Why customers love Tesla despite its many mistakes

JIM WATSON/AFP/Getty Images/Aurich Lawson

reader comments

210 with 113 posters participating, including story author

Share this story

Journalist Ed Niedermeyer remembers the exact moment he became a Tesla skeptic: Memorial Day weekend 2015. That's when Niedermeyer traveled to the Tesla Supercharger facility in Harris Ranch, California to see Tesla's first (and, it turned out, only) battery-swap facility.

At a live demo two years earlier, Tesla CEO Elon Musk had shown a Model S getting a replacement battery pack in 90 seconds—compared with four minutes to refuel a conventional car. Now that the technology was available to the public, Niedermeyer wanted to see it in action.

"I was down there three or four days," Niedermeyer told Ars recently. "There was a ton of traffic and a ton of lines for the Superchargers." Some people faced multi-hour waits. Tesla brought in spare Superchargers powered by diesel generators to speed things along. But the battery-swap facility stayed closed.

A few weeks later, Elon Musk announced that Tesla wouldn't expand the service because it was "not very popular." That explanation made no sense to Niedermeyer.

"There was definitely demand there," Niedermeyer says. He

talked to a number of Tesla owners who regularly traveled between San Francisco and Los Angeles. Some would have gladly paid a premium for the battery swap service if it had been available. But at least on that weekend, it wasn't.

So what was going on? Niedermeyer believes Tesla was cynically gaming California's system of Zero Emission Vehicle credits. In 2013, California started giving automakers extra credit for selling electric cars that could recharge in 15 minutes or less. Supercharging isn't fast enough to qualify. Battery swapping is.

But crucially, automakers didn't have to prove that customers were actually *using* fast charging capabilities. As long as a carmaker could demonstrate that vehicles were theoretically capable of rapid charging, they got extra credits—even if most customers never used the capability. Niedermeyer estimates that Tesla reaped tens of millions of dollars in extra credit revenue with this gimmick (Tesla didn't respond to emails seeking comment on this).

"That's when I decided it's worth digging in," Niedermeyer told me. "Companies don't just do something like this once."

Elon Musk's "hype campaign"

In recent years, Niedermeyer has emerged as one of Tesla's most insightful and dogged critics. And in August, Niedermeyer published *Ludicrous: The Unvarnished Story of Tesla Motors*. Drawing on previous reporting and offering some fresh scoops, the book offers a skeptic's perspective on the upstart electric carmaker.

BenBella Books
Niedermeyer identifies 2013—the year Musk demoed the Model S's battery-swap capabilities—as a turning point.

That was the year the Model S started selling in significant volumes. Tesla earned its first quarterly profit and the stock soared to record levels. In response, Niedermeyer writes, Musk "embarked on a hype campaign that continually ratcheted up Tesla's ambitions and set him apart from anyone else in the public sphere. His wild-eyed production targets, seemingly impossible technological promises, goofy sense of humor, and relentless pursuit of media coverage quickly turned into a runaway train."

For example, in 2013, Musk claimed that solar panels and batteries would allow SuperCharger stations to continue operating even if the electric grid went down. "Even if there's a zombie apocalypse, you'll still be able to travel throughout the country using the Tesla supercharging system," Musk quipped.

Yet three years later, in 2016, Musk tweeted that while Tesla had “some” solar panels “installed already,” that “full rollout” of solar panels depended on a forthcoming upgrade to SuperCharger technology. According to Niedermeyer, “only a half-dozen or so” of the first 800 supercharger stations had “solar panels of any kind” by June 2017. Tesla didn’t respond to my email asking how many SuperCharger stations have solar panels today, but there still seems to be a lot of stations without them.

In October 2016, Musk announced that all new Tesla vehicles would have hardware necessary for full self-driving, and he predicted that it would take about two years to release the necessary software. Yet three years later, Tesla is still struggling to master self-driving in parking lots. Musk continues to claim that full self-driving is less than two years away, but that’s still hard to believe.

“A lot of those things do come to pass”

Hamish McKenzie, author of the 2018 book *Insane Mode: How Elon Musk’s Tesla Sparked an Electric Revolution to End the Age of Oil*, argues we shouldn’t overlook Tesla’s accomplishments.

“What’s kind of amazing is even though he’s missing all the deadlines, a lot of those things do come to pass,” McKenzie tells Ars. Tesla has missed self-imposed deadlines for shipping each of its new car models. But the vehicles did eventually ship and customers have generally been happy with them.

Dutton / Penguin Group
It’s not surprising that McKenzie would have a more positive take on Tesla than Niedermeyer. In January 2014, he left a job as a journalist for Pando to become Tesla’s lead writer, and he worked there for a little over a year. He wrote *Insane Mode* after leaving Tesla; today he is co-founder of the technology startup Substack.

McKenzie acknowledges that Musk has repeatedly made unrealistic predictions about how quickly technologies could be developed. “I don’t have insight into whether or not it’s a deliberate strategy,” he told me. “I think he believes the things he says when he says them.”

On some level, making unrealistic promises is an inherent part of entrepreneurship. Entrepreneurs need to convince a bunch of people—customers, employees, investors, and others—to take risks on a new and untested company. That inherently means predicting success even though failure is a likely outcome.

That’s especially true when someone is starting a car company.

The most likely outcome for a car startup is bankruptcy, as a number of Tesla's electric car rivals have demonstrated in recent years.

"It's crazy that Tesla exists as a car company," McKenzie told me. And, he said, it's even more crazy that Tesla succeeded as an electric car company—something most people dismissed as wildly impractical when Tesla was founded in 2003.

One way to interpret Musk's behavior over the last 15 years—making unrealistic promises, delaying payments to suppliers, taking deposits long before products and features are ready to ship—is that he's just doing what it takes to get a new car company off the ground. Getting Tesla to where it is today has required raising billions of dollars from investors, and the company skated at the edge of bankruptcy several times over the last 15 years. If Musk had been less shameless about using hype and boundary-pushing gimmicks to get investors and customers in the door, Tesla could easily have plunged into the abyss.

https://arstechnica.com/?p=1568361