

## Tesla Launches Its \$35,000 Model 3, and Some Customers Are Unnerved

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Tesla initially launched its Model 3 in 2018, with an original price tag of \$45,000. Although Tesla experienced several production delays, the Model 3 became the [best-selling luxury vehicle of 2018](#). The automaker's primary aim for the Model 3, however, was to open up its sleek doors to a wider consumer audience as Tesla's [first-ever mass-market vehicle](#).

Tesla's Model 3 experienced much success in 2018, but by the end of February 2019, it reopened those sleek doors to a Model 3 at a [reduced price tag of \\$35,000](#). Elon Musk, Tesla's CEO, stated on social media that to continue selling the Model 3 at the reduced price point the company will have to make several changes. One surprisingly new change is to shift sales to online only. Tesla will also be changing its return policy and allow customers to get a full refund within 7 days or 1,000 miles. The change to online shopping unfortunately will lead the company to [close stores and lay off workers](#). In January alone, Tesla announced it would lay off 7% of its full-time employees.

The loss of these workers comes as a disappointing symptom of maintaining financial sustainability to produce the lower-priced car. The [recent backlash](#), however, comes from customers who purchased the Model 3 at the original price point of \$45,000. Customers buying the Model 3 car now will be paying substantially less than buyers before January, even after considering the reduction in Tesla consumer's Federal subsidy for electric vehicles. The reduced cost affects original Model 3 owners primarily by substantially reducing their car's resale value. During the backlash from upset customers posting on social media sites, Musk announced reduced cost upgrades for original Model 3 customers. Upgrades available for the lower cost upgrade include the Autopilot and the Full Self-Driving capabilities.

I understand being upset with the possibility of lower resell value. It is very likely that many people who purchased the Model 3 did so as a trend in hope of later reselling it and purchasing the next trend. After all, how many people that can afford a Tesla and likely also purchase iPhones maintain a generation old iPhone? My guess is not many. Consumers with substantial purchasing power shop through trends. My concern, however, is for workers and how Tesla's changes indicate a way in which innovation may be harming American workers. Online shopping is convenient, but its effects on the availability of retail employment are arguably more detrimental than its convenience is worth. Tesla plans to close stores and continue to dismiss more workers to maintain the low cost of the Model 3. The company does not plan to replace the lost jobs. The changes may be a benefit to Tesla customers, many who can afford to shop through trends, but is of no benefit to the average American, many of which need employment.

