

Appraiser Blog

# Tesla Faces Challenges as U.S. EV Market Share Declines



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The electric vehicle (EV) landscape in the United States is evolving rapidly, with numerous competitors entering the fray. While Tesla remains a major player, recent sales data suggests that its once-dominant market share is facing challenges. According to Automotive News, Tesla's market share in EV sales has fallen by seven percentage points in the past year, dropping to 58 percent.

Two of its key models, the Model S and Model X, have witnessed substantial declines in registrations, with the former dropping by 51 percent and the latter by 18 percent. In contrast, the Model 3 saw a 19 percent increase in registrations, and the Model Y surged by an impressive 95 percent.



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Tesla does not disclose sales data by individual country, making registrations a useful proxy for assessing growth. Although the Model 3 and Model Y lead in registrations, the company now faces a growing number of competitors that are steadily chipping away at its market share. Notably, the reasonably priced Chevy Bolt EUV ranks third, while the rest of the list includes the VW ID.4, Ford Mustang Mach-E, Hyundai Ioniq 5, Chevy Bolt EV, BMW i4, and Rivian R1S.

### **Despite Aggressive Price Cuts, Tesla's Market Dominance Slips**

To maintain its market position, Tesla has implemented price cuts, particularly for the Model 3 and Model Y. However, these efforts have not been sufficient to counter the growing competition, as the Model S and Model X remain relatively expensive and ineligible for federal tax credits.

One notable aspect of Tesla's approach is its lack of a public relations office and its unconventional marketing strategy. Some analysts have questioned whether price cuts are the right tactic, suggesting that Tesla should shift its focus toward marketing and outreach efforts to educate mainstream car buyers about the benefits of their vehicles.

Gary Black, Managing Partner of The Future Fund, has argued that customers have become desensitized to Tesla's price cuts. He believes that the era of early adopters is over and that Tesla should concentrate on raising awareness and providing education about its offerings. The company's robust charging network and its vehicles' technology and range often outshine competitors, reinforcing the argument that Tesla's products should speak for themselves while the company works on building greater awareness.

Tesla's market share has further dwindled, falling to 50% in the third quarter, its lowest recorded level. In contrast, overall U.S. sales of battery electric vehicles reached a record 313,000 in the same quarter, reflecting a 50% increase from the previous year. New competitors, including EV startups and traditional automakers like Hyundai, BMW, and Mercedes, have gained market share at Tesla's expense. Rivian Automotive, a nascent EV manufacturer, achieved a 5% market share in the third quarter, becoming the fifth-largest EV seller in the U.S., trailing behind Tesla, Ford, Hyundai, and Chevrolet.

## Tough Competition

Legacy automakers that have entered the EV market, such as Hyundai and BMW, have seen remarkable growth in market share. Electric vehicle sales accounted for 7.9% of total U.S. auto industry sales in the third quarter, up from 6.1% the previous year. The EV market is set to double the number of products available to consumers by 2027, further intensifying competition.

With established automakers aggressively expanding their EV portfolios, Tesla may have to relinquish some market share to its rivals. Kia, for instance, recently introduced four dedicated EVs priced to compete with Tesla's vehicles. Chinese brands like BYD, Zeekr, and Lucid are gaining traction by offering appealing packages at competitive prices. Even Tesla's highly anticipated Cybertruck could face formidable competition.

While Tesla's rivals are making impressive percentage gains, it's important to note that the company still maintains a considerable lead in terms of sales volume. In the third quarter, Tesla delivered 435,059 vehicles and has set a target of reaching 1.8 million vehicles by the end of the year. Rivals, such as Kia, have ambitious targets but are yet to match Tesla's sales figures.

For more insights on the EV market, check out this article: [Software Defect Leads Nissan to Recall Thousands of Ariya EVs](#)