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Tesla woes may boost its rivals

BY IAN THIBODEAU (excerpt)

Tesla Inc.'s Model 3 production woes could be a boon for other automakers.

When customers realize they might have to wait longer than expected to take delivery of their all-electric Model 3 sports sedan, some of the half-million people who have already put \$1,000 deposits on the new Tesla might instead begin to look at similar offerings, analysts said.

At the top of that list: General Motors Co.'s all-electric Chevrolet Bolt — a Michigan-built car with a similar sticker price in the mid-\$30,000 range and a similar cruising range of more than 220 miles on a single charge— that's already in showrooms. ...

...“We are deep in production hell,” Musk tweeted Friday in explaining the delays. ...

...GM and Ford Motor Co. both announced in early October plans to increase the number of electric vehicles in their line-ups over the next several years. Fiat Chrysler Automobiles NV has said it will electrify more vehicles, and Nissan Motor Co., BMW AG and others have electric vehicles launching or currently in their lineups. Those companies stand to capitalize if Musk fails to deliver on his promises.

“Other analysts and investors just don't realize how many electric vehicles are in the pipeline that Tesla is going to have to compete with,” said David Kudla, CEO and chief investment strategist of Mainstay Capital Management LLC in Grand Blanc. “These other auto manufacturers aren't dumb. If demand is there, they'll come with the products to challenge Tesla and meet it.”...

...In comparison, the 2017 Chevy Bolt starts at \$36,620 before a federal income tax credit and has a 238-mile range. It accelerated from 0-60 mph in 6.5

seconds in Car and Driver testing. ...

...Other automakers like Ford have plug-in hybrid vehicles currently on sale, though they are not considered direct competitors with Tesla's battery-only vehicles. Ford also sells a Focus Electric, though it is not a big seller and the company does not break out sales figures. ...

...Tesla could bring people in to see the Model 3 production line if everything really is running OK, Kudla suggested. Traditional automakers still have an advantage over Tesla, even if the Silicon Valley automaker is favored as the hot new offering on the stock market: Those companies can make an internal combustion engine.

Both Ford and GM have said they don't know where the automotive industry is heading, but the companies are hedging bets on electrification and autonomy with continued investment on trucks and SUVs with combustion engines. They'll compete with Tesla in electrification eventually, but if consumer demand for electric vehicles doesn't grow, the Detroit Three know they make a good combustion engine they can sell.

Not so with Tesla, Kudla said. ...

...The company will be under greater scrutiny moving forward, Kudla said. The missed goals will raise questions about Tesla's ability to function as a manufacturing company, and not just be dismissed as another Elon Musk story.

“I've said I don't think he'll meet it,” Kudla said. “I don't think he will.”