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## Tesla's Widespread Charging Infrastructure

Tesla is a very special case in the automotive industry. The infrastructure that the firm is creating for its electric vehicles can represent a real source of competitive advantage. Indeed, it adds value to the offer of the company on the market, because they are not only producing some of the electric cars with the highest autonomy range, but they are also building their own network infrastructure to charge Tesla cars. Moreover, applying the VRIN framework it seems clear that the charging infrastructure represents a valuable and rare resource in the market. Indeed, the fast charging networks are not spread all over the world and only Tesla and CHAdeMO are well under way, with the important difference that the Super Charger networks are specifically made for Tesla vehicles.

Furthermore, the presence of a well-known widespread charging network reduces the range anxiety of the customers and adds value to the product, also because of the annual charging credit given to each buyer of a Tesla. Moreover, considering the electric vehicles market and the importance of building a proper infrastructure explained in the previous chapters, it is clear that Tesla's network will have an impact on competition. Indeed, a network is valuable when it is widespread and when it has a high number of users.

Certainly, Tesla's charging infrastructure is widespread all over the world and it already has many users. However, a recommendation that can be proposed to Tesla is to search partners for its charging infrastructure. In point of fact, its CEO has already said that they are open to that idea and they have made some important steps forward, such as making their patents open source, but they need that other manufacturers adopt their standard, making possible to charge non-Tesla cars at Super Charger stations. In this way, other manufacturers will be able to rely on Tesla's network and use their technology. So, their network will have a stronger impact on competition and it will even be more valuable, because potentially there will be more users. This certainly creates demand side economies of scale allowing that the value both of the product and of the network increases.

Moreover, the more other companies adopt Tesla's standard, more difficult will be for other ones to build their own network. Therefore, now Tesla is the only manufacturing company that owns a widespread fast charging network and it represents a competitive advantage, but to keep it in the future the company has to find more and more companies ready to share the costs of it. In fact, considering its balance sheet and the speed at which it burns cash, it probably will not be able to finance by itself its expansion plan for its network and it may lose in the next years its main competitive advantage. So, it is true that Tesla's CEO Elon Musk stated that they are ready to open their network to other producers, but it is necessary to pass from

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words to deeds. Moreover, it is clear that a charging infrastructure like Tesla's one is costly to imitate.

Actually, only CHAdeMO has a similar spreading, while the others are at their early stages and probably will reach Tesla only after a few years of intense work. This is enough to say that the hypothesis has been confirmed and that the competitive advantage deriving from Tesla's network of chargers is potentially able to guarantee a sustainable advantage to the company on its competitors in the most important markets. Indeed, it is also not completely substitutable, because the benefits of the charging network are not simply the opportunity to charge the battery of the vehicle, but also the possibility to do it in twenty minutes. Tesla's Super Chargers represent certainly the best technology actually widespread. However, it has been showed that Tesla is not in the situation to plan the investments needed to expand the network and so to maintain its competitive advantage in the future. Therefore, the only way to do so is to find companies that are ready to share the costs related to Super Chargers.

So, Tesla is in a very particular position because it does not simply manufacture electric vehicles, but it is vertically integrated selling directly in its own showrooms or online. Furthermore, it owns also the main fast charging network in the world for its customers. That is surely a very peculiar case in the automotive industry. From an analysis of the industry and of the main competitors it has been underlined that Tesla is the only company that has directly built its own network. Even if other companies are creating alliances to build their owns and even if CHAdeMO's network is comparable to Tesla's one for spreading in some parts of the world, such as Japan, none of its competitors offers fast chargers placed all over the world and dedicated only to the owners of a specific brand of car. Moreover, no one among the competitors offers a charging credit like Tesla does.

All this peculiarity probably make Tesla look much more exclusive than other electric vehicles. In conclusion, it is clear that the charging infrastructure is so important for the evolution of the electric car market that the fact that Tesla has built its own exclusive charging infrastructure represents a source of competitive advantage for the company, that has to be kept. Indeed, to make it sustainable, Tesla should license its Super Chargers also to other manufacturers, so to establish its technology as an international standard for the industry and to share the costs related to it. In this way, it may be able to extend it network without asking for additional finances and maybe it can focus more on its criticalities, achieving stably a positive net income and reducing the cash burnt. Instead, given its actual financial situation, it seems impossible that it can be able to continue expanding its infrastructure without any partners.

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