

Tesla's Unreliability: Instead of Correcting Issues, Focus Shifts to New Model 3

By Matt Kempf, J.D. Candidate 2017 | November 2, 2015

After Consumer Reports released its annual survey of vehicle reliability on October 20, Tesla Motors Inc.'s stock prices took a significant hit, [dropping](#) 6.6 percent that day, and have continued to fluctuate since.

Tesla is no stranger to this type of fluctuation nor to the impacts of publicity. In fact, in May 2013, after Consumer Reports gave the Model S the best [review](#) of any car in the magazine's history, stock prices soared over 40 percent within days. In October of that same year, when reports of two Tesla vehicle [fires](#) became public, stock prices dropped by 10 percent within two days, and when a third fire was reported in November of that year, prices again plummeted. Despite the fluctuations, Tesla has responded with spectacular customer service, innovation, introductions of its vehicles in new markets, and a showing of strong growth.

Tesla Motors Chairman and CEO Elon Musk doesn't seem overly concerned about remedying the defects exposed by the recent survey, emphasizing that the survey included mainly early production cars, and that the issues had [already been addressed](#) in newer year models. Instead, Musk diverts attention to the high owner satisfaction numbers reported in the same survey's press release, showing 97 percent of owners expecting their next car to be a Tesla.

According to Tesla's chief technology officer [JB Straubel](#), the company has shifted its focus to the upcoming Model 3, with most of the company's employees working solely on "designing and inventing all the technologies going into the Model 3." However, given the Model S's stellar performance rating and the company's outstanding warranty and customer service, the occasional repair inconvenience may not be a major [concern](#) for consumers.

Pre-orders for the Model 3 will open in March 2016, when the design for the \$35,000 electric car will be unveiled, Musk announced on [Twitter](#). It is unclear how this new release will affect share prices. However, given Tesla's excellent record and the ever increasing public excitement about, and commitment to, sustainable energy, the Model 3 is bound to be another milestone for Tesla, and the negative Consumer Reports survey should be but a distant memory.