



THE TESLA MODEL Y. (CREDIT: MOTORTREND)



By [Simon Alvarez](#)

Posted on July 8, 2020

Following the release of Tesla's second quarter vehicle production and delivery report, TSLA bears were quick to point out that the electric car maker's sales dropped nearly 5% year over year. What was, of course, not mentioned by the company's critics was the fact that Tesla's 4.8% YoY decline was largely due to the pandemic, which has ravaged the auto industry as a whole. In the grand scheme of things, Tesla's nearly 5% drop was tantamount to the electric car maker shrugging off the effects of the coronavirus.

Tesla's decline in year over year sales was minuscule compared to those experienced by prominent, [experienced carmakers like GM](#), which saw a decline of 34%, and Toyota, whose sales dropped 35%. This was reflected, at least to some degree, by the rise in Tesla stock, which saw a sharp increase since the release of the company's Q2 delivery and production report. Instead of struggling amidst the outbreak of the coronavirus, Tesla actually seems to be thriving.

Raw sales figures aside, Tesla's meteoric rise seems to emphasize that in today's auto industry, innovation is king. Tesla is currently the world's largest automaker by market cap, far surpassing Toyota, and a notable part of this is due to the company behaving much like a tech company than a traditional carmaker. The auto industry, after all, does not tend to innovate fast, with companies usually moving at a snail's pace when it comes to improvements to its vehicles.

Tesla's electric vehicles, while already equipped with a healthy amount of features, are bound to get better over time, thanks to constant over the air updates. This has become even more prominent in recent years, especially following the company's decision to make basic Autopilot standard for all its vehicles save for the \$35,000 Standard Range Model 3. Such a strategy all but ensured that every Tesla owner would experience having a vehicle that improves over time.

As noted in a [Forbes](#) article by tech veteran [Enrique Dans](#), Tesla has now become the gold standard for the auto industry, which has long been used to a deliberate pace of innovation. The most notable example of this is the Tesla Model S, the electric car maker's first vehicle that it designed from the ground up. Eight years since its initial release, the Model S is still breaking records, standing as the first and only electric vehicle with an EPA range of over 400 miles.

It is pertinent to note that consumers by nature are [drawn to superior products](#). This is one of the reasons why Apple and its iPhone ultimately crushed the mobile phone titans of its time from companies like Nokia and BlackBerry. Cars are also high ticket items, which means that consumers will likely opt for vehicles that provide the most features and performance within their budget. Tesla's Model 3 and Model Y are two of these vehicles, as they offer an experience that is notably different, and perhaps even better, than those provided by similarly priced gas powered cars.

Elon Musk previously noted that it's insane to buy something else other than a Tesla. The statement then seemed like the overly optimistic proclamations of a CEO standing by the value of his company's products. Yet as demand for the Model 3 is maintained and as demand for the Model Y increases, and as the company shrugs off what could very well be the worst pandemic in decades, it is starting to appear like Elon Musk may not be exaggerating at all.



NEWS

Tesla takes 23% of China's overall EV market in June; Model 3 sales rise 35%



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(CREDIT: @DKURAC/TWITTER)

It appears that the Tesla Model 3 is headed for new heights in China, with the all-electric sedan selling approximately 14,954 units in June, a 35% increase compared to the previous month. This is quite impressive, considering that Made in China Model 3 sales already saw a 150% spike back in May.

As shared recently by web media researcher [@DKurac](#), China's overall EV sales for June 2020 stood at around 67,000 vehicles. Among this number, and thanks to the rising sales of the Model 3 produced in Gigafactory Shanghai, Tesla ended the month commanding 23% of China's overall electric vehicle sales.

#China passenger #NEV Jun wholesale at 85.6K, -34.9% YoY, +20.1% MoM.#EV: 67K, -40% YoY.#PHEV: 17.7K, -11% YoY.#HEV: 30K, +50% YoY.
Tesla held 23% of EV market. pic.twitter.com/wio8fd2QJ7

— Moneyball (@DKurac) [July 8, 2020](#)

The ramp of Tesla's locally produced Model 3 has gotten quite steady over the past couple of months in China. Since dropping in April, Tesla Model 3 sales recovered as government incentives rolled out in May, and as the company launched more variants of the vehicle like the Long Range RWD. Considering the company's sales numbers in June, it appears that the Model 3 is starting to hit its stride among China's car buyers.

Ultimately, the Tesla Model 3's June sales bode well for the all-electric sedan and its place among China's roster of best-selling electric vehicles. After all, the Tesla Model 3 was dubbed as China's best-selling EV in May, and that was a month when the American electric car maker only **sold 11,095 units** of the all-electric sedan.

Tesla MIC Model 3 Jun sales at 14954, +35% MoM. (CPCA via FX168) pic.twitter.com/f7FLEwDO8x

— Moneyball (@DKurac) [July 8, 2020](#)

While Model 3 sales are already seeing a relatively steady rise in China, Tesla's overall presence in the country is poised to see a massive ramp within the coming year. This is due to the current expansion of Gigafactory Shanghai, which would allow the electric car maker to start producing the Model Y — a rather reasonably priced crossover — for the Chinese market. Considering that crossovers are prolific in China, there is a good chance that the Model Y could attract far more buyers than the Model 3.

The current pace of Gigafactory Shanghai's expansion suggests that the Model Y factory's shell is now being outfitted with production equipment. If Tesla and its construction partners maintain their current pace, it would not be surprising if [Model Y trial production runs](#) could begin later this year. This is quite in line with the pace of the Made in China Model 3's rollout, which saw trial production units rolling off the line in early Q4 2019 and customer deliveries starting in Q1 2020.

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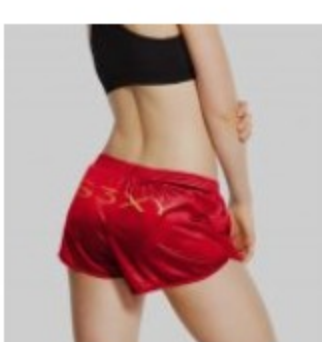
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