Tesla’s response to cratering sales? A deals blitz

With its sales in the crapper, Tesla is resorting to a slate of deals and incentives to get reinvigorate flagging customer interest in its lineup of electric vehicles. In recent days, the automaker has rolled out a series of discounts and financing incentives on all of its models, as it seeks to capitalize on what is likely to be its last best chance at a successful sales quarter.

It’s an understandable move, given how much of a drag this year has been for Tesla. The company recently reported a 14 percent drop in second quarter sales year over year. Tesla’s sales in Europe have been in a serious slump with five straight consecutive months of decline. And in China, where the company is facing its fiercest competition from brands like BYD and Zeekr, second quarter sales were down 12 percent year over year – though there were some hints of a possible comeback in recent weeks.

In the US, Tesla’s response is the pull out all the stops. To start, every Tesla vehicle is eligible for the $7,500 federal EV tax credit until September 30th, when the incentive sunsets thanks to President Trump’s budget bill. On top of that, Tesla is also offering one free month of Full Self-Driving (Supervised) driver assist feature, as well as a free trial of its Premium Connectivity package (one month for Model 3 and Y, and one year for Model S, X, and Cybertruck). And there’s also a $1,000 discount for “American heroes” like members of the military, teachers, and first responders.

Moreover, all models except the Cybertruck are eligible for a free upgrade for a limited time. And the Model 3 and Cybertruck come with 0 percent APR financing with a purchase

of the FSD package. And the Model 3 also comes with 18 months of free Supercharging for cash purchases. Meanwhile, Model Y buyers with “excellent credit” and a 15 percent down payment can get 3.49 percent APR financing, down from 5.54 percent. Cybertruck buyers of a similar status can also get 0 percent APR, as well as a free 20-inch “Cyber wheel” upgrade, which typically have a $3,500 value.

And for anyone interested in the company’s practically ancient Model S or X (though they did just get a mild refresh), Tesla is offering a free upgrade when you purchase the FSD feature.

The third quarter is likely going to be a high water mark for Tesla, giving the expiring federal incentives and an expectation that EV prices will be going up across the board. Tesla has tried to juice sales by refreshing its models with new designs and a mild tech upgrade, but Elon Musk’s polarizing persona has made it increasingly difficult for the company to climb out of its rut. And the newest model, the Cybertruck, is just a sales dud and arguably one of the biggest automotive flop in decades — no one wants it.

Of course, Tesla could reverse its fortunes with the release of a new, more affordable EV — not just a cheaper Model 3 or Y. The company has been promising a cheaper model for years now, though Musk has said he’s more interested in pushing robotaxis and humanoid robots than spending resources on a budget EV. The CEO recently teased an “epic demo” of a new Tesla project by the end of the year.

The company is expected to report another steep drop in profits in its Q2 earnings on Wednesday, July 23rd.

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