



Investing

Tesla Motors Inc (TSLA) Should Imitate Apple Inc.'s Naming Strategy

Tesla isn't a fledgling car company anymore.



(Spencer Platt/Getty Images)



By [John Divine](#) | Staff Writer

Sept. 1, 2016, at 9:00 a.m.

It's time for Tesla Motors Inc (ticker: [TSLA](#)) to take a page from Apple Inc.'s ([AAPL](#)) naming playbook. Just as Apple dropped the "Computer" from its name in 2007, [Tesla](#) needs to drop the "Motors" from its name and send a message to its shareholders.

The message: You're not buying into a car company when you invest in TSLA. The vision is much bigger than that.

"Tesla's name, its communication of identity that has the greatest first impact, should provide scope for strategic evolution," says George T. Haley, professor of marketing at the University of New Haven.

"The company is still scaling up, and its name and management need to indicate to various stakeholders the strategic and market direction for that expansion," he says.

The term "Motors" simply doesn't convey that any more.

[Tesla's planned acquisition of SolarCity Corp. \(SCTY\)](#), announced in June, represents a meaningful step in the company's evolution and changes the carmaker to a full-on sustainable energy company. Tesla proudly announced in its offer that the combination would create the "world's only integrated sustainable energy company," with products spanning energy collection (solar panels), storage (battery packs) and consumption (electric cars).

[See: [10 Ways to Invest in Driverless Cars.](#)]

"That they are separate at all," CEO Elon Musk said of Tesla and SolarCity, "is largely an accident of history."

Musk's most recent 10-year plan for the company outlines his plans to turn Tesla into a solar energy powerhouse. "Create a smoothly integrated and beautiful solar-roof-with-battery product that just works," the plan reads, "empowering the individual as their own utility, and then scale that throughout the world."

A company that aims to disrupt the utilities sector as we know it has no business having the word "Motors" in its name. And while it's true that a name change in and of itself won't change the [financial fortunes](#) of a company, it's quite meaningful as a signal of the company's ambitions, as we saw with Apple nearly 10 years ago.

A historic event. In January 2007, Steve Jobs made several bombshell announcements at the company's annual Macworld event. The first was the first Apple TV, the second was the first-ever iPhone and the third was the decision to drop the "Computer" from the company's name.

The rest is history.

The iPhone would go on to become the main revenue driver of the most profitable and valuable company in the world, which it remains today. Anyone who bought AAPL stock that day would find themselves sitting on gains of 783 percent today, while the Standard & Poor's 500 index gained just 53 percent.

[Read: [Apple \(AAPL\) Hit With Multibillion-Dollar Tax Bill in Ireland.](#)]

In retrospect, it's clear this was the dawn of a new era for Apple. At the time, Jobs estimated the iPhone would sell 10 million units in 2008 for a 1 percent share of the global handset market. The company ended up selling 13.7 million iPhones that year, and sales would continue to increase annually for nearly a decade thereafter. In fiscal 2015, the company sold over 231 million iPhones.

"The Mac, iPod, [Apple TV](#) and iPhone. Only one of those is a computer. So we're changing the name," Jobs said at the time of the announcement. It made sense.

Tesla's turn. There's certainly no guarantee Tesla will start firing on all cylinders, become [wildly profitable and vie with Apple](#) for the title of world's largest company. But this is a seminal moment for TSLA all the same, and its ambitions for the next 10 years hint that the company could morph as much in the next decade as Apple has in the last decade.

In July, Musk looked back on the 10-year plan he came up with in 2006 – it's in the "latter stages of completion," he says – and detailed the next 10-year plan, which he dubbed the "Master Plan, Part Deux."

He summarizes it as four simple stages:

- "Create stunning solar roofs with seamlessly integrated battery storage.
- Expand the electric vehicle product line to address all major segments.
- Develop a self-driving capability that is 10X safer than manual via massive fleet learning.
- Enable your car to make money for you when you aren't using it."

Sure, three of those goals deal explicitly with cars, but the term "Motors" still seems barely relevant, evoking images of internal combustion engines. And sure enough, Tesla seems to already be acknowledging this, says K C Ma, professor of finance at Stetson University.

"Musk subtly changed the company website link from 'TeslaMotors.com' to 'Tesla.com,'" notes Ma about the unannounced, under-the-radar change that happened in July. "We can only surmise that Musk must want the market to know that Tesla is now an energy company."

If and when a change is made to the young company's name, the dropping of "Motors" from Tesla could signify the slow decline of the traditional automobile – just as the dropping of "Computer" from Apple coincided with the slow [decline of the personal computer](#).

Tesla in 2016, like Apple in 2007, is an innovative company with a brilliant CEO on the verge of a new era. Whether the name change comparison holds or not (it should), TSLA shareholders certainly hope that the share performance part of the analogy holds true.

[Read: [Why Apple \(AAPL\) Needs to Double Its Dividend Immediately.](#)]

Seven hundred eighty-three percent in less than 10 years? That's a return worth imitating.

SLIDESHOW

1 of 9

Buying into baby boomers.

Johnson & John:

Some baby boomers are already retiring, but in 15 years, the vast

[JNJ](#))

Johnson & Johnson



Tags: Tesla Motors, Apple Inc., SolarCity, investing, stock market, Stock Market News, solar energy, renewable energy, car manufacturers



[John Divine](#) | STAFF WRITER

John Divine is a staff writer for U.S. News & World Report. He is also a longtime investor, and has previously written about investing and the markets for InvestorPlace and The Motley Fool. You can follow him on Twitter [@divinebizkid](#) or give him the Tip of the Century at jdivine@usnews.com.

Recommended Articles

[Wal-Mart Stores, Inc. Is Banking on 'Star Wars' Magic, Layaway This Season \(WMT\)](#)

David Oliver | Sept. 1, 2016

May the force be with Wal-Mart.