

# Tesla's tech-like strategy overcomes crippling auto chip shortage, brings in higher-than-expected Q3 sales

Article

**The news:** Tesla sold 241,300 cars in Q3—the most it has ever sold in a quarter— bucking the auto industry trend of plummeting sales due to the compounded chip shortage, [per](#) The Verge.

**Why it's worth watching:** Tesla sold 102,000 more vehicles than it did during the same quarter last year. For context, Tesla sold a total of 367,500 in all of 2019. Tesla also managed to push out more vehicles despite an industry wide downturn that led to huge drops in sales this year.

GM, the largest automaker in the US, [said](#) it only sold 446,997 vehicles in Q3, a 33% drop from the same period last year. Toyota, the second largest, [cut](#) its production by 40% due to the shortage and the surge in COVID-19 cases.

- Tesla has managed to coast through the chip shortage by sourcing different semiconductor sources, as well as [rewriting its own software](#) to support alternative chips. It also owns its own battery technology and charging infrastructure.
- Tesla has expanded its factory in Austin, Texas and is finalizing approvals to start operating its plant in Berlin, which could increase production.
- Aside from its US sales, Tesla is seeing strong sales in China as well as in Europe— two regions with emerging EV industries.

**What's next?** Reacting to the chip shortage like a savvy tech startup instead of a manufacturing behemoth has allowed Tesla to avoid its crushing effects and to innovate on the fly. The company delayed some products—namely, the Cybertruck and second-generation Roadster—but has maintained production of its more mainstream models which are in higher demand in more regions.

**What's the catch?** While Tesla continues to ride high despite the uncertainties of the chip and component shortage, its window of opportunity to lead the EV segment could be shrinking as competition comes online. China, the largest EV market in the world, is [consolidating](#) various manufacturers, while the majority of automakers globally are pivoting to EVs to meet [ambitious adoption](#) targets.

## Electric Light Vehicle Sales Worldwide, by Country, Q1 2020

thousands

China	133.1
Denmark	4.2
Finland	4.7
France	40.0
Germany	52.8
Hong Kong	1.4
Iceland	1.4
Italy	8.5
Netherlands	12.2
Norway	23.3
Portugal	4.8
South Korea	11.5
Sweden	18.6
Switzerland	5.5
UK	33.6
US	59.1

Source: EV-volumes and IHS Markit, "Light Vehicle Sales Forecast: May 2020" as cited in McKinsey & Company blog, July 17, 2020

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