Tesla in 2023:

Electrified Competition

Dream team

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- Anvar



Tesla History (Founding Phase)

- Founded in 2003
- Entry via luxury EV (Roadster)

Argument: Luxury entry reduced early competition



References:

- Vance, A. (2015) Elon Musk: Tesla, SpaceX, and the Quest for a Fantastic Future. New York: HarperCollins.
- Tesla, Inc. (2023) Form 10-K Annual Report.

Tesla History (Scaling Phase)

- Model S → Model 3 → Model Y
- Gigafactory expansion

Argument: Transition to mass market dominance



References:

• Tesla, Inc. (2023) Form 10-K Annual Report.

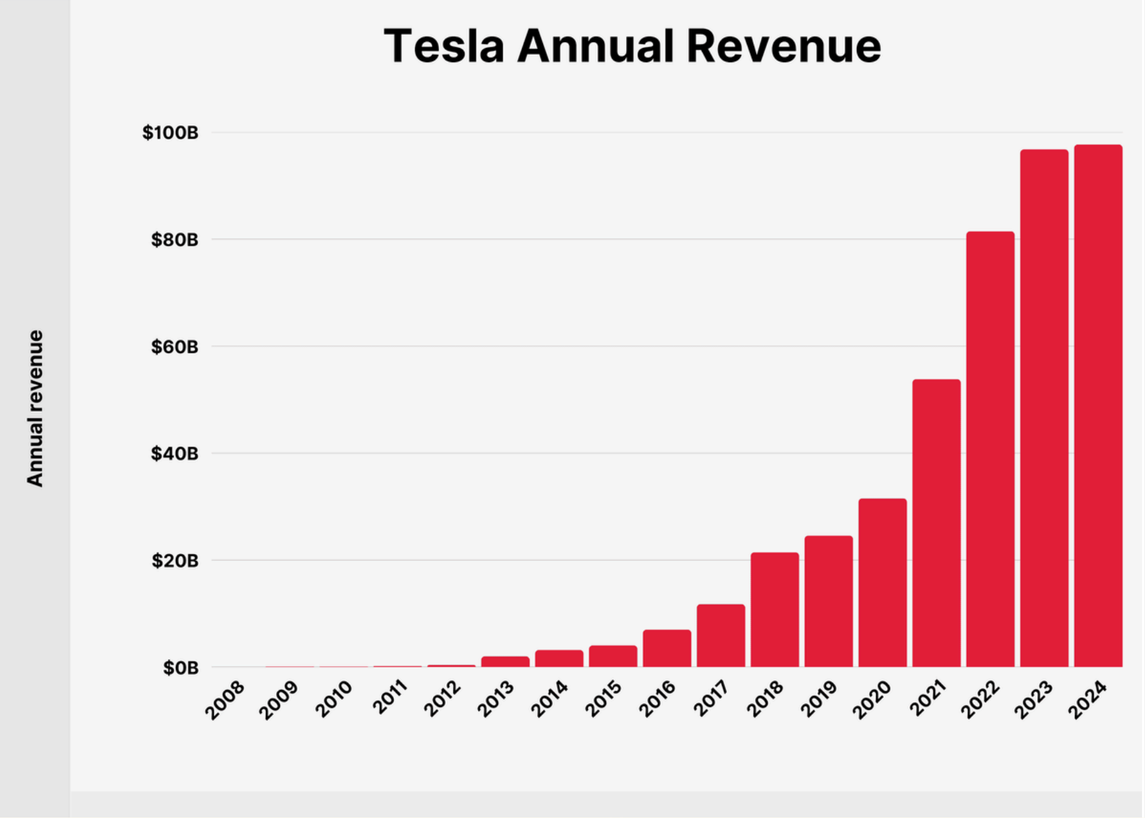
• International Energy Agency (2023) Global EV Outlook 2023.

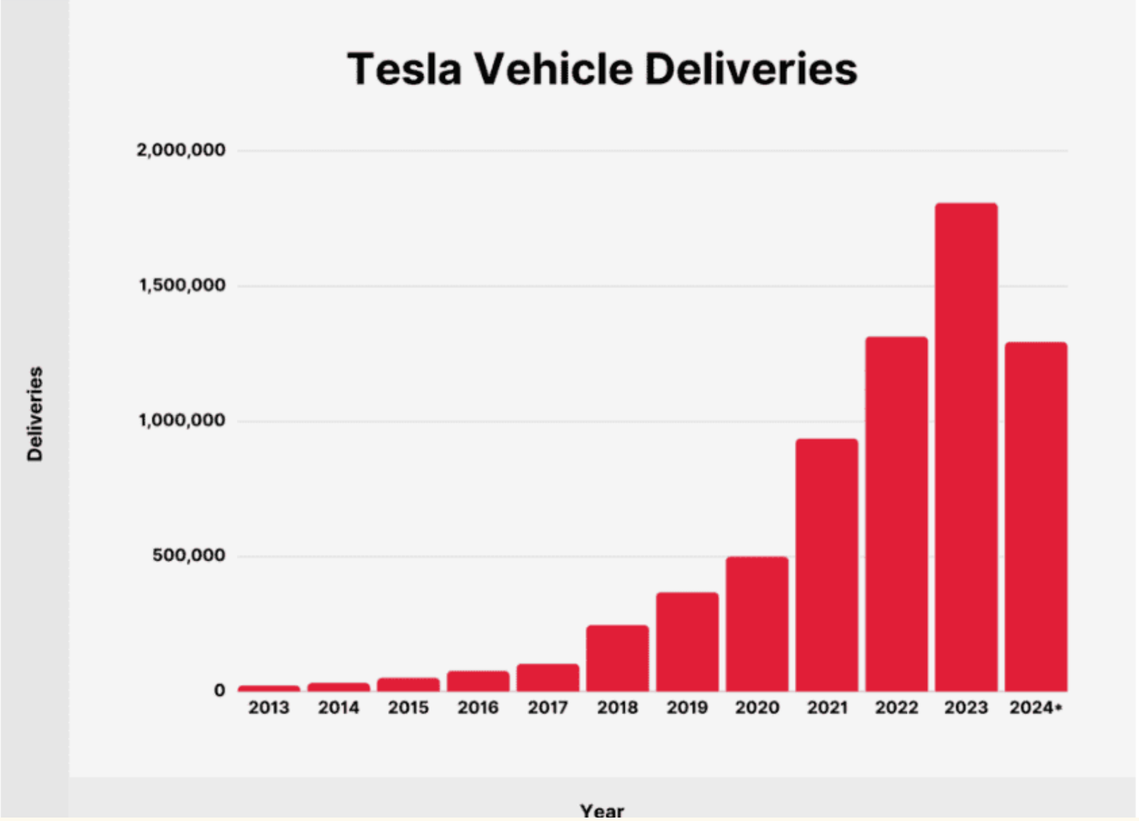
Current Position (2023 Snapshot)

- ~$96B revenue
- ~1.7M vehicles delivered

Argument: Rare profitability + scale

References:
• Tesla, Inc. (2023) Form 10-K Annual Report.
• Statista (2024) Tesla's revenue from 2008 to 2023 (in billion U.S. dollars). Available at: https://www.statista.com





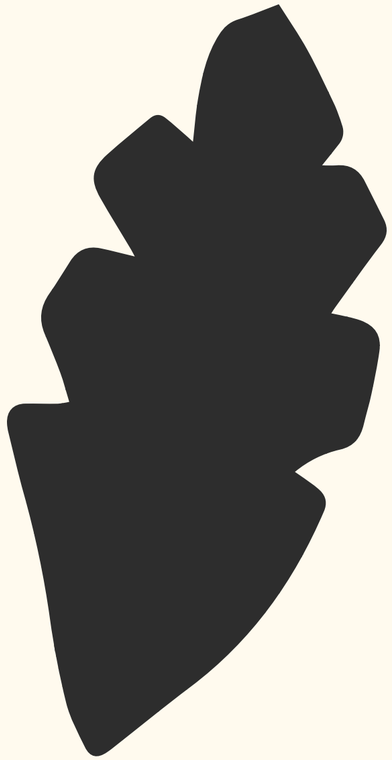
Industry Context (EV Market Shift)

- Global EV sales: 13.7M units (2023), ~16% of global car sales
- Growth slowed: ~54% (2022) → ~30% (2023)
- China: ~55% of global EV demand

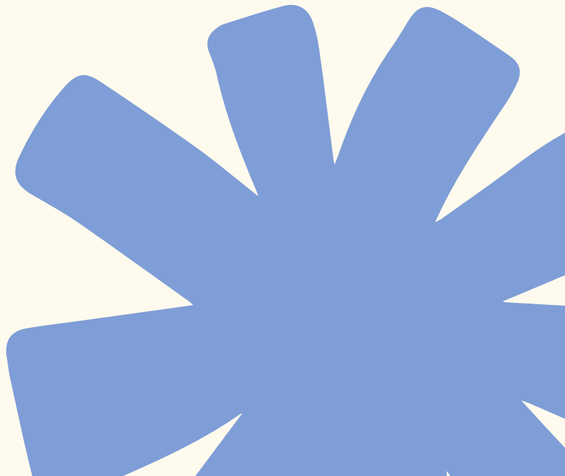
Argument:

- Market is still growing but moving from early adoption to maturity
- Slower growth increases competition and pricing pressure

Refs: IEA (2023), BloombergNEF (2023), EV-Volumes (2024)







Competitive Landscape

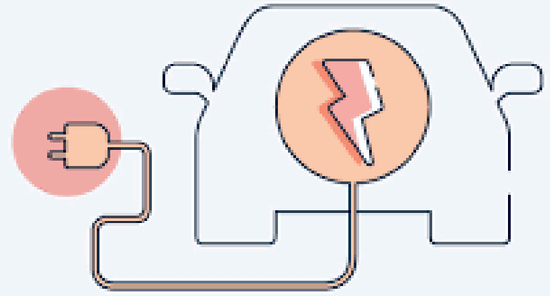
- Tesla: ~19–20% global EV share
- BYD: ~20% and rising fast
- Top 5 firms: ~55% of market

Argument:
• Market is concentrated but leadership is unstable
• Tesla's dominance is shrinking due to Chinese growth

Refs: EV-Volumes (2024), BNEF (2023)

BYD and Tesla Dominate Global EV Sales

Estimated global plug-in electric vehicle sales in the first half of 2023, by brand*



* Incl. battery electric vehicles and plug-in hybrid electric vehicles

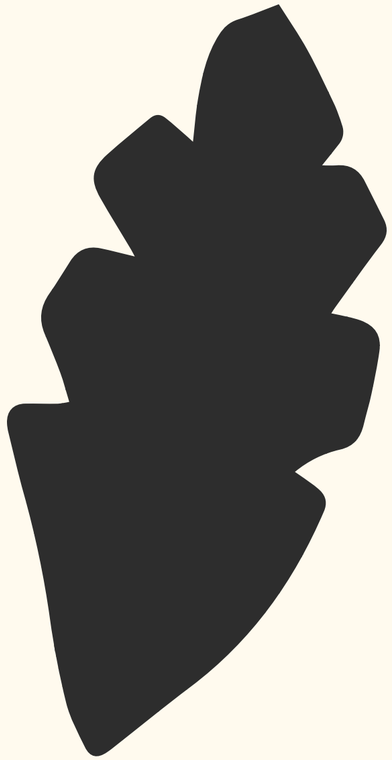
Source: CleanTechnica

statista

Internal Strategy

Refs: Tesla 10-K (2023), McKinsey (2023)

- Vertical integration (batteries + software + production)
- Direct-to-consumer model saves ~5–10% dealer margin
- Gross margin: ~25–30% (above industry average 10–15%)







Argument:

- Tesla’s advantage is structural, not temporary
- Combines tech + manufacturing efficiency

External Factors

Refs: IEA (2023), EU Commission (2023), McKinsey (2023)

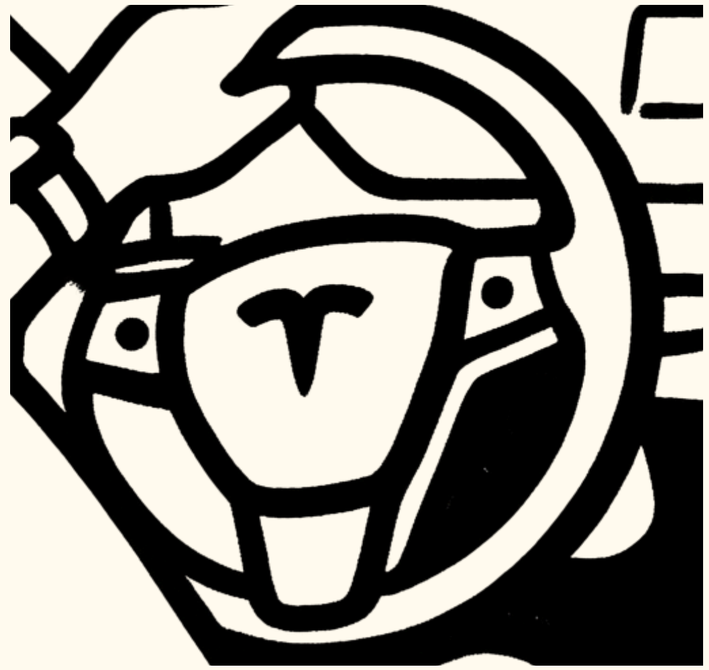
- Lithium prices: +400% peak (2020–2022), now stabilizing
  - EV subsidies = ~20–30% of purchase incentives
  - Supply chain volatility affects cost and output

Argument:

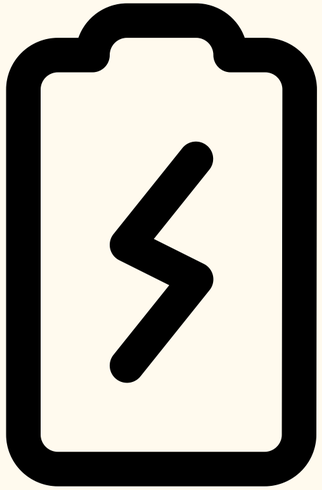
- Tesla benefits from policy but remains exposed to global shocks

WTP vs Cost Advantage

- **Battery cost drop: $1,200/kWh(2010) → ~$130/kWh (2023)**
- **Tesla maintains premium pricing + strong demand**



ARGUMENT:
- RARE DUAL ADVANTAGE: FALLING COSTS + HIGH PRICING POWER
- SUPPORTS TEMPORARY MARKET SUPERIORITY



REFS: BNEF (2023), IEA (2023)

Economies of Scale

- **Production: ~1.8M vehicles (2023)**
- **Large-scale plants reduce costs by ~20–30%**

Argument:
- Scale creates strong entry barrier
- Requires massive capital to compete

Refs: Tesla 10-K (2023), McKinsey (2023)

Learning Curve

- **EV cost reduction: ~15–20% per output doubling**
- **Continuous manufacturing efficiency gains**

Argument:
- First mover advantage compounds over time
- Experience reinforces cost leadership



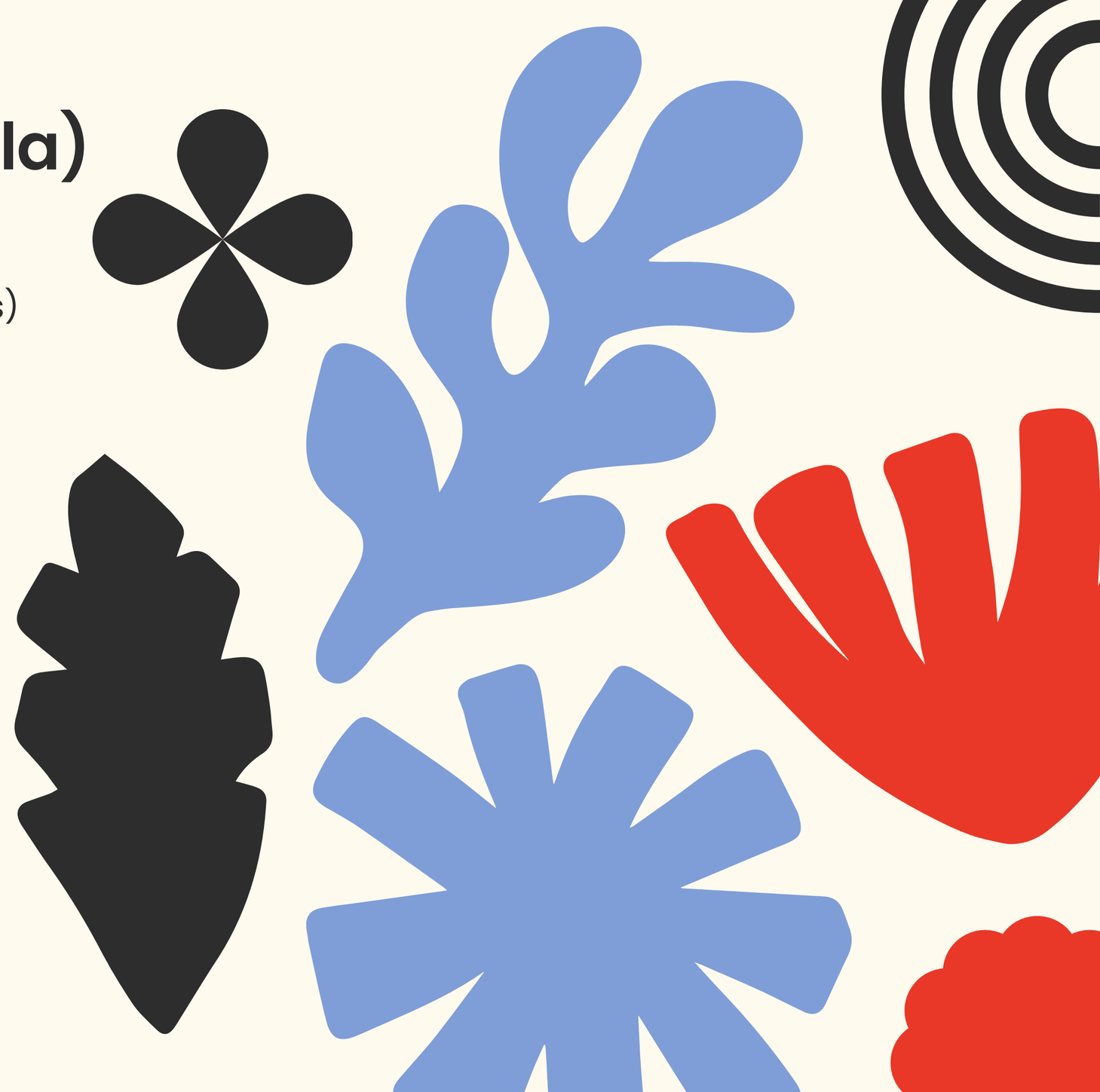
Refs: Argote (1999), IEA (2023)

Sustainability (FOR Tesla)

- 50,000+ Superchargers globally
- Strong software ecosystem (OTA updates)
- Brand among top automotive leaders
- Scale → cost ↓ ~20–30%
- Learning → ~15–20% per doubling

Argument:

- **Tesla operates as an ecosystem, not just a car company**
- **Strong VRIN-based advantages**



Refs: Tesla (2023), Statista (2024), Barney (1991)

Sustainability (AGAINST Tesla)

Refs: IEA (2023), BNEF (2023)

- EV growth slowing: ~30% vs 54% previously
- Competitors growing faster in some regions
- Price cuts reduced margins

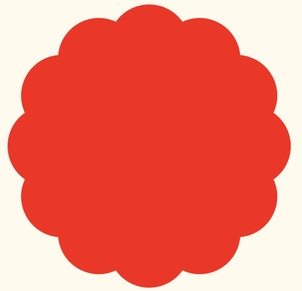
Argument:

- Competitive advantage is eroding over time
- Industry is converging toward parity

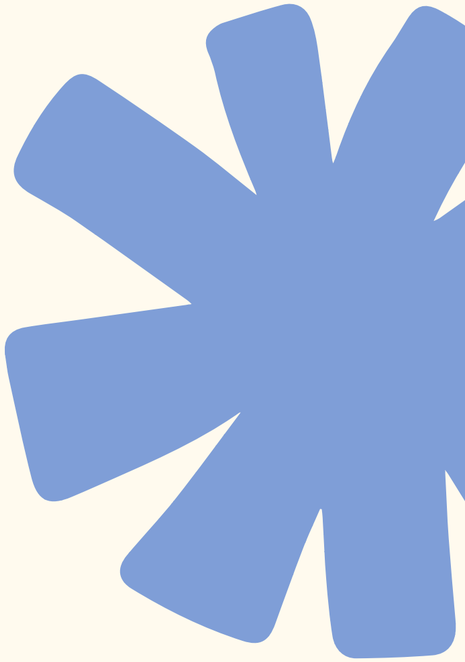
Industry Pressure

Refs
- Reuters (2026)
- Business Insider (2026)

- Rivalry ↑: price cuts up to ~20% (Tesla, BYD, VW)
- Entry ↑: Chinese firms scaling fast
- Suppliers ↑: CATL ~35–40% battery share
- Buyers ↑: more EV choices → lower switching costs







Argument

- Competition ↑ → margin pressure

Key Threats

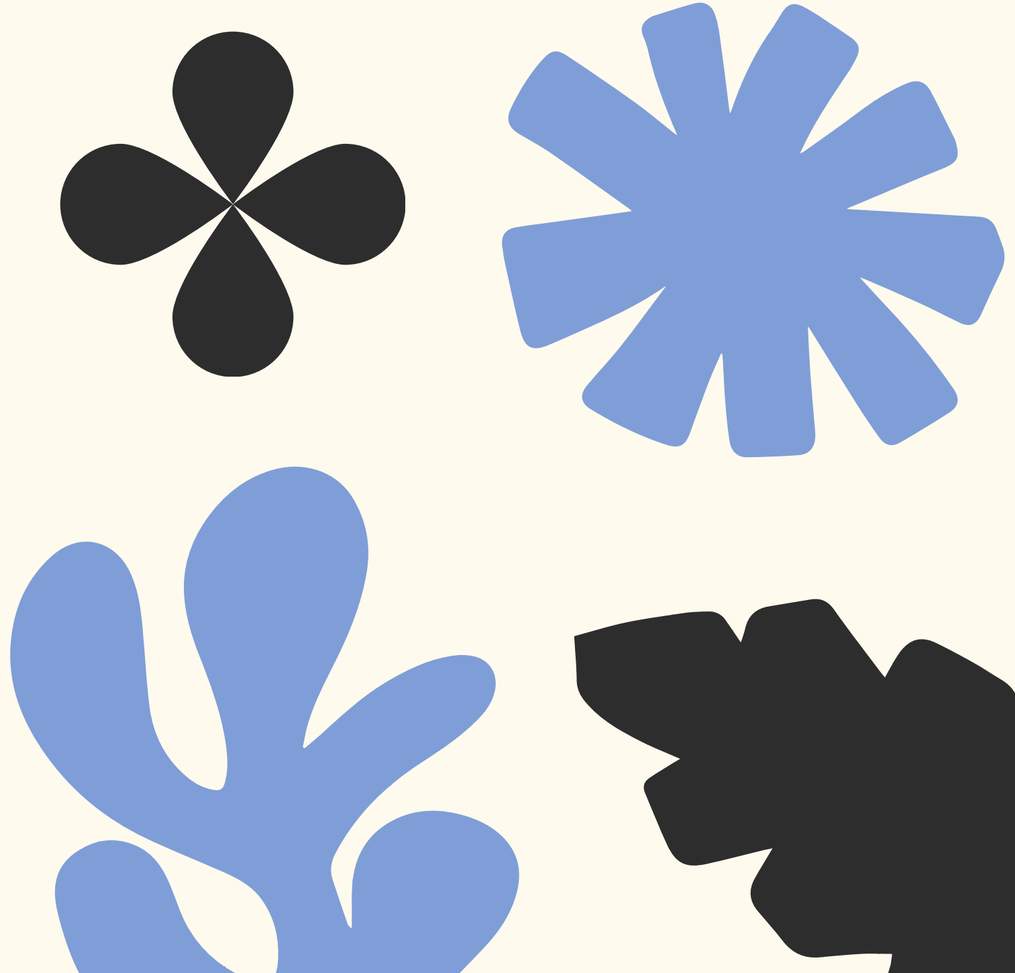
Refs
- Reuters (2026)
- Business Insider (2026)
- Yamco Education (2025)

Threats

- Imitation → shrinking differentiation
- Substitution → alternative technologies
- Hold-up risk → dependence on inputs
- Slack → inefficiency from scaling

Argument

- Imitation = main long-term threat



Barriers to Entry

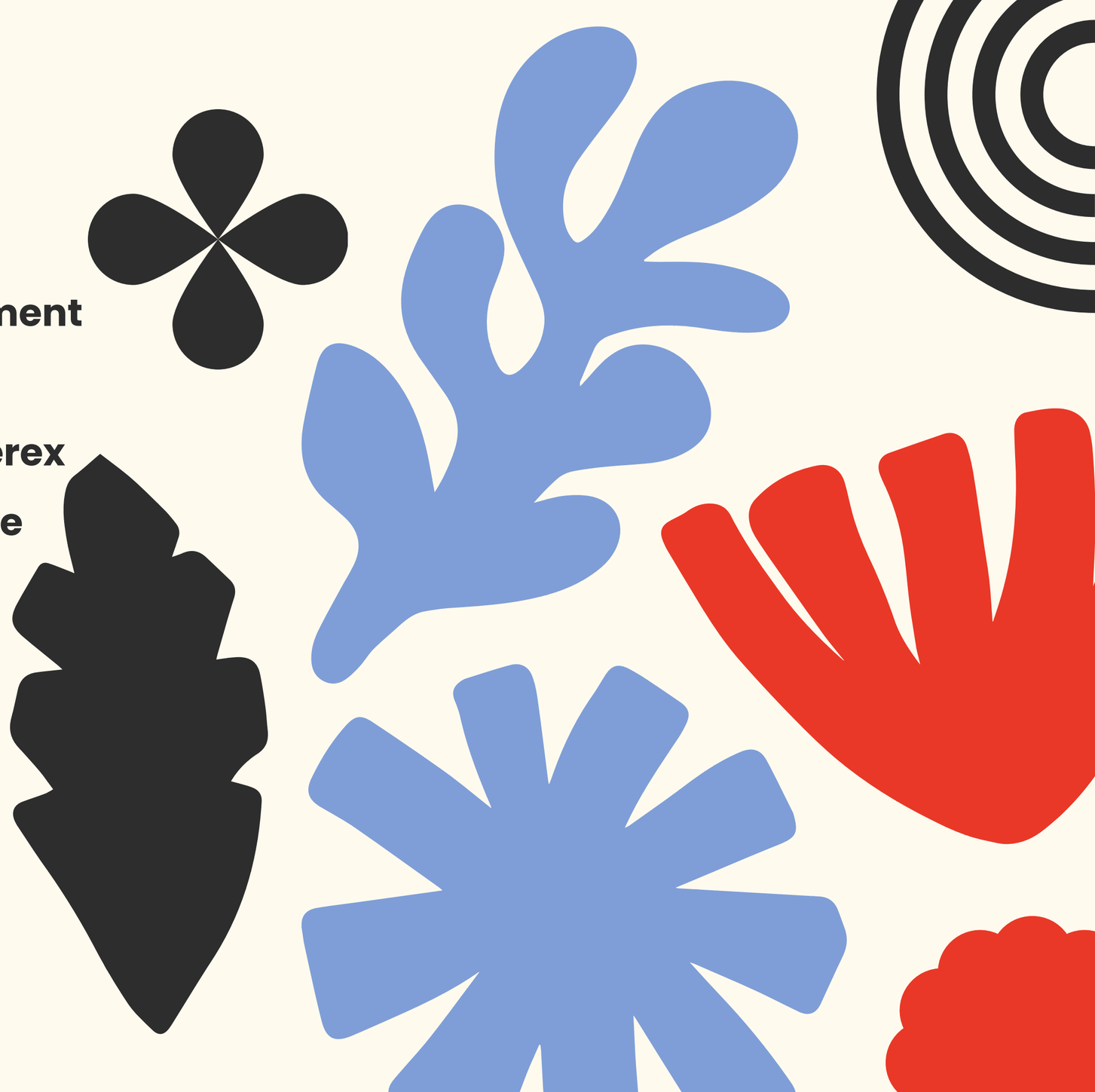
Barriers

- **Capital intensity: $500B+ EV investment**
- **Scale economies: -20–30% unit cost**
- **Battery power: Contemporary Amperex Technology Co. Limited ~35–40% share**
- **Ecosystem lock-in (software + charging)**

Argument

- **Barriers high but weakening**

Refs: • Wu (2023)



How Tesla Overcame Barriers

Tesla Strategy

- **Premium entry (Roadster)**
- **Direct-to-consumer model**
- **Gigafactories (scale)**
- **Battery & tech innovation**

Argument

- **Strategy + innovation enabled entry**

Refs: AdRankLab (2025) • The Entrepreneur Studio (2025)• Wu (2023)



Incumbent Constraints

Constraints

- Perception → EVs seen as niche
- Motivation → fear of ICE cannibalization
- Inspiration (capabilities) → lack of tech
- Coordination → slow organizations

Argument

- **Structural limits slowed response**



Refs

- **The Entrepreneur Studio (2025)**

Erosion of Barriers

- New entrants scaling (Chinese firms)
- Technology standardization
- Competitors catching up

Refs
- Reuters (2026)



Argument
- Barriers weakening → competition ↑

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Tesla Response

Response

- **Vertical integration → lower hold-up risk**
- **Scale expansion → cost efficiency**
- **Innovation (OTA, FSD, software)**
- **Customer experience control**

Argument

- **Defends cost + differentiation**

Refs

- Wu (2023)
- Yamco Education (2025)



Strategic Options

Options

- **Cost leadership → volume ↑, margin ↓**
- **Differentiation → innovation ↑, risk ↑**
- **Hybrid → balance**

Argument

- **Trade-off: volume vs profitability**

Refs

- International Energy Agency (2023)
- McKinsey & Company (2023)
- Tesla, Inc. (2023)



Recommendation

Actions

- Hybrid strategy (cost + differentiation)
- Strengthen software & ecosystem
- Reduce slack (efficiency, quality)
- Manage risks (imitation, substitution, hold-up)

Final Argument

- Balance is critical → avoid commoditization

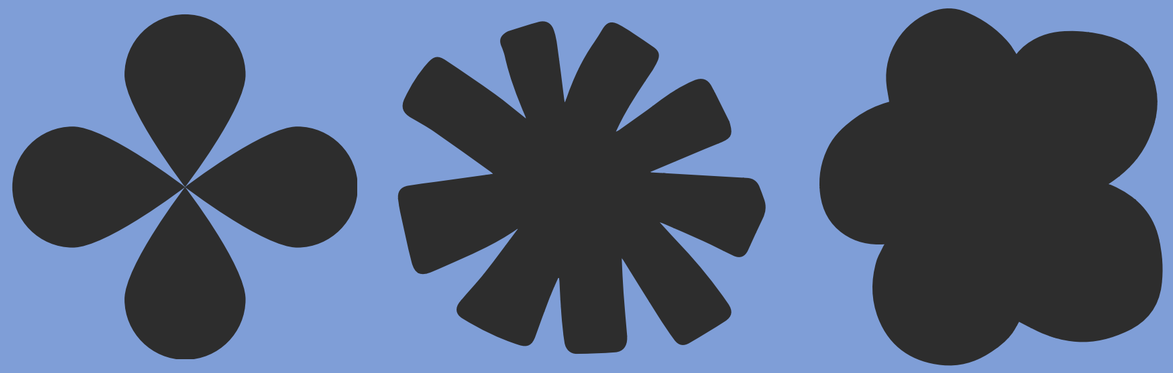
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Thank you for listening

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