

AUTOMOTIVE

How will Model 3 cancellations affect Tesla?

August 7, 2017



Tesla's Model 3 was heavily awaited but now consumers are canceling their orders. Image credit: Tesla

By BRIELLE JAEKEL

U.S. electric auto brand Tesla is seeing fallout from its significantly long production wait times, with more than 60,000 cancellations for its latest model.

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During an earnings call Aug. 2, the company's CEO, Elon Musk, announced the cancellations, but claimed consumers back-outs are a relief to the company since production is so overloaded. These cancellations show just how long Tesla's excessive wait times have become, as originally fans were sleeping on the street in hopes to be able to order a Model 3 right away.

Cancellations and orders

Tesla's earnings call on Aug. 2 revealed that tens of thousands of customers were canceling their orders for upcoming Model 3 vehicles due to excessive wait times.

While that seems detrimental to most, Tesla's CEO is claiming that the cancellations are more of a relief than a burden.

Mr. Musk became candid with the public saying, "It's like if you're a restaurant and you're serving hamburgers, and there's like an hour-and-a-half wait for hamburgers do you really want to encourage more people to order more hamburgers?"

Making a Model 3 pic.twitter.com/NxSKzbhfqd

Tesla (@TeslaMotors) [July 29, 2017](#)

The Model 3 is the first moderately priced vehicle to come from Tesla, and is alluding to a chance for the automaker to become rivals with some of the biggest mass producers.

When reservations first opened for Tesla's Model 3 in March of last year, prospective owners lined up outside of the

automaker's stores to be the first to own the anticipated vehicle.

Tesla made note that the Model 3 would not go into production for almost two years when first going on sale, but that did not stop fans from camping out in line to guarantee their spot in the queue. With much speculation about Tesla's entry-level electric vehicle, the automaker created a rush to its stores typically only seen during Apple product launches ([see more](#)).

However, with these substantial cancellations it shows that consumers are getting impatient for the new car. While Mr. Musk claims this is a relief for the company, it alludes to a very disgruntled fan base and the company could be losing its most-loyal customers.

The order numbers have fallen significantly, but the company still has more than 455,000 vehicles reserved, with 1,800 new orders placed everyday since July 28.

Watch a Tesla Model 3 vs. Volvo S60 side-pole impact test pic.twitter.com/dXBQkstrdo

Tesla (@TeslaMotors) [July 29, 2017](#)

In the first week of August, Tesla employees were given the first round of the Model 3 vehicles.

Tesla branching out

While auto manufacturing has started the beginning of the company and has given Tesla its name, the company is branching out with its goal of sustainability.

After dropping "Motors" from its name recently, Tesla looked to solve a serious infrastructure problem in South Australia while simultaneously expanding its sustainability practices.

Last September, Australia sustained major damage to its electricity infrastructure and a massive blackout from a 50-year storm, followed by a heat wave that continued the blackouts. Tesla is providing a 100 MW/129 MWh Powerpack system that, coupled with Neoen's Hornsdale Wind Farm, will provide a sustainable source of energy for South Australia ([see more](#)).

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