

9.6: Case Questions

1. Incorporated in 2003, Tesla declared in its mission statement that its goal is “to accelerate the world’s transition to sustainable transport,”⁴⁶ and it has proven itself a leader in green technology in the automotive sector. In its initial business plan, by co-founder Martin Eberhard, the electric sports car company promised to provide the value of a high-end sports car at a lower cost to the customer and a lower environmental cost to the planet. Electric vehicles were seen as inferior to standard vehicles prior to Tesla’s innovations in creating powerful cars that piqued consumer desire. The generic automotive manufacturing business model relies on collaborative manufacturing with industry partners and a distribution model dependent on third parties. Standard cars are aimed at people and businesses with individual transportation needs. This model is commercially viable because of custom-equipped add-on features to the per-vehicle prices.
 - A. Tesla’s business model is different. Identify at least three ways in which the Tesla model differs from the traditional automotive business model.
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