

The CEO as Brand Risk: Assessing and Restoring Tesla's Brand Image

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June 2025

Abstract

This article analyzes the recent decline in Tesla's brand image and market valuation, arguing that the primary cause is reputational contagion stemming from its CEO, Elon Musk. Using a simple qualitative case study approach, the analysis integrates established academic frameworks — namely Situational Crisis Communication Theory (SCCT) and CEO brand contagion theory — with data on brand perception, media sentiment, and financial performance. The study identifies two primary drivers: first, the politicization of the Tesla brand through Musk's public rhetoric, which has alienated key consumer groups; and second, the repeated use of inappropriate "deny" and "diminish" crisis responses rather than adopting a "rebuild" posture. Together, these factors have undermined Tesla's brand equity, eroded its perceived leadership in innovation, and heightened stock price volatility amid intensifying competition. The article concludes by proposing a three-part strategy for brand restoration, focusing on the strategic repositioning of the CEO, a shift in crisis communication tactics, and a reassertion of Tesla's founding mission of sustainable technological advancement.

Keywords

Brand Restoration, CEO Reputation, Crisis Communication, Tesla, Elon Musk, Brand Contagion, SCCT.

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1. Introduction

For over a decade, Tesla, Inc. embodied the promise of technological innovation aligned with environmental sustainability. More than a car manufacturer, it became a cultural symbol, projecting a future powered by clean energy and driven by advanced engineering. By late 2021, its market capitalization had exceeded \$1.2 trillion, reflecting not only its product lineup but also the aspirational quality of its brand. Central to this ascent was its CEO, Elon Musk, whose public persona reinforced the company's image of audacity and vision.

Since that peak, however, the company has experienced pronounced fluctuations. Tesla's share price has declined, and its once unassailable brand image has become the subject of growing skepticism and polarization. This development presents a paradox: the core product remains competitive, and the firm's engineering capability is undiminished, yet the brand itself has lost traction.

This paper argues that the explanation lies not primarily in market fundamentals, nor in external competition, but in the deteriorating alignment between the company's identity and the public image of its CEO. Musk, once regarded as Tesla's greatest asset, now constitutes its most significant brand liability. His acquisition and subsequent management of X (formerly *Twitter*), his politically divisive rhetoric, and his increasingly combative tone exemplify the risks of a personal brand overshadowing the corporate one.

In the current media environment, the line separating the CEO from the company has blurred. A CEO's reputation often becomes entwined with corporate identity, particularly in founder-led enterprises. In Musk's case, this fusion has grown so complete that criticism of his personal conduct increasingly translates into reputational damage for Tesla. Distinguishing between the man and the mission has become a challenge for consumers and investors alike (*The Conversation*, 02/11/2025).

Popular media frequently report on Musk's statements and business decisions, but there is little research on these topics using theoretical frameworks of brand management and corporate communication. This study focuses on the decline in Tesla's brand equity; a decline with implications that extend beyond public relations, affecting the company's long-term market position in an increasingly crowded EV sector.

This paper poses three interrelated questions:

- What are the principal causes of Tesla’s recent decline in brand perception, and to what extent are they attributable to CEO brand contagion rather than macroeconomic or competitive forces?
- How have Tesla’s crisis responses — whether concerning Autopilot safety, product quality, or executive behavior — conformed to or deviated from the recommendations of Situational Crisis Communication Theory (SCCT)?
- What strategic actions can Tesla adopt to restore its brand credibility among consumers, investors, and the broader public?

This study argues that Tesla’s current situation is an example of CEO brand contagion, affected by a series of poorly managed crisis communication efforts. It proposes that restoring the brand requires a decisive shift in both organizational posture and messaging: a clear separation between corporate and executive identities, a commitment to transparency and accountability, and a return to the company’s original purpose and values.

The structure of this paper is as follows. Section Two briefly reviews the most relevant academic literature on crisis communication, CEO influence on corporate reputation, and brand equity. Section Three outlines the methodology and data sources employed in this qualitative case study. Section Four presents a preliminary analysis linking brand perception trends with communication failures and executive conduct. Section Five discusses the theoretical and managerial implications. Section Six outlines a set of actionable recommendations for restoring brand integrity. The conclusion summarizes the findings and considers the prospects for long-term recovery.

2. A Brief Review of the Literature

To establish a rudimentary analytical framework for investigating Tesla’s brand deterioration, this section examines three interconnected bodies of literature: (1) theories of brand transgression and crisis response, (2) the impact of CEO identity on corporate reputation, and (3) the relationship between brand equity, narrative, and firm valuation.

2.1 Brand Transgression and Crisis Communication

When an organization violates stakeholder expectations, it commits a brand transgression. The resulting reputational crisis demands a strategic communicative response. Two principal frameworks guide our understanding of such responses.

2.1.1 Situational Crisis Communication Theory (SCCT)

Coombs' (2007; 2014) Situational Crisis Communication Theory (SCCT) provides a structured approach to crisis response. SCCT proposes that the type of crisis determines the most appropriate response strategy. Crises are categorized into three clusters based on perceived organizational responsibility:

- *Victim Cluster*: The organization is itself a victim (e.g., natural disasters, tampering). Stakeholder attribution of responsibility is low.
- *Accidental Cluster*: The organization's actions were unintentional (e.g., technical failures). Responsibility is moderate.
- *Preventable Cluster*: The organization knowingly engaged in risky or unethical behavior. Responsibility is high.

Depending on the classification and contextual factors such as prior reputation and crisis history, SCCT recommends three broad categories of response:

- *Deny*: Disavows any connection to the crisis (e.g., scapegoating, attacking the accuser). Suitable only for rumors or victim-cluster cases.
- *Diminish*: Minimizes the perceived severity or responsibility (e.g., excuses, justification). Applicable to accidental-cluster crises.
- *Rebuild*: Acknowledges fault and seeks to restore trust (e.g., apology, compensation). Essential in preventable-cluster scenarios.

Failure to match the response to the crisis type can compound reputational damage—a phenomenon termed the “double crisis” (Coombs & Holladay, 2008).

2.1.2 Image Repair Theory (IRT)

Benoit's (2014) Image Repair Theory complements SCCT by focusing on the rhetorical dimensions of crisis response. IRT presumes that communication during a crisis is goal-directed and intended to restore reputation. It identifies five strategic categories: denial, evasion of responsibility, reduction of offensiveness, corrective action, and mortification. Of these, the most relevant to brand repair are:

- *Corrective Action*: A promise to address and rectify the issue.
- *Mortification*: A direct admission of fault, accompanied by a request for forgiveness.

IRT underscores that the *form* of communication—its content, tone, and delivery—can be as important as its substance. In a reputational crisis, how an organization speaks may define whether stakeholders continue to listen.

2.2 The CEO as Corporate Brand

In contemporary corporate life, especially in founder-led firms, the CEO's identity often functions as a proxy for the firm's brand. This connection, while potentially valuable, also introduces significant risk.

2.2.1 CEO Celebrity and Brand Contagion

The "celebrity CEO" phenomenon has elevated figures such as Steve Jobs, Mark Zuckerberg, Jeff Bezos, and Elon Musk to roles far beyond traditional executive leadership. Their public personas often embody the company's ethos. However, visibility creates vulnerability (Love & Kraatz, 2017).

Brand contagion describes the process by which the CEO's personal reputation, favorable or unfavorable, spills over onto the corporate brand (Rindova et al., 2006). When the association is positive, the CEO enhances the firm's legitimacy and appeal, as in the cases of Warren Buffett (Berkshire Hathaway), Richard Branson (Virgin), or Sara Blakely (Spanx). Negative contagion, by contrast, occurs when misconduct, volatility, or controversial statements damage the company's image.

The Tesla case presents an extreme instance of negative brand contagion. Musk's actions on his social media platform X (formerly *Twitter*) have affected Tesla's reputation, even when unrelated to the company's operations.

2.2.2 The Politicized CEO and Brand Polarization

A growing literature examines the implications of CEO activism; where executives take public positions on contentious social or political matters (Chatterji & Toffel, 2019). While such actions may resonate with like-minded consumers, they risk alienating others, fragmenting the brand's appeal.

Tesla's market position depends on mass-market appeal. Political polarization, however, has eroded that universality. By 2025, the company's once excellent reputation had declined into the "poor" category. Surveys indicate a 28.7% gap in brand perception between Republican and Democratic respondents in the United States, reflecting a deep ideological split (Smith, 2024). The catalyst for this shift has been Elon Musk's political commentary and combative communication style, which have drawn Tesla into the cultural conflict his brand increasingly embodies.

2.2.3 Brand Personality and the Founder's Myth

Aaker's (1997) model of brand personality identifies five core traits: Sincerity, Excitement, Competence, Sophistication, and Ruggedness. Tesla's identity was long anchored in "Excitement" and "Competence," attributes closely associated with Musk's image as a maverick innovator.

This alignment can be powerful, but also precarious. As Musk's personal traits have become more erratic and politically divisive, the corporate brand has absorbed those same associations. What once appeared audacious and ingenious now risks appearing unreliable or polarizing. The founder's myth, when no longer aspirational, becomes an encumbrance.

2.3 Brand Equity, Narrative, and Financial Valuation

The consequences of reputational damage are not limited to perception; they translate into concrete economic effects.

2.3.1 Brand Equity Models

Brand equity refers to the additional value a brand name confers on a product or service (Aaker, 1991; Keller, 1993). It rests on elements such as name recognition, loyalty, perceived quality, and brand associations.

Tesla's strong associations with terms like "innovation," "sustainability," and "performance" have historically driven its premium pricing and attracted investor interest. The current brand crisis has introduced new, adverse

associations: “controversial,” “unreliable,” “politicized.” As negative associations accumulate, brand equity declines.

2.3.2 Narrative Economics and Investor Sentiment

Robert Shiller’s concept of “narrative economics” holds that economic behavior is shaped not merely by data, but by persuasive stories that circulate within society. These narratives influence how consumers spend, how investors allocate capital, and how media frames events.

Tesla's high valuation was based on its potential for global leadership in clean transport. Recently, this narrative has been challenged. Issues such as market volatility, erratic leadership, and reputational concerns have impacted confidence in the brand's future direction.

3. Methodology

This study employs a simple qualitative, longitudinal single-case design to examine the erosion of Tesla’s brand equity. This (albeit limited) approach is suitable given the nature of the research question and the specific characteristics of the Tesla case. The objective is not to generalize across industries, but to provide an analysis of a high-profile brand crisis in real time.

The selection of Tesla is justified based on what Yin (2018) terms a “revelatory case”: one that provides a rare opportunity to observe previously inaccessible phenomena. The intersection of CEO brand contagion, corporate communication failure, and declining brand equity in a maturing technology sector represents an illustrative case in point of reputational risk.

The study period extends from 2019 through mid-2024. This timeframe includes Tesla’s peak brand reputation, the initial reputational challenges following Elon Musk’s acquisition of *Twitter* in 2022, and the subsequent period of ongoing controversy and brand uncertainty.

Data were gathered from various sources to ensure thorough analysis and improve reliability:

Brand Perception Data

Quantitative metrics were drawn from established market research firms. Longitudinal tracking data from *YouGov’s* “BrandIndex” provide daily insights

into consumer perceptions across dimensions such as “Quality,” “Reputation,” “Impression,” and “Purchase Intent.” Reports from *Morning Consult* on “Most Trusted Brands” offer comparative benchmarks over time. Where available, data segmented by political affiliation were used to assess the extent of brand polarization.

Financial and Market Data

Historical stock price and trading volume data for Tesla (TSLA) were obtained from public sources, including *Yahoo Finance*, to correlate market reactions with reputational developments. Industry reports from firms such as *Cox Automotive* and *CleanTechnica* were consulted to assess Tesla’s market share trends relative to competitors. This data served to contextualize consumer sentiment within broader industry developments.

Qualitative and Textual Data

Three categories of textual material informed the qualitative analysis:

- **Media Coverage:** A curated set of news articles drawn from established outlets, including *The Wall Street Journal*, *The New York Times*, and *Reuters*, identified through the *Factiva* database. These sources provided coverage of major events, controversies, and CEO conduct.
- **CEO Communications:** Public statements by Elon Musk, with particular emphasis on his posts on X (formerly *Twitter*), were analyzed to understand the rhetorical strategies and reputational effects of his personal branding.
- **Corporate Communications:** Tesla’s official press releases, investor call transcripts, and public blog posts were examined to assess the company’s formal response strategies.
- **Regulatory Documents:** Reports from government agencies, especially the *National Highway Traffic Safety Administration* (NHTSA), offered authoritative accounts of safety investigations and compliance actions related to Tesla’s Autopilot system.

The analytical procedure entailed coding textual data for recurring themes associated with brand positioning, crisis response, and reputational framing. Significant events were mapped against changes in brand perception and stock price movements. Public statements made by the CEO and corporate representatives were evaluated using SCCT (Situational Crisis

Communication Theory) categories to determine their alignment with theoretically prescribed responses.

Finally, the interpretive framework of CEO brand contagion was applied to trace reputational spillover effects. The objective was not merely to chronicle events but to develop a causal narrative linking executive behavior, crisis communication strategies, and brand equity outcomes.

4. Findings and Analysis

The analysis of brand perception data, crisis communication, and financial performance identifies three related forces that have driven Tesla's reputational decline: the politicization of the brand via CEO brand contagion, the consistent mismanagement of public crises, and the measurable erosion of brand equity in the face of intensifying competition.

4.1 From Universal Innovator to Polarizing Figurehead

Prior to 2022, Tesla's brand enjoyed broad appeal across demographic and ideological lines. Following Elon Musk's acquisition of *Twitter*, public sentiment shifted markedly, not through a uniform deterioration, but through sharp polarization. The brand, once perceived as forward-looking and inclusive, became politically and ideologically charged.

Survey data published by *Electrifying.com* in 2025 indicate that 60 percent of car buyers now cite Musk's public reputation as a reason to avoid purchasing a Tesla. This sentiment holds across both existing EV owners and those considering a future transition, with nearly identical percentages in each group (Barnard, 2025).

Trust metrics underscore this reputational deterioration. In 2025, Tesla's ranking among the world's most trusted brands has plummeted dramatically. According to the Axios Harris Poll 100, Tesla fell to 95th place among America's 100 most visible companies, a steep decline from its peak at 8th place in 2021. Its reputation score dropped to 61.3, placing it in the "poor" category, reflecting significant erosion in public trust.

Forrester's 2025 Global Total Experience Score shows Tesla still enjoys strong brand perception among existing customers (customer score of 72.5, above industry benchmarks), but a very low perception among potential buyers (non-customer score of 33.3), indicating a widening gap that could hinder future growth. According to *Morning Consult's 2023*

ranking of trusted brands, Tesla no longer appeared in the top 15, a significant fall for a company once held in high regard. While this decline signals a general erosion of credibility, it has also become politically asymmetric.

Data from *YouGov* (Smith, 2024) illustrate this division. Since Musk's acquisition of *Twitter*, brand favorability among Democrats has declined substantially, while Republican sentiment has remained stable or improved marginally. The timeline of this divergence aligns precisely with Musk's increasingly provocative public statements, including his endorsement of antisemitic conspiracy theories (Musk, 2023) and frequent engagement with right-wing ideologues.

In effect, the Tesla brand has been drawn into a political conflict not of its own making, but of its CEO's. For many consumers, the company no longer represents clean energy and technological excellence, but rather the ideological posture of a high-profile executive. That association has alienated constituencies critical to mass-market success.

This inconsistency is also evident in Tesla owners' behavior. Some Tesla owners have taken to displaying disclaimers (bumper stickers), such as: "I bought this before Elon went crazy" or "I support the car, not the CEO", to separate themselves from Musk's persona. Such gestures, while anecdotal, reflect a broader unease among loyal customers and underscore the reputational cost of CEO over-identification (*The Conversation*, 2025).

4.2 A Case Study in Crisis Mismanagement: Applying SCCT to Tesla's Responses

Tesla's reputational damage has been exacerbated by its consistently inadequate responses to crises. An SCCT-informed evaluation reveals a recurring mismatch between crisis type and response strategy; an error that has compounded rather than mitigated stakeholder concerns.

Case 1: Autopilot and Full Self-Driving (FSD) Safety Concerns

In late 2023, the National Highway Traffic Safety Administration mandated a recall of over two million Tesla vehicles due to defects in the Autopilot system. The underlying issue involved insufficient safeguards against driver misuse, which had contributed to a series of accidents, some fatal (NHTSA, 2023; Shepardson, 2023). This event clearly qualifies as a preventable crisis, implicating core technology and marketing claims.

SCCT prescribes a “rebuild” strategy in such cases: full acknowledgment of responsibility, public apology, and transparent corrective action. Tesla’s response, however, aligned with the “diminish” posture. Although the company complied with the required software update, Musk publicly dismissed the term “recall” as outdated and misleading. This rhetorical minimization of a regulatory action undermined Tesla’s credibility and suggested an unwillingness to accept accountability. Rather than restoring trust, it reinforced existing concerns about the company’s integrity and commitment to safety.

Case 2: Cybertruck Launch and Quality Control Issues

A similar pattern followed the much-anticipated 2023 launch of the Tesla Cybertruck. Early excitement faded quickly due to reports of poor build quality. Early customers and automotive journalists cited inconsistent panel alignment, premature rust formation on the “rust-proof” body, and various software malfunctions (Lee, 2024). Compounding these concerns, the vehicle faced regulatory restrictions or outright bans in several major markets, including the United Kingdom, Germany, Norway, China, India, and South Korea.

Again, this situation represents a preventable crisis; product quality is an obvious company responsibility. SCCT recommends a rebuild strategy, including an explicit apology and commitment to remediation. Tesla, however, largely dismissed the criticism. Musk and other executives suggested that negative reports were exaggerated or attributable to user error; a typical “diminish” strategy.

This response perpetuated a long-standing concern: Tesla’s prioritization of design novelty over manufacturing reliability. In a competitive landscape where well-established brands such as Hyundai, Nissan, Ford, and Volkswagen are offering increasingly quality electric vehicles at affordable prices, Tesla’s defensive posture constitutes not only a reputational liability but a strategic disadvantage.

4.3 The Consequences: Declining Brand Equity and Rising Competitive Threat

The effects of these accumulated errors can be seen in Tesla's financial performance. Historical stock data (Yahoo Finance, 2024) demonstrates volatility that aligns closely with reputational issues. A notable incident

occurred when Musk responded with offensive language to advertisers who had suspended their campaigns on X. Financial analysts explicitly linked the incident to growing investor unease about the CEO's judgment and its spillover effects on Tesla's brand (Higgins & Foldy, 2023).

These developments illustrate Shiller's (2019) thesis on "narrative economics." Market participants do not respond solely to earnings reports or macroeconomic indicators. They respond to stories; and Tesla's current narrative has become one of instability and unpredictability.

The risk extends beyond stock price fluctuations. Tesla's once-dominant market share is now under pressure. According to a Q1 2024 report from *Cox Automotive*, U.S. EV sales growth has slowed, and Tesla's market share has declined as new entrants, such as BYD, NIO and Xpeng from China, have captured strong consumer interest. In China, Xiaomi's new electric SUV drew significant interest, with 280,800 to 315,900 orders placed at its 351 retail stores within 72 hours of launch, according to *CarNewsChina*. This overwhelming demand signals a major shift in the competitive landscape, directly challenging Tesla's dominance in China, particularly the popular Model Y.

Tesla's brand crisis is not merely reputational; it is strategic. The deterioration of consumer trust, the politicization of brand identity, and the failure to match crisis response to stakeholder expectations have collectively undermined Tesla's competitive position at a critical juncture in the EV industry's evolution.

5. Discussion: Implications of the Tesla Case

The findings outlined above carry implications that extend well beyond the case of Tesla. They offer insight into the consequences of brand misalignment, executive overreach, and the mismanagement of reputational risk in an era where corporate identity is increasingly inseparable from individual leadership personas.

5.1 Reassessing the Brand Crisis

This paper has argued that Tesla's decline in brand strength is not the result of technical inferiority or exogenous shocks, but of internal mismanagement at the level of brand identity and corporate communication. The company's

decision — deliberate or tacit — to allow its public image to revolve around Elon Musk has rendered it vulnerable to his personal controversies and rhetorical excesses.

Moreover, Tesla has repeatedly failed to respond to crises in a manner consistent with established best practices. Faced with issues such as Autopilot safety concerns and product quality defects, the company has resorted to strategies of denial or minimization rather than offering a transparent and constructive response. This has compounded reputational damage, alienated consumers, and contributed to investor skepticism.

The resulting brand erosion is not merely symbolic. It has strategic consequences: a loss of pricing power, a shrinking pool of politically neutral buyers, and a diminished ability to defend market share in a sector defined by rapid innovation and rising competition. China's BYD now leads the global EV market, after overtaking rival Tesla earlier this year, according to *Tridens Technology* (2025). And the *Financial Times* recently reported that the U.S. has ceded the EV market to the Chinese, a major blow for Tesla.

5.2 Theoretical Implications

From a theoretical standpoint, the Tesla case provides support of both CEO brand contagion theory and the SCCT framework. The contagion effect is particularly striking: actions taken by Musk in an ostensibly unrelated domain (i.e. his ownership and use of X) have had immediate and observable effects on Tesla's brand perception. This confirms that when a CEO becomes the *de facto* face of the brand, reputational spillovers are not just probable; they are inevitable.

At the same time, Tesla's communicative responses to reputational threats have undermined its residual goodwill. According to SCCT, a company with high prior reputation should possess a degree of insulation against reputational crises. In this case, however, Tesla's persistent use of confrontational and evasive communication has negated that theoretical buffer. The implication is that even brands with strong initial reputations are not immune from decline when crisis responses are consistently mishandled.

5.3 Managerial Implications in the Era of CEO Visibility

The lessons for corporate boards, communications professionals, and brand managers are both specific and broadly applicable.

First, there is a pressing need for boards to treat the CEO's personal brand as a matter of strategic governance. In a media environment where executive statements can instantly reach millions, the boundary between personal opinion and corporate identity has become effectively nonexistent. Allowing the CEO's personal views to dominate the public narrative introduces systemic reputational risk.

Second, companies must resist the temptation to construct a brand identity that rests almost exclusively on the persona of a founder or high-profile leader. While such alignment may accelerate brand formation in early stages, it introduces a single point of reputational failure. A durable brand should stand on multiple pillars: product integrity, mission credibility, stakeholder trust, and organizational competence; not solely on the personality of its most visible figure. The preferred approach is founder-led storytelling combined with strong team involvement and a clear corporate mission (Steve Jobs and Apple, for example). This balances authenticity and human connection with organizational stability and scalability.

Third, crisis communication must be institutionalized, not personalized. It should be guided by principles derived from established frameworks, not by the instinct or temperament of an individual executive. A company that permits its CEO to dictate crisis strategy by impulse rather than through professional counsel exposes itself to preventable reputational harm.

5.4 Limitations and Directions for Further Research

This study, by design, offers a limited qualitative analysis. Although this permits detailed interpretation, it also presents constraints concerning generalizability and causal inference. The association between Musk's behavior and Tesla's brand deterioration is supported by basic survey evidence, but cannot be reduced to a single explanatory factor. Broader economic variables, such as interest rate changes, supply chain disruptions, or shifts in consumer preference, have also shaped Tesla's market position.

Further research might explore the magnitude of the "Musk effect" through larger-scale qualitative *and* quantitative surveys comparing Tesla with other founder-led firms (e.g. Amazon and Jeff Bezos). Additionally, a comparative case study involving a similarly structured company, such as NVIDIA under Jensen Huang, might yield instructive contrasts in reputational management. Such analyses could clarify whether Tesla's challenges are idiosyncratic or symptomatic of a broader pattern in founder-led firms.

6. From Assessment to Advice: A Roadmap for Restoring the Tesla Brand

If Tesla is to recover from its reputational decline, it must decisively turn away from the very practices and narratives that have brought it to its current state. The following section outlines a three-part strategy rooted in the preceding analysis. Each element addresses a distinct but interrelated cause of brand erosion: the over-identification of Tesla with Elon Musk, the mishandling of crises, and the drift away from the company's original mission.

6.1 Strategic Decoupling: The 'Tim Cook' Model

The first, and arguably most urgent requirement is the public repositioning of Elon Musk within Tesla. This does not require his resignation. Rather, it calls for a reframing of his role: from front-facing spokesperson to behind-the-scenes innovator. His technical vision remains valuable, but his presence in the brand narrative has become destabilizing.

Apple provides a useful precedent. Following the death of Steve Jobs, Tim Cook assumed leadership not by emulating his predecessor's charisma, but by presenting a calm, operations-oriented persona. The company flourished under this new model. Tesla requires a comparable figure: a President or Chief Operating Officer who becomes the primary voice of the company in public communications, earnings calls, and product launches.

This move would accomplish several objectives. It would reduce the volatility associated with Musk's unfiltered public statements. It would enable a clearer distinction between corporate messaging and personal opinion. And it would signal to investors and consumers that the company has entered a new phase of institutional maturity. In short, it would curtail the mechanism of negative CEO brand contagion without diminishing Musk's substantive role in product development.

6.2 A Typical Rebuild Strategy: A Deliberate Shift in Crisis Posture

Second, Tesla must adopt a formal crisis communication framework grounded in SCCT's rebuild strategy. This requires abandoning the habitual use of denial and minimization in favor of transparency, accountability, and forward-looking reform.

Two immediate opportunities present themselves:

- **Acknowledgment of Quality Deficiencies**

Tesla should issue a formal, public statement, ideally from the new executive figure. To acknowledge past lapses in product quality and customer service. This need not be melodramatic. A sober and direct message, affirming lessons learned and outlining verifiable changes, would suffice. The gesture must include tangible commitments: enhanced quality control processes, customer satisfaction guarantees, or extended warranties for affected models. The objective is not merely to apologize, but to demonstrate institutional competence and responsiveness.

- **Constructive Engagement with Safety Regulators**

Tesla's confrontational stance toward regulatory oversight has alienated both authorities and risk-conscious consumers. A credible shift would involve announcing an independent safety advisory board composed of technical experts and consumer advocates. In parallel, the company should publicly pledge full cooperation with agencies such as the NHTSA and commit to transparent reporting. Rather than framing safety inquiries as attacks, Tesla should position itself as a partner in the evolution of intelligent transport systems.

Together, these measures would realign Tesla's crisis posture with stakeholder expectations and rebuild trust on firmer institutional ground.

6.3 Re-Centering the Brand Narrative on Mission, Product, and Community

With Musk withdrawn from the communications spotlight and a professional crisis infrastructure in place, Tesla must undertake a deliberate rearticulation of its brand narrative. The original appeal of Tesla lay in three attributes: its mission, its products, and its community. Each now requires reaffirmation.

- **The Mission**

Tesla's foundational aim to accelerate the global transition to sustainable energy remains compelling. The company should reassert this goal as its defining message. In doing so, it must consciously avoid ideological entanglements and instead emphasize a shared future based on innovation, responsibility, and global impact.

- **The Product**

Rather than selling an ideology or mystique, Tesla should focus on the vehicles themselves. Marketing should highlight performance, engineering sophistication, safety, and user satisfaction. This transition from cult of personality to product excellence will require discipline, but it is the only sustainable basis for long-term brand equity.

- **The Community**

Tesla's owner base includes early adopters, engineers, environmentalists, and enthusiasts. These groups should be given renewed prominence. Campaigns that feature user stories and testimonials can cultivate a sense of belonging that transcends political division and reconnects the brand with its broader constituency.

In short, the path to brand restoration lies in professionalizing communications, minimizing reputational exposure from executive behavior, and refocusing on what made Tesla matter in the first place.

7. Conclusion

The Tesla case presents a contemporary illustration of reputational decline brought about not by technological failure or market obsolescence, but by a collapse in brand stewardship. What began as an innovation-driven enterprise with a unifying mission has, over time, allowed its public identity to become dominated by the persona of a single, increasingly polarizing Chief Executive Officer.

This paper has argued that the erosion of Tesla's brand equity stems from two interrelated causes: the conflation of the corporate brand with Elon Musk's personal image, and the systematic failure to adopt communication strategies suited to the nature of the crises it has faced. The result has been brand polarization, diminished consumer trust, investor skepticism, and a weakened competitive posture in a maturing industry.

The analysis further suggests that the damage, while significant, is not irreversible. The remedies are conceptually straightforward, though operationally demanding. First, the company must strategically separate its public identity from that of its CEO. Second, it must replace its reactive and combative crisis posture with a strategy that emphasizes transparency,

humility, and institutional responsibility. Third, it must reclaim its original narrative; centered on product excellence, sustainable innovation, and a broad-based community of users. Whether Elon Musk is willing to adopt humility and institutional responsibility remains an open question. Still, Tesla's brand recovery relies on Musk stepping back to let the company's mission and products shape its public image.

Tesla's future will not be determined by its next product launch or the construction of another Gigafactory. It will depend on whether the company can re-establish the core attributes that once set it apart: a clear mission, a credible voice, and a brand identity that speaks to the aspirations of a diverse and discerning public.

What is required now is not further innovation in battery chemistry or drivetrain efficiency, but a deliberate return to the fundamental principles of brand management. That is clarity of purpose, consistency of communication, and the capacity to separate the company's mission from the volatility of its most visible figure.

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