

Tesla adding service centers as Model 3 goes on sale

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This image provided by Tesla Motors shows the Tesla Model 3 sedan. Electric automaker Tesla has produced its first Model 3 sedan, a highly anticipated car because it carries a relatively low sticker price. On Saturday, July 8, 2017, CEO Elon Musk tweeted pictures of the car, which will cost \$35,000 and can travel 215 miles on a single electric charge. A \$7,500 federal tax credit for electric vehicles would lower the cost to \$27,500. (Courtesy of Tesla Motors via AP)

Electric car maker Tesla is expanding its service operations and hiring more than 1,000 technicians to meet expected demand for its new Model

3 sedan.

The Model 3, cheaper than Tesla's existing cars, goes on sale this month and is expected to attract hundreds of thousands of new customers to the brand.

To accommodate them, the company is adding 100 new service centers worldwide over the next year, bringing its total number of service centers to 250. The new service centers will be in areas that have the most reservation-holders for the Model 3.

Tesla also is adding 350 vans to its mobile service fleet, mostly in the U.S. The vans go to owners' homes or offices and repair their cars. The vans are equipped with tools and replacement parts as well as an espresso machine, snacks and kids' toys.

Until now, Tesla had around 30 mobile repair vans, which were used mostly in cases where the owner lived too far from a service center. About six months ago, the company began deploying the vans in the San Francisco area in order to ease the burden on its service centers and see if they could help meet anticipated demand for the Model 3. Customers were happy with the new arrangement, so the company decided to roll out mobile service in more locations.

Tesla is hiring 1,400 new service technicians this year to staff the service centers and mobile repair vans

At a starting price of \$35,000, the Model 3 is about half the cost of Tesla's two other models. Tesla hasn't said how many people hold refundable, \$1,000 reservations for the car. It has said it expects to make 500,000 vehicles in 2018, up from 84,000 last year.

Like its stores, which are owned by the company and not by franchised

dealers, Tesla's service model is unusual. Tesla CEO Elon Musk said several years ago that unlike traditional dealerships, Tesla didn't intend to make a profit on service and repairs, partly because electric cars don't need regular oil changes or other maintenance that gasoline-powered cars do. U.S. dealers made \$110 billion in service and parts sales last year, according to the National Automobile Dealers Association.

Tesla said it's charging the same amount for non-warranty repairs whether they're done at service centers or through mobile vans. It hasn't released details on the warranty plan for the Model 3, so it's not yet clear if it will match Tesla's other vehicles. The Model S and Model X have a four-year, 50,000-mile vehicle warranty and an eight-year battery warranty with unlimited miles.

While other luxury brands like Lincoln and Genesis will pick up vehicles from customers and take them to a service center, Tesla doesn't want cars to go to a service center if repairs can be done remotely. The company says 80 percent of repairs to its cars, including replacing the tires or fixing electronic glitches, can be done without a lift, which means it's just as easy to perform them out of a mobile repair van. That leaves service centers free to concentrate on more complicated repairs that require a lift, like motor or battery problems.

The system isn't perfect. In online owner forums, some Tesla drivers have complained of long waits for service and inability to use trusted local repair shops because they aren't certified by Tesla. Tesla certifies some repair shops to do body work when the outside of the car is damaged, but shops have to go through special training to get certified.

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