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How Tesla and Ford Discounts Sparked a Surge in EV Sales



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Tesla Model 3

The automotive industry is currently experiencing a remarkable metamorphosis, driven by the soaring demand for electric vehicles (EVs) in the United States. Recent findings and analysis from consultancy Atlas Public Policy unveil a staggering milestone of 4 million EV units sold in the US by the end of June. This extraordinary growth can be attributed to a convergence of influential factors, including substantial price reductions implemented by key players like Tesla and Ford, generous tax credits of up to \$7,500 extended to consumers, and the significant expansion of manufacturing capacities throughout the industry. This collective wave of change is reshaping the automotive landscape and propelling the EV revolution to new heights.

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A Growing Market

Nick Nigro, the ingenious mind behind Atlas Public Policy, asserts that the realm of electric vehicles (EVs) is undergoing an exhilarating expansion, luring in an ever-increasing number of consumers who once embraced traditional combustion engines. Noteworthy is the fact that this surge in interest transcends the accomplishments of Tesla alone, as the entire industry witnesses a remarkable upswing in sales.

This flourishing state of affairs serves as a testament to the robust and thriving market that electric vehicles have firmly established for themselves. The wheels of transformation are turning, propelling the EV sector into uncharted territories of growth and innovation.

Accelerated Growth

The journey to the 4 million mark has been remarkable, reflecting the escalating pace of EV adoption. It took nearly eight years to sell the first 1 million battery-powered vehicles in the US, while the second and third million milestones were achieved in approximately 32 months and 15 months, respectively. Astonishingly, the industry reached the 4 millionth sale in just 10 months, highlighting the accelerating pace of EV adoption.

Key Players and Strong Sales

Taking the forefront, General Motors, Tesla, Rivian, and BYD have emerged as formidable players with robust sales and successful deliveries throughout the second quarter. Tesla's dominance in the market is undeniable, capturing an impressive 61% share of EV sales, while General Motors follows suit with a commendable market share of just over 4%. Ford, although experiencing a slight 2% decline in EV sales during the second quarter compared to the previous year, showcased an encouraging 12% overall increase in sales for the first half of the year when compared to 2022. These numbers signify a promising growth trajectory within the industry, emphasizing the dynamic nature and potential of the electric vehicle market.

The Path to Mainstream Adoption

Despite the remarkable sales figures, electrified vehicles still remain primarily in the hands of early adopters, constituting less than 10% of new vehicle sales. The perception of EVs as mainstream is only prevalent in certain pockets of the US market, such as California, where nearly a quarter of new vehicle sales in the first quarter were electric. However, as EVs become more prevalent on the roads and as people become familiar with them, the comfort and acceptance among the general population are likely to grow.

Challenges and Industry Response

As the sales surge paints a promising picture, contrasting voices within the automotive industry emerge, advocating for a more measured transition to electric vehicles. The Alliance for Automotive Innovation, a trade group representing major carmakers, raises concerns about the proposed stringent emissions standards in April, advocating for a pragmatic and gradual approach to EV adoption.

However, the upward trajectory of sales will inevitably cultivate a broader community of EV owners, nurturing familiarity and acceptance among the general populace. These diverging perspectives highlight the dynamic landscape of the industry and the shifting attitudes surrounding the embrace of electric mobility.

Production Improvements and Charging Infrastructure

The surge in EV sales is not solely a result of increased demand, but also a direct outcome of the successful resolution of supply chain challenges faced by manufacturers. As these hurdles have been gradually alleviated, manufacturers now enjoy improved access to vital components, thereby facilitating increased production capacity. Moreover, emerging players such as Rivian have overcome their initial production obstacles, leading to enhanced output and availability.

Additionally, Tesla's recent announcement to unlock its Supercharger network for vehicles manufactured by Ford, GM, and Rivian directly addresses a long-standing concern among US drivers regarding the accessibility of charging infrastructure. These

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advancements collectively contribute to a more seamless and convenient EV ownership experience.

Price Reductions and Tax Credits

The surge in EV sales owes much to the generous discounts offered by industry leaders Tesla and Ford. Tesla, in particular, achieved remarkable delivery milestones by implementing significant price reductions earlier this year, prompting Ford to recalibrate the pricing of its Mustang Mach-E to stay competitive. Furthermore, the introduction of tax credits, championed by President Joe Biden under the Inflation Reduction Act, has provided an additional boost to sales. Although the exact impact of these credits remains uncertain, the irresistible allure of "free money" undoubtedly captures the attention and interest of consumers, serving as a powerful catalyst for the growing demand for electric vehicles.

The rising tide of EV sales in the US signifies a remarkable shift towards cleaner and greener transportation. Driven by price reductions, tax credits, and improved manufacturing capacities, electric vehicles are becoming increasingly accessible and appealing to a growing number of consumers. As the industry continues to innovate and overcome challenges, the day when electric vehicles become mainstream nationwide draws ever closer. With more EVs hitting the road, public acceptance will grow, propelling us toward a sustainable and electrified future.