2025

Market Prediction for Tesla

CAPSTONE PROJECT

PRAMITA ADITYA

As advancements in technology accelerate, the concept of self-driving cars is shifting from science fiction to reality. The idea of reclaiming commute time—making phone calls, enjoying leisure, or working—highlights the lifestyle benefits of autonomous vehicles. While there are still policy and safety challenges to address, the promise of improved road safety and a better quality of life is driving their development.

Tesla, founded in 2003, began with a bold mission: to prove that electric vehicles could outperform gasoline-powered cars without compromise. It introduced the Roadster in 2008 and has since led the EV space with high-performance vehicles and scalable clean energy solutions. Tesla continues to push boundaries by integrating autonomous driving technologies with its sustainability vision.

In the U.S., demand is rising for autonomous and semi-autonomous vehicles, especially those at Levels 3 and 4, where cars can manage most or all driving tasks independently. These vehicles are already being tested in several states, though with limited scope. Given rising consumer expectations for convenience and safety, this market is poised for rapid expansion.

Looking ahead, the U.S. population is projected to reach 340 million by 2025, with a growing gig economy and transportation workforce potentially disrupted by automation. Tesla aims to tap into this shift by estimating and capturing a significant share of the driverless vehicle market.

Problem Statement:

The goal is to determine:

- How many consumers in the U.S. are likely to purchase a driverless car by 2025.
- The estimated revenue potential of this segment.

The analysis will exclude commercial use cases and focus solely on individual consumer adoption. The timeline assumes that R&D and government regulations for driverless vehicles will be in place by the end of 2023.

Step 1: Key Data Points & Assumptions

Data Point	Value / Observation
U.S. Population (2025)	~**340 million** (U.S. Census Bureau)
Forecasted new-vehicle sales in U.S. in 2025	~ **15.6** million units according to Cox Automotive. (PR Newswire)
Average selling/transaction price for a new car	Around **US$44,800** based on recent J.D. Power data. (J.D. Power)
Adoption curve assumption for driverless cars by 2025 (consumer use only)	We assume driverless cars are just entering the early adopter phase — not mainstream yet. So, adoption of **new car buyers** in 2025 might be between **3%–7%**, with a base-case around **5%**.
Premium for driverless capability over "normal new car"	We assume that a driverless-capable car will cost more (due to sensors, autonomy hardware/software, etc.). Let's assume a **20% premium** over average new car price.

** In this project, 15.6M has been considered as new vehicle sales as a base, aligning with 2023 trends. While sales may fluctuate due to economic or tech shifts, this figure provides a conservative and realistic anchor for estimating early driverless car adoption. U.S. new vehicle sales have hovered between 14–17 million per year for the last 10+ years — even with economic cycles, COVID, etc. Post-COVID and chip shortage, the auto market rebounded in 2023 to ~15.6M sales. Analysts expect modest growth or plateau into 2025.

Step 2: Estimating Number of Driverless Cars Sold in 2025

Using new-vehicle sales × adoption rate:

Scenario	Adoption Rate	Estimated Units Sold
Low Case	3%	15.6M × 3% = **468,000**
Base Case	**5%**	15.6M × 5% = **780,000**
High Case	7%	15.6M × 7% = **1,092,000**

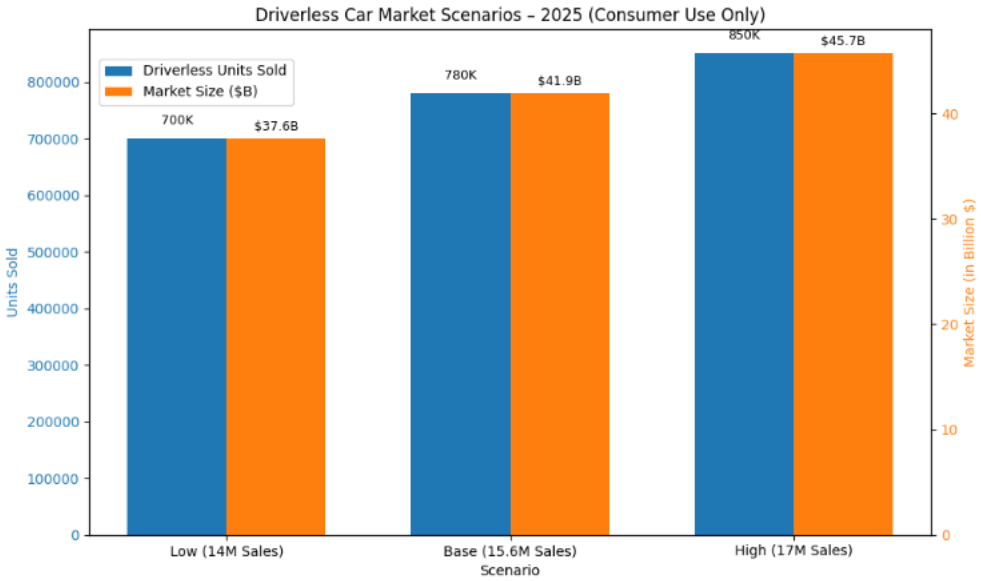
Step 3: Estimating Revenue / Market Size ($)

Using number of units × average price with premium:

Scenario	Adoption Rate	Estimated Units Sold	Estimated Revenue
Low Case	3%	15.6M × 3% = **468,000**	468K × $53,760 = **~$25.2 billion**
Base Case	**5%**	15.6M × 5% = **780,000**	780K × $53,760 = **~$41.9 billion**
High Case	7%	15.6M × 7% = **1,092,000**	1.092M × $53,760 = **~$58.7 billion**

Step 4: Sensitivity / Risks & Adjustments

- If the premium is higher (say 30% instead of 20%), revenue goes up.
- If adoption is slower (only 2–3%), revenue much lower.
- Regulatory delays, consumer trust, cost of autonomy hardware, insurance costs, safety incidents could slow adoption.
- Also cost sensitivity: some consumers may pay less premium or accept partial autonomous features rather than full driverless.



Conclusion

In the base case, **Tesla's target market for consumer driverless vehicles in 2025** could reach **~780,000 units**, with an estimated **market size of $41.9 billion** in the United States alone.