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CIPS L6M2 Exam Syllabus Topics:

Topic	Details
Topic 1	<ul style="list-style-type: none">Understand financial aspects that affect procurement and supply: This section measures the skills of Financial Analysts in assessing how costs, funding, and economic objectives impact supply chains. It includes managing currency volatility through exchange rate instruments like forwards or derivatives and addressing commodity price fluctuations using futures or hedging. A critical skill assessed is managing financial risks in global supply chains effectively.

Topic 2	<ul style="list-style-type: none"> Understand strategy formulation and implementation: This section evaluates the skills of Strategic Planners in understanding how corporate and business strategies impact supply chains. It covers strategic directions, diversification, portfolio matrices, and methods for pursuing strategies like mergers or alliances. It also examines aligning supply chains with organizational structures and managing resources like people, technology, and finance. A key skill measured is implementing strategies under uncertain conditions.
Topic 3	<ul style="list-style-type: none"> Understand and apply the concept of commercial global strategy in organizations: This section measures the skills of Global Strategy Analysts and focuses on evaluating the characteristics of strategic decisions in organizations. It includes understanding strategic versus operational management, strategic choices, and the vocabulary of strategy. A key skill measured is effectively differentiating between strategic and operational management.
Topic 4	<ul style="list-style-type: none"> Understand and apply tools and techniques to address the challenges of global supply chains: This section targets Supply Chain Analysts and covers methods for analyzing global supply chains, such as STEEPLED analysis, benchmarking, and performance metrics. It also evaluates regulatory influences, including import/export controls, tariffs, and employment regulations like equality, health, and safety. A critical skill assessed is applying STEEPLED analysis to supply chain challenges.

>> New L6M2 Study Notes <<

Pass Guaranteed L6M2 - Global Commercial Strategy Pass-Sure New Study Notes

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CIPS Global Commercial Strategy Sample Questions (Q16-Q21):

NEW QUESTION # 16

SIMULATION

XYZ is a large technology organisation which has used an aggressive growth strategy to become the market leader. It frequently buys out smaller firms to add to its increasing portfolio of businesses. How could XYZ use the Kachru Parenting Matrix to assist in decision making regarding future investments?

Answer:

Explanation:

Using the Kachru Parenting Matrix for XYZ's Investment Decisions

Introduction

The Kachru Parenting Matrix is a strategic decision-making tool that helps businesses evaluate how well a parent company can add value to its subsidiaries. For XYZ, a large technology firm that follows an aggressive acquisition strategy, the Kachru Parenting Matrix can guide investment decisions by assessing the synergy between the parent company (XYZ) and its acquired businesses. By using this matrix, XYZ can determine which acquisitions will benefit from its expertise, resources, and management style, ensuring maximum strategic alignment and value creation.

1. Explanation of the Kachru Parenting Matrix

The Kachru Parenting Matrix evaluates business units based on:

Business Unit Fit - How well the subsidiary aligns with the parent company's core capabilities and expertise.

Parenting Advantage - The ability of the parent company to add value to the subsidiary through strategic oversight, resources, and expertise.

It categorizes business units into four quadrants, influencing investment decisions:

| Parenting Advantage →

Business Unit Fit ↓	High	Low
High	Heartland ❤️ (Strong Fit – Invest & Grow)	Ballast ⚒ (Good but Low Synergy – Maintain or Divest)
Low	Value Trap ⚡ (Potential Mismatch – Reevaluate Strategy)	Alien Territory ⚡ (Weak Fit – Divest/Exit)

2. How XYZ Can Use the Kachru Parenting Matrix for Investment Decisions

1. Identifying Core Growth Areas - Heartland Businesses (Invest & Grow) These businesses strongly align with XYZ's expertise and benefit from its technology, resources, and leadership.

XYZ should prioritize investment, innovation, and expansion in these areas.

Example: If XYZ specializes in AI and cloud computing, acquiring smaller AI startups would fall into the Heartland category, ensuring seamless integration and value creation.

Strategic Action: Invest in R&D, talent acquisition, and global expansion for these subsidiaries.

2. Maintaining Complementary Businesses - Ballast Businesses (Maintain or Divest if Needed) These businesses are profitable but do not directly fit XYZ's core strategy.

XYZ can keep them for financial stability or sell them if they drain management resources.

Example: If XYZ acquires a hardware company but primarily operates in software, the hardware unit may not fully align with its expertise.

Strategic Action: Maintain for profitability or sell if it becomes a burden.

3. Avoiding Value Draining Investments - Value Trap Businesses (Reevaluate or Divest) These businesses seem promising but struggle under XYZ's management approach.

They may require too much intervention, reducing overall profitability.

Example: If XYZ buys a social media company but lacks the right expertise to monetize it effectively, it becomes a value trap.

Strategic Action: Reevaluate if restructuring is possible; otherwise, sell to avoid financial losses.

4. Exiting Poorly Aligned Businesses - Alien Territory (Divest Immediately) These businesses do not align at all with XYZ's strategy or expertise.

Keeping them leads to resource misallocation and inefficiencies.

Example: If XYZ acquires a retail clothing company, it would be in Alien Territory, as it does not fit within the technology industry.

Strategic Action: Divest or spin off these businesses to focus on core competencies.

3. Strategic Benefits of Using the Kachru Parenting Matrix

Improves Investment Focus - Helps XYZ identify the most valuable acquisitions.

Enhances Synergy & Value Creation - Ensures subsidiaries benefit from XYZ's resources and leadership.

Prevents Poor Acquisitions - Avoids wasting capital on unrelated businesses.

Optimizes Portfolio Management - Balances high-growth and stable revenue businesses.

4. Conclusion

The Kachru Parenting Matrix is a critical tool for XYZ to assess future acquisitions, ensuring that each business unit contributes to long-term profitability and strategic alignment.

Heartland businesses should receive maximum investment.

Ballast businesses can be maintained for financial stability.

Value Trap businesses should be reevaluated or restructured.

Alien Territory businesses must be divested to avoid inefficiencies.

By using this framework, XYZ can ensure smarter, more strategic acquisitions, maintaining its market leadership while avoiding financial risks.

NEW QUESTION # 17

SIMULATION

XYZ is a high fashion clothing designer and wishes to complete a benchmarking exercise. Discuss priority dimensions to be measured in the benchmarking exercise and propose a strategy for completing the exercise

Answer:

Explanation:

Benchmarking Exercise for XYZ - A High Fashion Clothing Designer

Introduction

Benchmarking is a strategic performance measurement tool that helps businesses compare their processes, products, and strategies with industry leaders to identify areas for improvement.

As a high fashion clothing designer, XYZ must focus on key priority dimensions such as product quality, supply chain efficiency, sustainability, brand positioning, and customer engagement. A structured benchmarking strategy ensures that XYZ can achieve

competitive advantage, optimize operations, and align with industry best practices.

1. Priority Dimensions to be Measured in Benchmarking

XYZ should focus on the following five key benchmarking dimensions to enhance its competitiveness in the luxury fashion market:

1. Product Quality and Design Innovation

Why it's important?

High fashion brands compete on premium materials, craftsmanship, and exclusivity.

Quality affects brand reputation, pricing strategy, and customer loyalty.

Example: XYZ can benchmark against Gucci or Chanel by comparing fabric sourcing, production techniques, and unique design elements.

2. Supply Chain Efficiency and Lead Times

Why it's important?

Speed-to-market is critical in high fashion, especially for seasonal collections.

Efficient supply chains reduce costs and enhance inventory management.

Example: Zara benchmarks against luxury brands to optimize supply chains while maintaining affordability.

Key Metrics to Benchmark:

Supplier lead times (raw materials to finished goods).

Production cycle time (design to retail store).

Logistics and distribution efficiency.

3. Brand Positioning and Market Perception

Why it's important?

A high fashion brand's success depends on prestige, exclusivity, and perceived value.

Benchmarking against top competitors helps XYZ maintain a premium brand image.

Example: XYZ can compare its marketing strategies, social media presence, and celebrity endorsements with Louis Vuitton or Dior.

Key Metrics to Benchmark:

Brand awareness and perception (customer surveys).

Pricing strategy compared to competitors.

Effectiveness of marketing campaigns and influencer collaborations.

4. Sustainability and Ethical Sourcing

Why it's important?

Consumers expect eco-friendly, ethically produced fashion.

Sustainable brands gain a competitive edge and attract Gen Z and millennial buyers.

Example: Stella McCartney's ethical fashion model is a benchmark for sustainable materials and responsible sourcing.

Key Metrics to Benchmark:

Use of sustainable materials (organic, recycled fabrics).

Ethical supplier compliance with fair labor practices.

Carbon footprint reduction in production and logistics.

5. Customer Engagement and Experience

Why it's important?

Luxury brands thrive on personalized customer experiences and loyalty programs.

Omnichannel retail (physical stores + digital platforms) enhances sales and retention.

Example: Burberry's digital transformation provides a seamless luxury online shopping experience.

Key Metrics to Benchmark:

Online vs. in-store customer engagement levels.

AI-driven personalization in e-commerce.

Customer service responsiveness and return policies.

2. Proposed Strategy for Completing the Benchmarking Exercise

To complete the benchmarking process successfully, XYZ should follow a structured benchmarking approach using the 5-step process:

Step 1: Identify Benchmarking Objectives

Define what XYZ wants to achieve (e.g., reducing lead times, improving sustainability).

Select benchmarking partners (competitors, industry leaders, cross-industry comparisons).

Step 2: Data Collection & Research

Use primary and secondary research to gather data:

Primary Research: Surveys, interviews, supplier audits.

Secondary Research: Competitor reports, industry data, fashion indexes.

Example: Studying annual sustainability reports from high fashion brands to benchmark against sustainability best practices.

Step 3: Analyze Performance Gaps

Compare XYZ's current performance metrics with industry benchmarks.

Identify gaps and improvement opportunities (e.g., faster supply chain, better brand marketing).

Example Analysis:

XYZ's supply chain lead time = 60 days vs. benchmark brand = 30 days → Strategy needed for optimization.

Step 4: Develop and Implement Improvement Strategies

Set SMART objectives (Specific, Measurable, Achievable, Relevant, Time-bound).

Adjust supply chain processes, brand positioning, marketing strategies, and customer experience initiatives.

Example Action Plan:

Supply Chain: Partner with local European suppliers to reduce lead times.

Sustainability: Introduce organic cotton & cruelty-free leather in the next collection.

Step 5: Continuous Monitoring and Review

Regularly review benchmarking outcomes.

Adjust strategies to remain competitive in the evolving high fashion market.

Example: Chanel adapts marketing campaigns every season to maintain exclusivity and desirability.

Conclusion

Benchmarking allows XYZ to measure product quality, supply chain efficiency, brand positioning, sustainability, and customer engagement against high fashion industry leaders. A structured 5-step benchmarking process ensures that XYZ continuously improves its strategic performance and maintains a competitive edge.

NEW QUESTION # 18

SIMULATION

Explain, with examples, why supply and demand fluctuate in the commodities market

Answer:

Explanation:

Why Supply and Demand Fluctuate in the Commodities Market

Introduction

The commodities market is highly volatile, with prices and availability constantly influenced by fluctuations in supply and demand. These fluctuations arise due to factors such as climate conditions, geopolitical events, economic cycles, and technological advancements.

Understanding why supply and demand shift helps businesses, investors, and policymakers anticipate market trends and mitigate risks.

1. Factors Affecting Supply in the Commodities Market

1.1 Weather and Climate Conditions (Impact on Agricultural Commodities)

Why It Affects Supply?

Droughts, floods, hurricanes, or frosts can damage crops, reducing supply.

Favorable weather leads to higher yields and increased supply.

Example:

In 2019, severe droughts in Australia reduced wheat production, increasing global wheat prices.

A strong coffee harvest in Brazil led to higher supply and lower coffee prices.

Key Takeaway: Agricultural commodity supply is highly dependent on weather variability.

1.2 Geopolitical Events and Trade Restrictions Impact on Energy & Metals)

Why It Affects Supply?

Political instability, sanctions, and wars disrupt supply chains.

Trade policies, tariffs, and embargoes restrict exports/imports.

Example:

Russia-Ukraine war (2022) led to a major disruption in wheat and oil exports, causing global shortages.

US-China trade tensions affected the availability of rare earth metals used in electronics.

Key Takeaway: Supply chains in energy, metals, and food commodities are vulnerable to geopolitical risks.

1.3 Production Costs & Technological Advancements (Impact on Oil, Metals, and Agricultural Goods)

Why It Affects Supply?

Higher production costs (e.g., fuel, labor, mining operations) reduce supply.

New technologies improve extraction and farming efficiency, increasing supply.

Example:

Shale oil extraction technology in the US increased crude oil supply, leading to lower global oil prices.

Higher fertilizer costs in 2023 led to reduced crop production in some countries.

Key Takeaway: Technological advancements increase supply, while rising production costs limit it.

2. Factors Affecting Demand in the Commodities Market

2.1 Economic Growth & Industrial Demand (Impact on Oil, Metals, and Construction Materials)

Why It Affects Demand?

Economic booms drive higher demand for oil, metals, and raw materials.

During recessions, demand for industrial commodities falls.

Example:

China's rapid industrialization (2000s) increased demand for iron ore, copper, and coal, pushing prices up. COVID-19 lockdowns (2020) caused a sharp drop in oil demand, leading to negative oil prices in April 2020. Key Takeaway: Commodity demand rises during economic expansion and falls during downturns.

2.2 Changing Consumer Preferences & Market Trends (Impact on Food & Energy Commodities)

Why It Affects Demand?

Shifts in diet, lifestyle, and energy use affect commodity demand.

Green energy transitions reduce fossil fuel demand but increase demand for alternative materials.

Example:

Increased veganism in Western markets boosted demand for soybeans, almonds, and plant-based protein.

Electric vehicle (EV) adoption increased demand for lithium, cobalt, and nickel used in EV batteries.

Key Takeaway: Demand changes due to consumer preferences, technological advancements, and sustainability trends.

2.3 Speculation & Investment Activity (Impact on Gold, Oil, and Agricultural Commodities)

Why It Affects Demand?

Investors and hedge funds buy commodities as a hedge against inflation or currency fluctuations.

Speculative trading increases volatility, driving short-term price spikes.

Example:

Gold prices surge during economic crises as investors seek a safe-haven asset.

Oil price spikes in 2008 and 2022 were partly due to speculative trading.

Key Takeaway: Commodity demand is influenced by financial markets and speculation.

3. How Supply & Demand Interact to Affect Prices

Scenario	Supply Change	Demand Change	Impact on Prices
Drought in coffee-producing regions	Decreases	Unchanged	Coffee prices rise due to scarcity. Procurement & Supply
Global recession	Unchanged	Decreases	Oil & metal prices drop due to lower industrial demand.
EV market growth	Unchanged	Increases	Lithium & cobalt prices rise due to high demand.
Breakthrough in crop-yield technology	Increases	Unchanged	Corn & wheat prices fall due to oversupply.

Key Takeaway: Prices are determined by the balance between supply availability and consumer demand.

4. Conclusion

The commodities market experiences constant fluctuations in supply and demand, driven by:

- Weather & Climate - Affects agricultural output.
- Geopolitical & Trade Issues - Disrupts supply chains.
- Economic Cycles & Industrial Growth - Determines demand levels.
- Consumer Preferences & Technological Trends - Changes demand patterns.
- Speculation & Investor Activity - Influences short-term price volatility.

Understanding these factors allows businesses to forecast commodity price movements, manage procurement risks, and optimize supply chain strategies.

NEW QUESTION # 19

SIMULATION

Evaluate the following types of business structures: simple, functional, multi-divisional and matrix, explaining the advantages and disadvantages of each.

Answer:

Explanation:

Evaluation of Business Structures: Simple, Functional, Multi-Divisional, and Matrix Introduction A company's business structure defines how it organizes its people, processes, and decision-making hierarchy. The right structure helps an organization operate efficiently, communicate effectively, and achieve strategic goals.

This answer evaluates four common business structures:

Simple Structure - Small, centralized decision-making.

Functional Structure - Organized by business functions (e.g., marketing, finance).

Multi-Divisional Structure - Separate divisions with decentralized decision-making.

Matrix Structure - A hybrid of functional and project-based management.

Each structure has advantages and disadvantages that impact efficiency, flexibility, and strategic execution.

1. Simple Structure(Small, Centralized Organization)

Explanation:

A simple structure is typically used by small businesses or startups with few employees and direct leadership by the owner or CEO.

Key Characteristics:

Centralized decision-making.

Minimal bureaucracy and hierarchy.

Quick adaptability to changes.

Example: A local retail store or family-owned restaurant where the owner makes all key decisions.

Advantages of a Simple Structure

✓ Fast decision-making - No complex approval processes.

✓ Flexible and adaptable - Can quickly respond to market changes.

✓ Low operational costs - Minimal administrative expenses.

Disadvantages of a Simple Structure

Lack of scalability - Difficult to manage growth.

Over-reliance on leadership - If the owner is absent, decision-making stalls.

Limited specialization - Employees often perform multiple roles, reducing efficiency.

Best for: Small businesses, early-stage startups, and family-run companies.

2. Functional Structure(Organized by Department Functions)

Explanation:

A functional structure groups employees based on business functions (e.g., HR, finance, marketing, operations).

Key Characteristics:

Specialization within departments.

Clear lines of authority.

Efficient division of work.

Example: A manufacturing company with dedicated teams for production, sales, HR, and R&D.

Advantages of a Functional Structure

✓ Encourages specialization - Employees develop expertise.

✓ Efficient resource allocation - Reduces duplication of roles.

✓ Clear chain of command - Reduces confusion in reporting lines.

Disadvantages of a Functional Structure

Silos between departments - Poor cross-functional communication.

Slow decision-making - Requires coordination across departments.

Limited flexibility - Harder to respond quickly to market shifts.

Best for: Medium to large firms in stable industries (e.g., banks, insurance companies, government agencies).

3. Multi-Divisional Structure (M-Form)(Organized by Business Units or Divisions)

Explanation:

A multi-divisional structure consists of separate business units (divisions), each operating independently under a corporate headquarters.

Key Characteristics:

Decentralized decision-making at the divisional level.

Each division focuses on a specific product, market, or region.

Corporate HQ oversees strategic direction.

Example: Unilever operates multiple divisions for food, beauty, and household products, each with its own leadership team.

Advantages of a Multi-Divisional Structure

✓ Faster decision-making - Divisions operate autonomously.

✓ Better market responsiveness - Each unit focuses on its unique customers.

✓ Risk diversification - If one division underperforms, others can offset losses.

Disadvantages of a Multi-Divisional Structure

Higher operational costs - Each division requires management and resources.

Duplication of functions - HR, marketing, and finance teams may exist in multiple divisions.

Potential competition between divisions - Internal rivalry may slow down collaboration.

Best for: Large corporations with diverse product lines or global operations (e.g., Toyota, Amazon, PepsiCo).

4. Matrix Structure(Dual Reporting: Functional & Project-Based Teams)

Explanation:

A matrix structure combines functional and project-based management, where employees report to both functional managers and project leaders.

Key Characteristics:

Employees work on cross-functional teams while still belonging to their department.

Encourages collaboration between different business functions.

Enhances project efficiency and resource sharing.

Example: NASA and consulting firms (e.g., Deloitte, PwC) use matrix structures where engineers or consultants work on multiple projects while reporting to department heads.

Advantages of a Matrix Structure

- ✓ Encourages collaboration and knowledge sharing.
- ✓ Flexible and adaptable to projects.
- ✓ Better use of company resources - Employees work across different teams.

Disadvantages of a Matrix Structure

- Complex reporting relationships - Employees may receive conflicting instructions.
- Higher administrative costs - Requires extensive coordination.
- Slower decision-making - More meetings and discussions needed to align multiple teams.

Best for: Project-based companies, tech firms, multinational corporations (e.g., Google, IBM, Boeing).

5. Comparison of Business Structures

Factor	Simple Structure	Functional	Multi-Divisional	Matrix
Best for	Small businesses/startups	Medium-large firms	Large corporations with multiple business units	Project-based & multinational firms
Decision-making	Centralized (owner/CEO)	Hierarchical (department heads)	Decentralized (division managers)	Dual reporting (functional & project managers)
Flexibility	High (quick adjustments)	Low (rigid departmental structure)	Moderate (each division is flexible)	High (employees switch between projects)
Efficiency	High (small team, easy coordination)	High (department specialization)	Moderate (risk of duplication)	Low (complex coordination)
Scalability	Low (not suited for large growth)	Moderate (grows with company)	High (suited for large-scale operations)	Moderate (requires structured management)

Key Takeaway: The choice of business structure depends on company size, industry, and strategic objectives.

Conclusion

Each business structure offers unique benefits and challenges:

- Simple Structure - Best for small, agile businesses but lacks scalability.
- Functional Structure - Encourages efficiency and specialization but creates departmental silos.
- Multi-Divisional Structure - Ideal for large firms with diverse product lines but can be costly.
- Matrix Structure - Encourages collaboration and flexibility but is complex to manage.

Organizations must select a business structure that aligns with their strategic goals, operational needs, and industry requirements.

NEW QUESTION # 20

SIMULATION

Using Porter's 5 Forces, describe the business environment of a company of your choice

Answer:

Explanation:

Porter's Five Forces Analysis - Business Environment of Tesla

Introduction

Porter's Five Forces Model, developed by Michael Porter, is a strategic framework used to analyze the competitive environment of an industry. It evaluates five key factors that influence a company's profitability and strategic positioning.

For this analysis, we will examine Tesla Inc., a leading electric vehicle (EV) and clean energy company, to assess its business environment using Porter's Five Forces.

1. Competitive Rivalry (High)

The automotive industry is highly competitive, with established brands and new entrants challenging Tesla's market position.

- Key Factors:

Traditional automakers (Toyota, BMW, Mercedes, Ford, Volkswagen, GM) are expanding into EVs.

EV-only competitors (Rivian, Lucid, NIO, BYD, Polestar) are gaining market share.

Tesla's technology (battery innovation, autonomous driving) gives it a temporary edge, but competitors are catching up.

Example: Tesla's Supercharger network gives it an advantage, but competitors like Hyundai and Ford are forming EV charging alliances to reduce Tesla's lead.

Impact: Tesla must continue innovation and brand differentiation to maintain market leadership.

2. Threat of New Entrants (Medium)

The barriers to entry in the automotive industry are high due to capital investment, brand recognition, and regulatory requirements.

Key Factors:

High R&D costs for battery technology and autonomous driving deter new entrants.

Tesla's strong brand recognition makes it difficult for new brands to compete.

Government incentives and EV market growth encourage startups like Rivian and Lucid.

Manufacturing expertise required—many new EV companies struggle with scaling production.

Example: Apple planned to enter the EV market but faced challenges in battery sourcing and technology.

Impact: While Tesla faces some risk from new startups, its established brand, patents, and economies of scale help protect its position.

3. Bargaining Power of Suppliers (Low to Medium)

Tesla relies on specialized components and raw materials (e.g., lithium, cobalt, semiconductors) for battery production.

Key Factors:

Tesla has vertically integrated its supply chain, producing in-house batteries (Gigafactories).

Raw material suppliers (e.g., lithium mining companies) hold some bargaining power due to limited global supply.

Semiconductor shortages have impacted Tesla and the auto industry as a whole.

Tesla has long-term contracts with key suppliers, reducing dependency risks.

Example: Tesla sources batteries from Panasonic, CATL, and LG Chem, but it is developing its own battery technology (4680 cells) to reduce reliance on third parties.

Impact: Tesla's vertical integration strategy lowers supplier power, but raw material scarcity remains a challenge.

4. Bargaining Power of Buyers (Medium)

Customers have more choices in the EV market, but Tesla's brand loyalty and product differentiation give it an advantage.

Key Factors:

Consumers compare Tesla against competitors based on price, range, and features.

Tesla's strong brand and innovation (Autopilot, long-range batteries, Supercharger network) reduce customer switching.

As more automakers enter the EV market, customers gain more bargaining power.

Price-sensitive buyers may opt for lower-cost EVs from brands like BYD and Nissan.

Example: Tesla's Model 3 dominates the EV market, but new affordable EVs from Volkswagen and Hyundai give buyers alternatives.

Impact: Tesla must continuously innovate and expand its product range to retain market dominance.

5. Threat of Substitutes (Low to Medium)

Substitutes for Tesla's products include public transportation, hybrid vehicles, and alternative energy solutions.

Key Factors:

Hybrid cars remain an option for customers who are not ready for full EV adoption.

Public transportation and ride-sharing services reduce the need for personal car ownership.

Fuel cell and hydrogen-powered vehicles could emerge as alternatives in the long term.

Example: Toyota is investing in hydrogen fuel cell vehicles (Mirai), presenting an alternative to battery EVs.

Impact: While substitutes exist, Tesla's unique market positioning and growing EV adoption reduce this threat.

Conclusion

Porter's Five Forces analysis shows that Tesla operates in a highly competitive environment, facing challenges from rival EV makers, supplier dependencies, and increasing buyer power. However, its innovation, brand strength, and vertical integration strategy provide a strong competitive advantage.

To sustain growth, Tesla must:

- Continue investing in battery technology and AI-driven autonomous driving.
- Expand affordable EV options to compete with lower-cost brands.
- Strengthen supplier relationships to mitigate raw material shortages.

NEW QUESTION # 21

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