

Tesla Raises Prices in Multiple Markets



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Several Tesla markets, including Japan, China, Canada, and the United States, have increased prices for their vehicles. At the beginning of the year, Tesla had slashed the prices of its top-selling vehicles. This was the first time Tesla had simultaneously raised prices for both of its top-selling models.

The price changes were reflected on the company's website, with the starting price point of the base model Model Y and Model 3 in the US being raised by \$250. Prices also changed by about the same amount in China, Canada, and Japan.

As opposed to the traditional auto industry model of fixed prices, Tesla has switched to a real-time pricing model similar to airlines and ride-sharing companies. Tesla's CEO Elon Musk has declared that the company is putting sales growth ahead of

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margins, and is willing to sacrifice margins for sales volume. To match deliveries with output, Tesla is also looking to move prices higher.

Analysts say Tesla's price changes reflect its dynamic pricing strategy and are unlikely to reverse the significant price cuts that sent gross margins to a two-year low.

Model 3 and Model Y vehicles are being priced differently in different regions by Tesla. In Canada, performance versions of the Model 3 and Model Y saw a \$300 (\$222) price increase, while in Japan, the entry-level Model 3 received a 37,000 yen (\$269) price increase. Tesla increased the price of its variants in China by 2,000 yuan (\$289).

Tesla's move to increase prices across multiple markets coincides with intensifying competition in the global market for electric vehicles. In response to the competition, Tesla began cutting prices in China last year, which sparked a price war in the world's biggest market, where it competes with local electric car manufacturers like BYD Co Ltd.

Overall, the recent price hikes by Tesla are in line with the company's dynamic pricing strategy. While the move may reflect a desire to increase sales volume, it is unlikely to undo the significant price cuts made earlier this year. With increasing competition in the global market for electric vehicles, it remains to be seen how these price changes will affect Tesla's market share.