs, customs procedures, and supply chain inefficiencies to ensure timely delivery of products and services.
4. Analyze Competitive Landscapes: Conduct comprehensive competitor analysis to understand existing competitors, market share, pricing strategies, and distribution channels in international markets, and develop strategies to differentiate offerings and capitalize on market gaps.
5. Evaluate Financial Implications: Assess the financial implications of expanding globally, including initial investment, operating costs, currency exchange risks, and potential returns, to develop a detailed financial plan and budget for market entry activities.
6. Develop Localized Marketing Strategies: Create localized marketing strategies that resonate with target audiences by adapting branding, messaging, and promotional activities to align with local preferences and cultural sensitivities.

7. **Manage Risk Effectively:** Identify, assess, and mitigate potential risks such as political instability, economic downturns, currency fluctuations, and intellectual property theft through a robust risk management strategy tailored to international markets.
8. **Focus on Sustainability and Adaptability:** Prioritize long-term sustainability and adaptability by building strong relationships with local partners, customers, and stakeholders, investing in customer service, product quality, and innovation, and continuously monitoring market trends to adjust strategies accordingly.
9. **Establish Compliance Mechanisms:** Implement mechanisms to ensure ongoing compliance with regulatory requirements, including building strong relationships with local regulatory authorities, conducting regular audits, and updating processes as needed.
10. **Optimize Supply Chain Management-** Streamline supply chain operations by partnering with reliable logistics providers, establishing local warehouses or distribution centers, and leveraging technology to track shipments and improve efficiency.

Literature review

One of Tesla's biggest selling points is self-driving technology, this subverts the traditional car-making concept and attracts a large number of people who pursue technological innovation. Additionally, Tesla electric cars have no greenhouse gas emissions during driving, and this is praised and respected by many people.

In 2019, Musk publicly stated that in the past 10 years, Tesla has spent about 22.5 billion US dollars on research and development, which is an investment that other traditional car companies do not have [2]. This means that the demand for capital and investment at the very beginning is very large. It would be challenging for a new company to copy Tesla's business strategy in this area because not many businesses have access to such substantial financial assistance. Furthermore, the factory's capacity is insufficient to handle a high volume of orders in order to fulfill the on-time delivery.

In 2002, the U.S. Department of Energy specifically approved \$15 million for research to improve battery efficiency and power supply quality. In March 2009, President Obama invested \$2.4 billion in the development of vehicles and advanced battery technology for home power charging. Furthermore, the government invests a staggering 14 billion US dollars in automobile purchase subsidies and actively promotes the development of infrastructure for electric vehicle charging [3]. Tesla has seized the above opportunities, and now companies should also take advantage of today's policy subsidies. The policy of the times is a good opportunity for emerging companies to obtain subsidies from the national government.

3. SWOT ANALYSIS

Strengths of Tesla

1. **Efficiency of Energy:** Tesla's usage of electricity as its primary energy source positions it as a pioneer in the field. The company also employs sustainable energy programs, such as utilizing solar energy, further enhancing its image and appeal.
2. **Sales Growth:** Tesla has experienced significant sales growth over recent years, attributed to its brand image, innovative products, and designs, garnering positive feedback from customers.

Weaknesses of Tesla

1. **Demand-Supply Imbalance:** Tesla struggles with a demand-supply imbalance, leading to production challenges and cost management issues.
2. **Cost of Production:** The high cost associated with electric batteries and manufacturing poses a significant challenge for Tesla.

Opportunities for Tesla

1. **Autonomous Driving:** Tesla's focus on autonomous driving technology presents an opportunity to captivate consumers and expand market reach.
2. **Expansion in Asian Market:** Tesla has the potential to deepen its market presence in Asia, particularly in regions like China, offering opportunities for growth and financial stability..

Threats to Tesla

1. **Legal Challenges:** Tesla faces legal challenges due to product functionality issues, leading to concerns among consumers and potential legal repercussions.
2. **Competitive Pressure:** Increased competition in the sustainable energy and electric vehicle market poses a threat to Tesla's market share and profitability.

4. DATA ANALYSIS

Table.1

	2021	Dec 31, 2020	Dec 31, 2019
Gross Profit Margin	30.60%	25.60%	16.55%
operating profit margin	14.60%	2.29%	5.40%
net profit margin	14.17%	2.29%	-3.51%
return on assets	9.08%	1.66%	-2.70%



Table 2 Liquidity Ratio of Tesla

Ratio/year	2020	2019	2018	2017
Current ratio	1.88	1.13	0.83	0.86
Quick ratio	1.59	0.8	0.52	0.56
Cash ratio	1.36	0.59	0.37	0.44

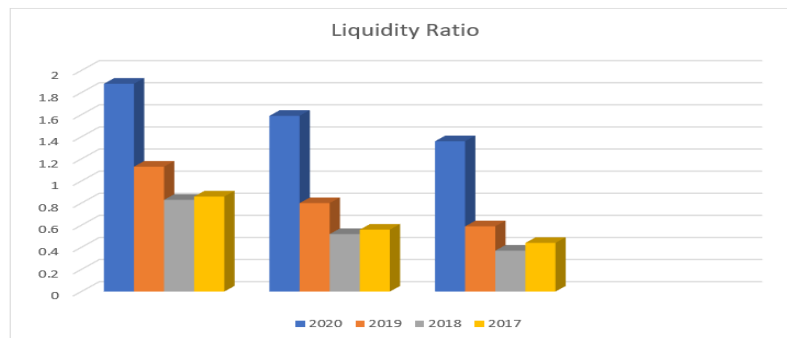
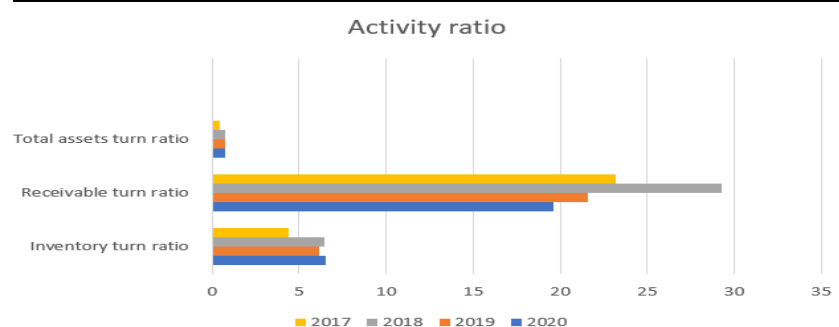


Table 3 Activity Ratio of Tesla

Ratio/year	2020	2019	2018	2017
Inventory turn ratio	6.51	6.15	6.48	4.4
Receivable turn ratio	19.65	21.63	29.31	23.18
Total assets turn ratio	0.73	0.77	0.74	0.46



5. FINDINGS

Tesla, the trailblazing electric vehicle and energy company headquartered in Palo Alto, California, stands as a beacon of innovation in the automotive industry. Despite grappling with intense competition from established giants like Ford, General Motors, and Toyota, as well as new entrants such as Rivian and Lucid Motors, Tesla maintains its competitive edge through a steadfast focus on research and development (R&D) and technological innovation. By investing heavily in R&D, Tesla stays ahead of the curve and solidifies its position as an industry leader in electric vehicles and sustainable energy solutions. Moreover, Tesla's unique direct sales model and diversified revenue streams contribute to its financial resilience and long-term sustainability, enabling it to navigate challenges such as supplier power and the threat of substitutes. Leveraging strategic initiatives such as building a robust ecosystem, expanding its global footprint, capitalizing on policy support, and fostering strategic partnerships, Tesla continues to drive sustainable growth and shape the future of transportation and energy worldwide.

6. RECOMENDATATION

Tesla's success in the international market can be attributed to several strategic approaches that businesses can adopt when expanding globally. First and foremost, investing in Research and Development (R&D) and innovation has been pivotal for Tesla, enabling it to stay ahead in technology and innovation. This emphasizes the importance for companies aiming to go international to prioritize R&D efforts, allowing them to develop products or services tailored to target markets, ultimately differentiating themselves from competitors. Secondly, forming strategic partnerships and alliances, as Tesla has done with suppliers and technology firms, facilitates market entry by navigating regulatory complexities and accessing distribution channels. Thirdly, adapting marketing and branding strategies to local preferences and cultural norms, as seen with Tesla's global marketing approach, ensures resonance with diverse consumer bases. Additionally, diversifying revenue streams, mitigating financial risks, and prioritizing customer experience and satisfaction are crucial steps for successful international expansion. Finally, staying agile and adaptive to market changes, regulatory shifts, and competitive dynamics is essential for long-term success in navigating the complexities of global expansion. These strategies collectively underline the importance of meticulous planning, strategic partnerships, and customer-centricity in thriving in international markets.

7. CONCLUSION

Tesla's position in the global automotive industry, analyzed through Porter's Five Forces model, reveals a challenging yet dynamic competitive landscape. Despite facing intense competition from traditional automakers and emerging players, Tesla maintains its leadership through innovation and brand differentiation. Its early mover advantage, coupled with heavy investments in research and development, has solidified its position, despite the threat of new entrants. While supplier bargaining power is moderate, Tesla's global scale and strategic partnerships ensure a stable supply chain. Customer bargaining power remains moderate, but Tesla's focus on quality and sustainability fosters loyalty. Despite substitutes like gasoline vehicles, Tesla's strong brand and innovation mitigate the threat. In essence, Tesla's strategic decisions and technological prowess fortify its standing in the global automotive arena.

8. REFERENCE

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