Is Tesla cooked?

Tesla stock plunged 15 percent on Monday, its steepest drop in five years. The price is down over 50 percent since its December highs. Tesla owners, disgusted with Elon Musk's slash-and-burn tactics for the Trump administration, are selling their vehicles at a big loss. And Tesla showrooms across the country are becoming magnets for large crowds of protesters who want to see the company fail spectacularly.

But at least Musk can still count on one guy to have his back.

"I'm going to buy a brand new Tesla tomorrow morning as a show of confidence and support for Elon Musk, a truly great American," President Donald Trump wrote on Truth Social on Monday. "Why should he be punished for putting his tremendous skills to work in order to help MAKE AMERICA GREAT AGAIN???"

But it will probably take more than a Cybertruck in the presidential motorcade to make Tesla great again. It will take an actual commitment to more affordable electric vehicles. It will take a more serious and safer approach to driverless cars. And it may take a change of leadership to get the company back on track. Let's run down the company's problems.

Sales slump

Trump's election last year sent Tesla's stock price soaring, as investors rewarded Musk for making the right political bet. It hit a record high of $488 in mid-December; by early March, it had sunk to roughly $226.

The wipeout erased over $800 billion in market value, Tesla's steepest drop in years. Musk's own net worth took an over $100

billion hit. (But don’t worry: he’s still the richest man in the world.)

What happened? Setting Musk’s Department of Government Efficiency (DOGE) side quest and the resulting protests aside for a moment, the simplest explanation is that Tesla’s sales suck. The company produced 4 percent fewer cars in 2024 than it did the previous year. And its deliveries were essentially flat. Tesla earnings came in light, even with a Bitcoin boost.

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In California, Tesla’s biggest market in the US, its sales dropped almost 8 percent in the fourth quarter of 2024 and 12 percent for the year. Coastal elites’ love affair with the brand has soured.

And it’s not just in the US. In February, Tesla’s sales were down 10 percent in Spain, 42 percent in Sweden, 45 percent in France, 48 percent in Norway and Denmark, 53 percent in Portugal, 55 percent in Italy, and a whopping 76 percent in Germany. Musk’s endorsement may have helped Germany’s far-right Alternative for Germany (AfD) party place second in the recent election, but it doesn’t seem to have improved his company’s flagging sales in Europe – down 45 percent in January year over year.

In China, the world’s largest car market, Tesla is on a sustained losing streak. The company has been backsliding for the past five consecutive months on a year-on-year basis, according to data from the country’s Passenger Car Association. Some of this is likely related to a temporary factory suspension to accommodate the new Model Y Juniper assembly line, but rising competition from domestic automakers like BYD is putting increased pressure on Tesla.

And unlike BYD, Tesla doesn’t sell any hybrid or gas-powered vehicles. It has nothing to fall back on when consumers feel anxious about the future of electric vehicles.

An aging lineup

A frequent criticism you see about Tesla is that the company's vehicle lineup is getting a little long in the tooth. The Model X turns 10 this year, while the Model S is pushing 15. Both vehicles have only received minor updates since their initial launch. (A Tesla executive promised a refresh later this year.)

The Model 3 and Model Y, which represent the bulk of the company's automotive revenues, were both updated recently, but the lag in regular updates has opened a window of opportunity for Tesla's competitors. Consumers interested in plug-in power suddenly have a wealth of choices as newer, more interesting EVs from Hyundai, Kia, Honda, and General Motors hit the market.

Meanwhile, Tesla's only new model to be introduced in the last five years is the Cybertruck, which has been recalled seven times since its launch. Musk has said that frequent software updates obviate the need for a more regular cadence of model refreshes.

While Tesla sales dropped, sales of non-Tesla EVs continued to climb. Americans bought a record 1.3 million electric cars, an increase of 7.3 percent year over year, according to Cox Automotive's Kelley Blue Book. EVs now claim 8.1 percent of the market in the US.

Americans aren't souring on electric vehicles — they're just over Tesla.

No affordable models

For years, Musk has been promising to make an affordable electric vehicle, likely priced at $25,000. He first mentioned it in a 2018 interview, saying, "A $25,000 car, that's

something we can do.” Then, in 2020, at the company’s first Battery Day event, he speculated that Tesla could eventually produce upward of 20 million of these vehicles in a year — or roughly twice the current production of Toyota, GM, or Volkswagen.

Musk has said the more affordable EV would be built on the company’s next-generation vehicle platform. But rather than prioritize a vehicle that investors took to calling the “Model 2,” he spent Tesla’s resources on the expensive, polarizing Cybertruck. And after some initial excitement, the truck has turned into a flop. Musk predicted that Tesla would eventually sell 500,000 Cybertrucks a year. Last year, the company only sold an estimated 40,000.

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Musk has also actively gummed up the works for a cheaper Tesla vehicle. Last year, he reportedly canceled the company’s plans to build a low-cost electric vehicle in favor of going all in on a robotaxi. But after some pushback, he claimed that a cheaper Tesla was back on the menu — only now, the vehicles are expected to be built on the same platform as the Model 3 and Model Y. Now, investors are worried that this new vehicle will cannibalize Model 3 and Model Y sales rather than boost the company’s profits overall.

Meanwhile, Kia and Volkswagen have announced plans to actually produce affordable EVs. And China has cracked the code on budget-priced, highly affordable EVs. The BYD Seagull, for example, was the country’s bestselling vehicle last summer, with about 190 miles of range and a sticker price of around $10,000. Even with a 100 percent tariff, the Seagull would still sell for a price much cheaper than most US-made EVs.

Robotaxi blues

Of course, Musk doesn't think Tesla even needs a $25,000 vehicle. The company's future is in AI — specifically self-driving cars and humanoid robots. In October 2024, he undercut his company's own guidance to make "affordable models" by commenting, "I think having a regular $25,000 model is pointless. It would be silly. It would be completely at odds with what we believe."

Musk now believes that Tesla is on the verge of solving autonomy. He's claimed that fully autonomous vehicles are right around the corner for almost a decade now. "Optimus has the potential to be north of $10 trillion in revenue," he said during the most recent earnings call, referring to Tesla's humanoid robots.

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But while Musk bloviates about robots, Waymo and others are operating real driverless cars on the road. The Alphabet-owned company just launched its first partnership with Uber in Austin, Texas — Tesla's headquarters and the city where Musk has said he plans on launching his own robotaxi project this summer.

There's little evidence that Tesla is on the cusp of delivering what Waymo has already done. The promise that all Tesla vehicles built after 2016 have the hardware necessary for full self-driving turned out to be totally false. Musk said the company would replace the onboard computers for vehicle owners who bought the FSD package, a process he admitted would be "painful." Tesla has already been targeted with a class action lawsuit claiming the company lied about the capabilities of its vehicles.

The Elon of it all

And then there’s Elon. And DOGE. And the fascist salute. And the chainsaw. And everything else going on behind those dark sunglasses.

Musk’s antics have turned the Tesla brand toxic. Disillusioned owners are selling their vehicles at big losses. Others are swapping in badges from other vehicle brands or using desperate-sounding stickers to signal their dissatisfaction with the billionaire CEO.

And even more are protesting outside Tesla showrooms as part of a grassroots effort to oppose Musk’s takeover of the federal government, damage the company’s stock price, and maybe even slash the world’s richest man’s net worth.

Separately, there have been a growing number of reports of arson and vandalism at the company’s stores. Tesla charging stations have been set on fire. A showroom in Oregon was shot up. A woman was arrested in Colorado for throwing a Molotov cocktail at a Tesla location. Tesla vehicles have been defaced with swastikas and expletives. Four Cybertrucks were destroyed in a fire in Seattle. The rage is real.

Keep in mind, Tesla’s sales were already dropping *before* all these incidents occurred. The growing dissatisfaction has led some analysts to predict even more dire numbers for the company’s first quarter results this spring.

What’s next?

It’s unclear what can turn the company’s fortunes around. Some supporters have started to openly question whether Tesla can continue to survive with Musk at the helm. But shareholders aren’t likely to jettison the controversial CEO yet, especially after voting to approve his multibillion-dollar pay

package last summer. The outcome was a huge vote of confidence in Musk’s leadership — and a big validator of his behavior.

But that was pre-DOGE, before the salute, and before the stock wipeout. Tesla’s board is clearly feeling the pinch. Chair Robyn Denholm and director James Murdoch (son of Rupert Murdoch) both sold millions of dollars’ worth of shares in the past month.

A lot rests on Musk’s promises of a cheaper Tesla, a next-generation vehicle platform, and an actual working robotaxi service. President Trump can buy all the Teslas he wants, but if Tesla’s future is built on a bunch of falsehoods and fantasies, it’s unlikely the company can emerge from this fire unscathed.

https://www.theverge.com/tesla/627894/tesla-stock-sales-protest-musk-trump-doge