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The Rise of **TATA Motors**

Presented by: **Group 2**





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Team Members

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Corporate Governance

BOARD OF DIRECTORS- TATA MOTOR LIMITED



Mr. N
Chandrasekaran



Mr. Mitsuhiko
Yamashita



Mr. Al-Noor
Ramji



Mr. Thierry
Bollore



Mr. Kosaraju
V Chowdary



Mr. Vedika
Bhandarkar



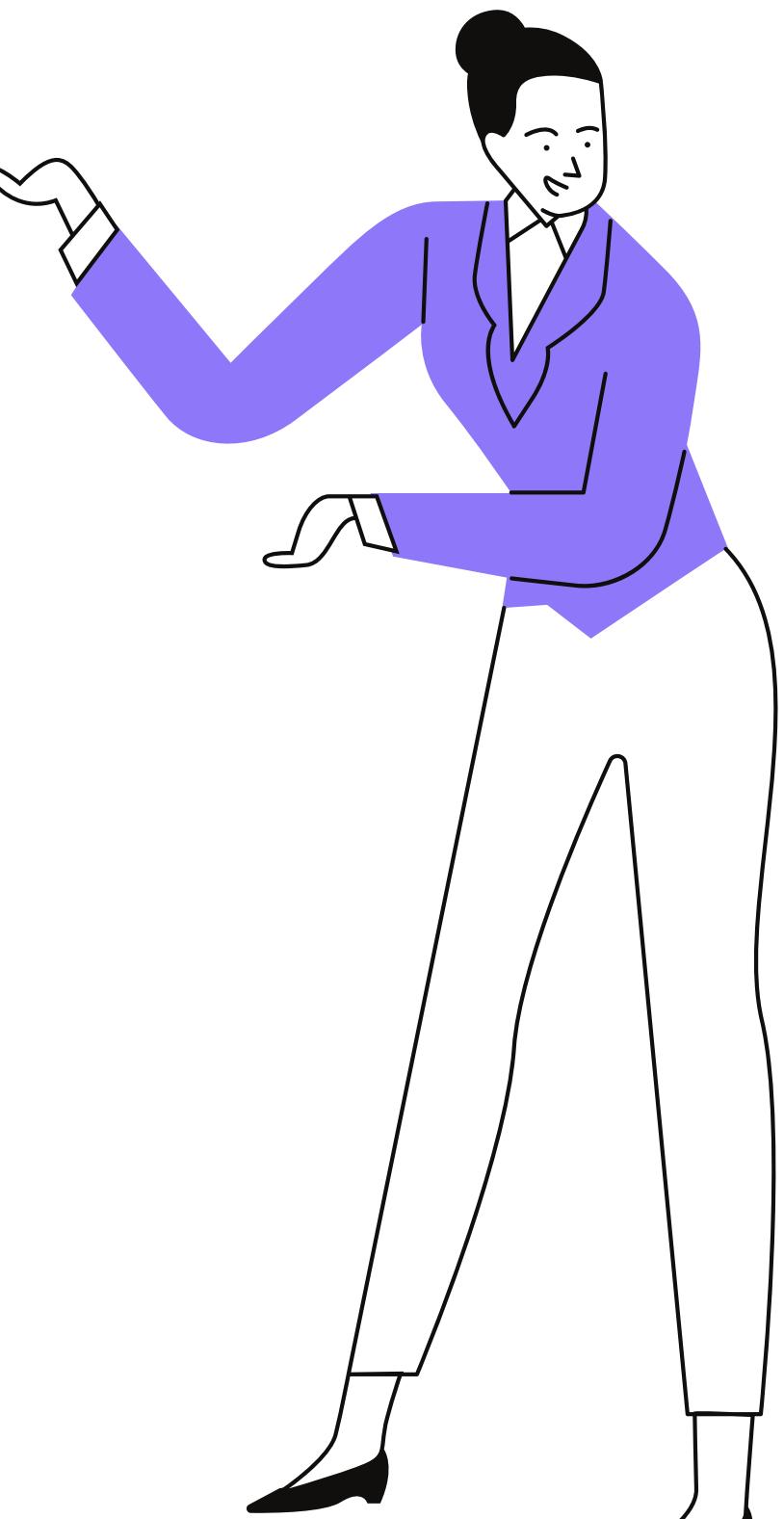
Mr. Hanne
Sorensen



Mr Om
Prakash Bhatt



Mr. Girish
Wagh





Current Situation

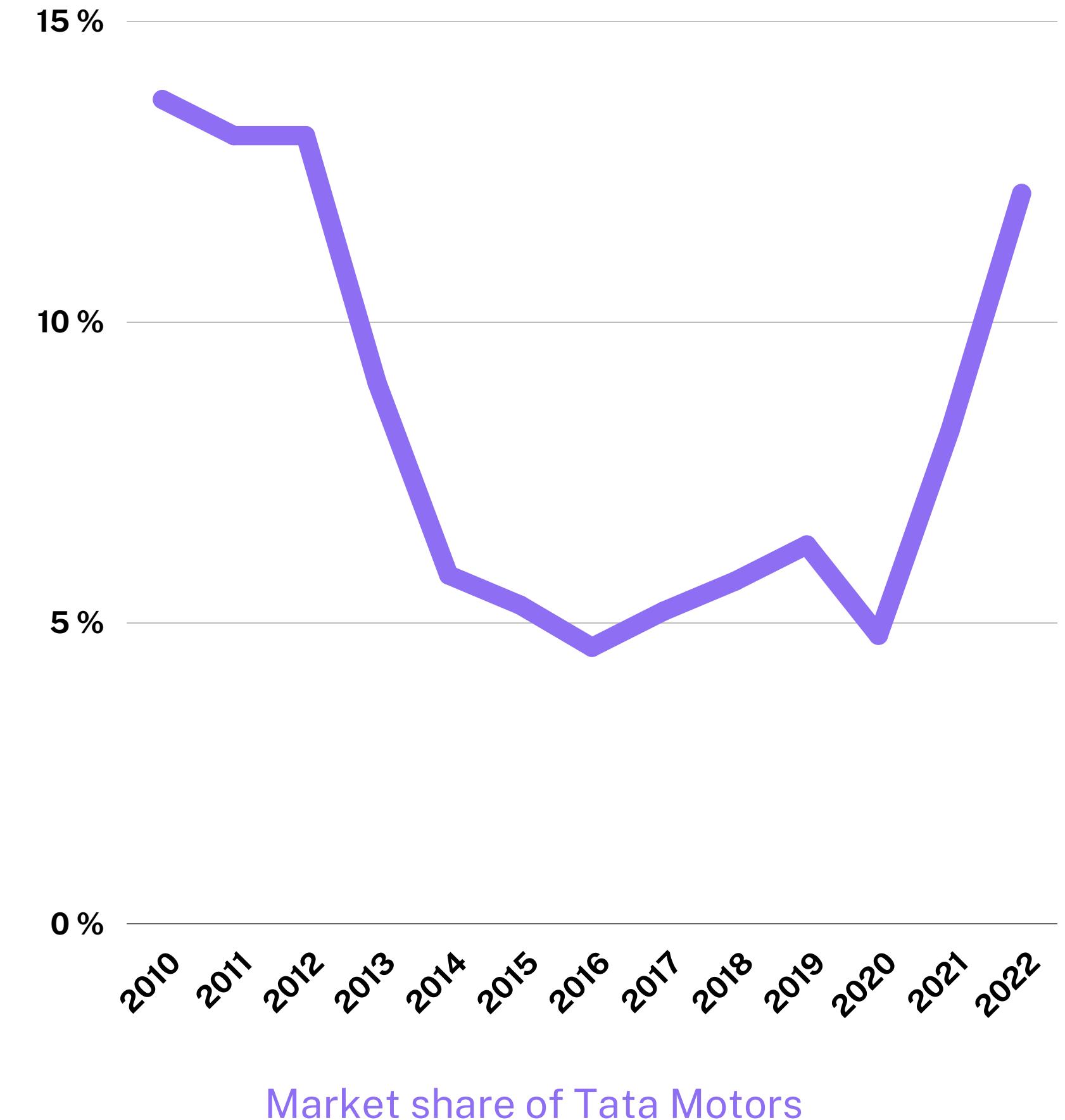
Tata Motors reported its highest ever annual sales at 3.7 lakh units which is a 67% increase from the last fiscal.

- They have an 80 percent market share in the EV industry.
- Tata motors have a market share of more than 12 percent in FY 22.
- Tata motors make more money per car than Maruti Suzuki in 2022.



What was happening before?

Tata motors had been a struggling company despite being in the market for many years. Even backed by the most Nobel company in India, it had a market share of just 4.6% in FY 16.





Why?

Projects like Indica, Safari, and Sumo had failed in the long run, and they started piling up losses. In December 2018 quarter loss was 26961 crores.





Dark truths of the automobile industry

- Bankruptcy is always on the doorstep.
- Every new car model comes with heavy investment in the form of new machinery, storage, etc..
- Car sells are not always get affected by competitors but by geopolitics and government regulations.
- Ride-sharing platforms like Ola & Uber affect car sales heavily, especially in tier-1 cities.
- If competition comes with unsafe cars and lousy build quality at a lower price, that car will sell more than the best-in-class car.
- The future is uncertain no one knows where the industry will go, whether it will be EV or Hydrogen.
- Always have to keep manufacturing and storage costs low and profit margins high without making the car unaffordable.



Manufacturing strategy of Tata

The automobile industry mainly faces two major problems:-

1

DEVELOPING A STANDARD PLATFORM

2

PLATFORM USE FOR ENABLING VARIATION IN MODELS





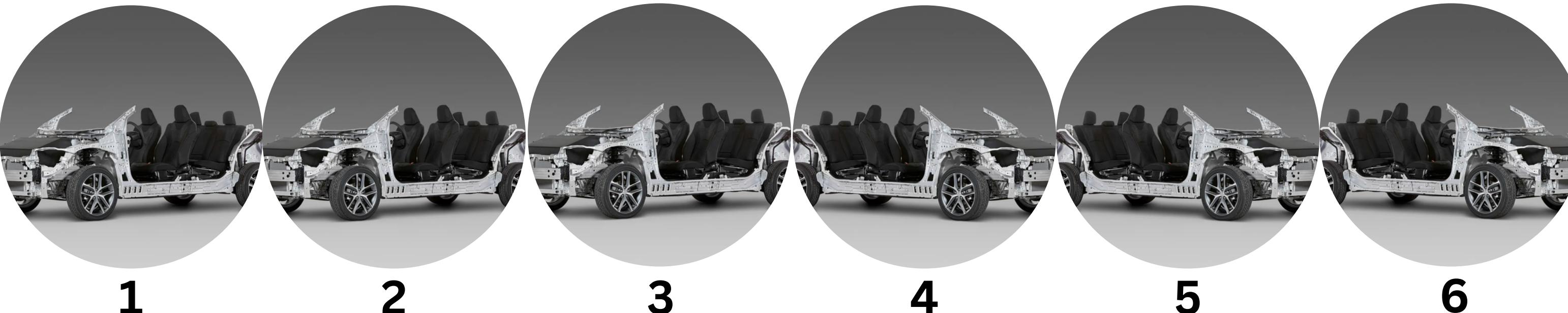
The platform consists of

- 1 Axels
- 2 Suspensions
- 3 Steering Column
- 4 Peddle Box
- 5 Engine Mounting
- 5 Floor Plan

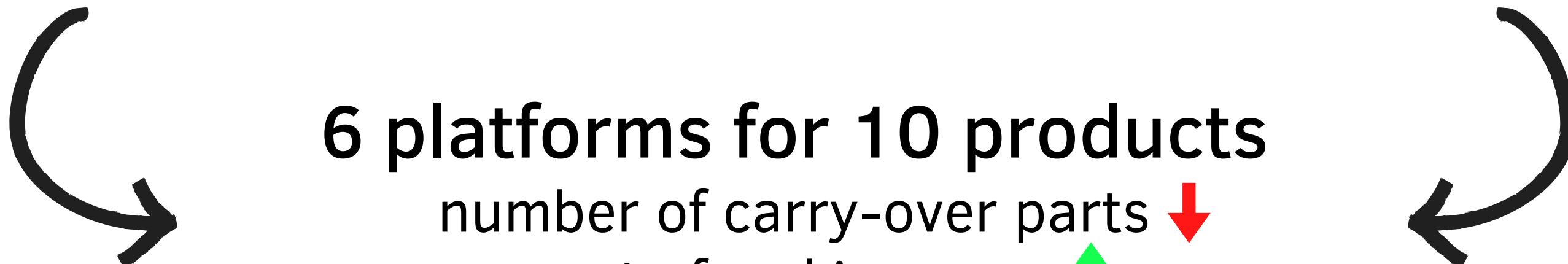


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BEFORE



1 2 3 4 5 6



6 platforms for 10 products

number of carry-over parts ↓

cost of making a car ↑

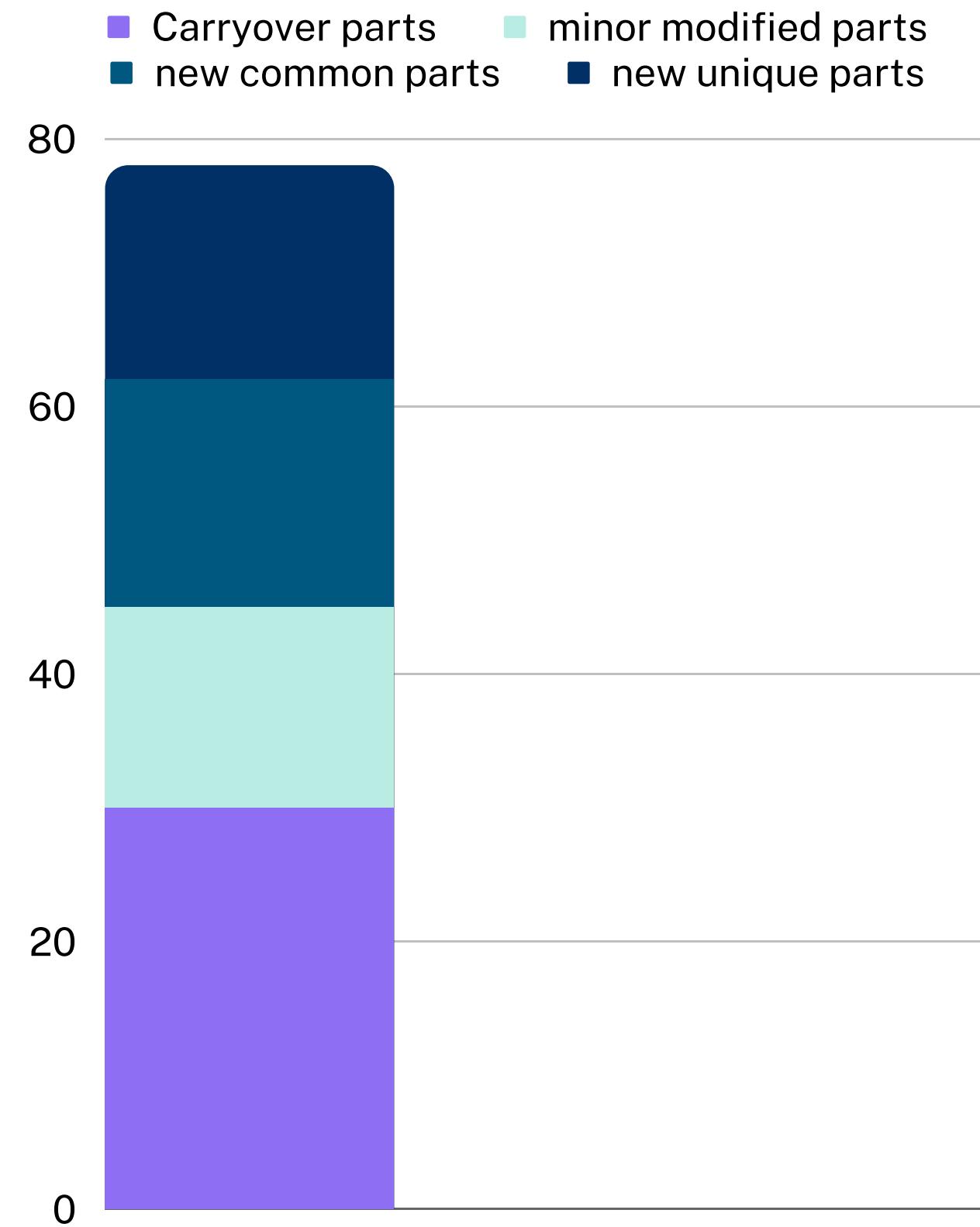
wastage ↑

profit ↓



Components of the platform

- Making a platform is a very expensive process, and it would be challenging to employ a different platform for a different car.
- Since the majority of the graph covers carryover components that apply to other platforms as well, it is cost-effective. new unique components, however, are specific to that platform.

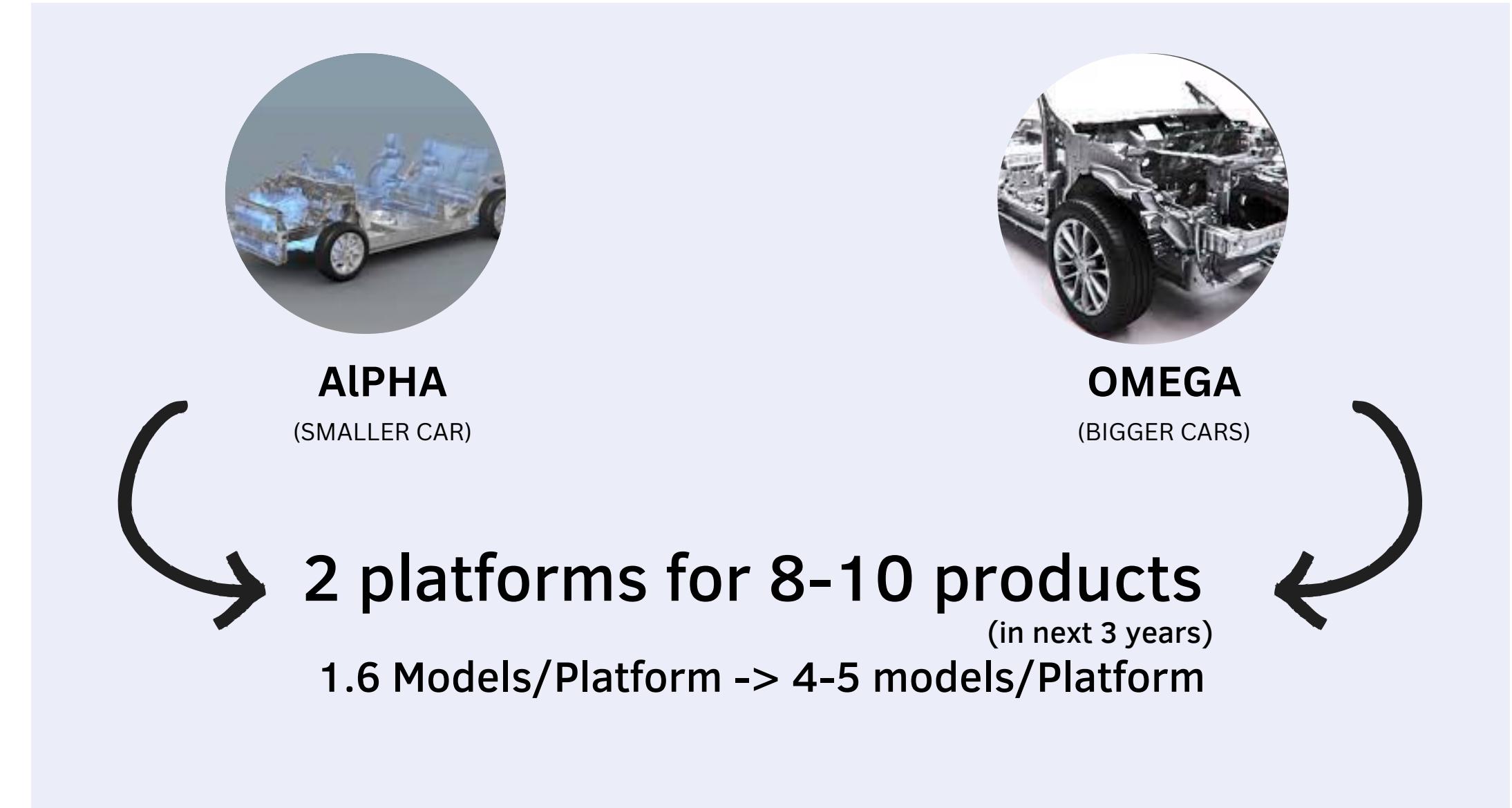




Platform sharing strategy

Benefits

- 01 Less Wastage
- 02 Higher Profit-Margin
- 03 Few newer parts to produce
- 04 Better product flexibility

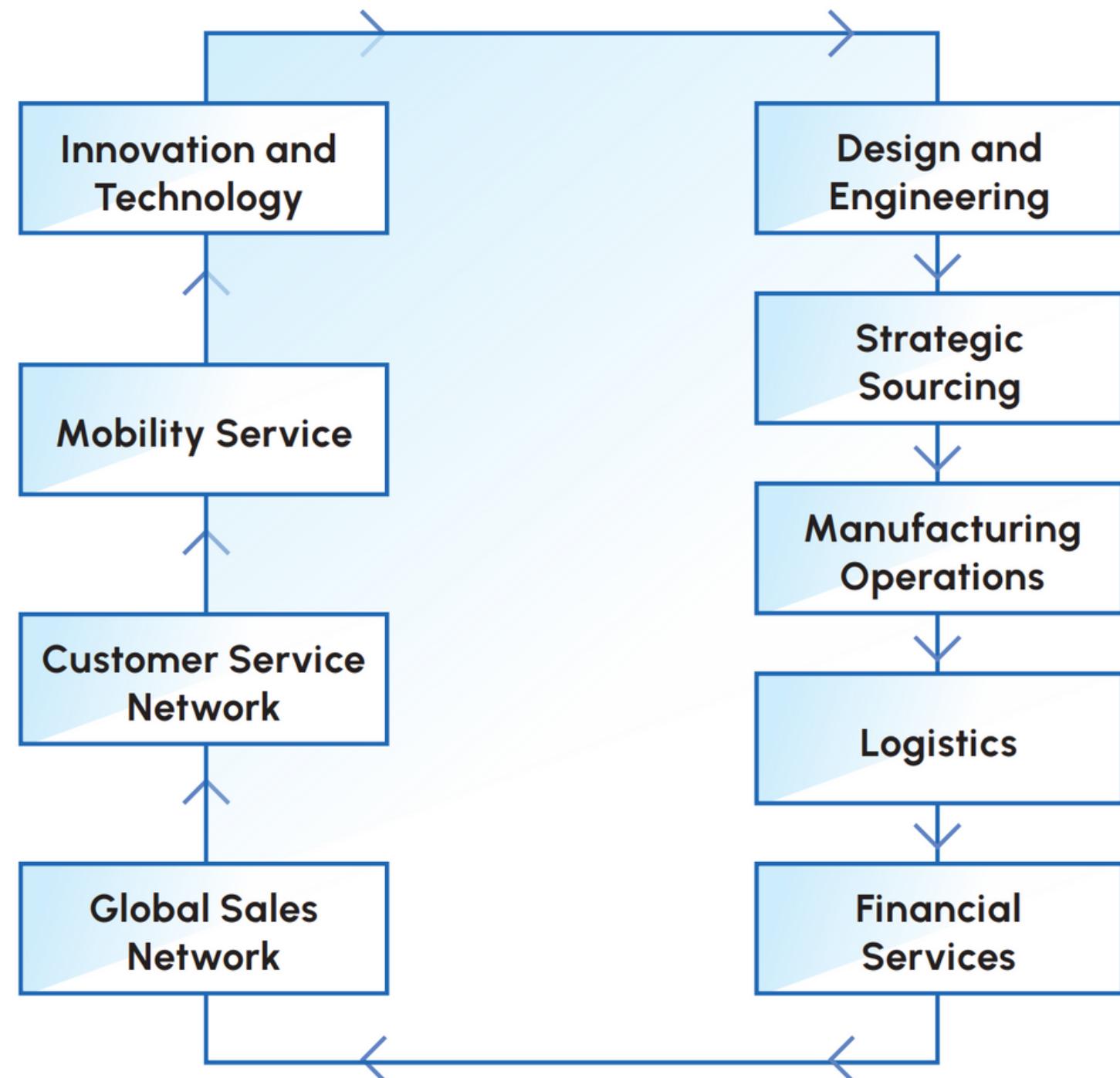


How TATA create and transform value

 FINANCIAL <p>We raise funds from various providers of capital – shareholders, bond issuers, banks and the financial markets. Using these funds optimally, we create value and drive growth.</p>	 MANUFACTURED <p>Operational excellence, benchmark performance, continuous innovation and improvement in automotive manufacturing processes, lay the foundation of our growth.</p>	 INTELLECTUAL <p>In keeping with the changing customer preferences and evolving regulatory environment, we deliver products that are world class and are technologically advanced. Our research, design and engineering centres collaborate with expert bodies globally in the process of developing future-ready products.</p>
 HUMAN <p>For an innovation-driven business like ours, our human capital is at the core of all we do. Our group of engineers, scientists, technicians and workers are key to bringing life to our strategy.</p>	 SOCIAL AND RELATIONSHIP <p>Stakeholder engagement is about the alignment of our growth story with societal needs. Our value creation efforts are aimed at our employees, suppliers, dealer, customers, end users and the communities where we operate.</p>	 NATURAL <p>As a resource-intensive business, our manufacturing operations depend on a variety of naturally sourced raw materials. Our business operations also impact the environment in the form of emissions and wastes.</p>



Value chain



BUSINESS MODEL CANVAS OF TATA MOTORS

KEY PARTNERS	VALUE PROPOSITION	KEY ACTIVITIES	CUSTOMER RELATIONSHIP	CUSTOMER SEGMENTS
<ul style="list-style-type: none"> - Subsidiaries and associate companies - Partnerships through Strategic Alliances - Distribution partners - Manufacturers of automotive parts and Components - Leading banks 	<ul style="list-style-type: none"> - Diverse Portfolio - Leading brand - Innovation and Technology 	<ul style="list-style-type: none"> Automotive segment operations - Development, Design - Manufacturing, R&D - Quality Control, Sales & Marketing - After sales services 	<ul style="list-style-type: none"> - Customer support division - Customer service initiatives - Call centre service 	<ul style="list-style-type: none"> - Rural and Semi-Urban, Urban market - Defence - Truck Drivers & Transporters
	KEY RESOURCES <ul style="list-style-type: none"> - Investments. - Insights and innovation. - Manufacturing capabilities. - Work force. - Natural resources. - Infrastructure facilities and Infrastructure. 	<ul style="list-style-type: none"> Other Operations - IT services - Vehicle Financing 	CHANNELS <ul style="list-style-type: none"> - Online platform - Dealer network - Workshops 	
COST STRUCTURE		REVENUE STREAMS		
<ul style="list-style-type: none"> - Finance capital - Human capital - Intellectual Capital Expenditure - Natural Capital 		<ul style="list-style-type: none"> - Sale of product - Sale of service - Financial revenues - Government grants and incentives 		



Customer Relationships

Tata motors' customer support division is India's widest service network across all commercial vehicle manufacturers. It is a network of 1600 authorized service points.



Customer support

It links customers and manufacturing plants and provides vital inputs to customer demand and choice to the manufacturing division.

Genuine parts of Tata Motors

It manages supply chain activities for spare parts in different service facilities and the whole spare part market of Tata Motors.

Service Marketing

The customer care team creates a portfolio of services like extended warranties, an annual maintenance contract(Suraksha), etc., to help customers.

International Business

The customer care team looks after the customers of Tata Motors in export markets like South America, Europe, Russia, Australia, Africa, the Middle East, etc.



Customer service Initiatives



National Customer Day

"Grahak Samvaad"

"Sampoorna Seva 2.0"

"Tata Alert"



SWOT

S (Strengths)	W (Weaknesses)	O (Opportunities)	T (Threats)
<ul style="list-style-type: none">• Recognized Brand Image• Market value• Established distribution• Market Penetration• R&D• Internation presence	<ul style="list-style-type: none">• Greater operational• Controversies• NO foothold in the luxury segment• Limited presence	<ul style="list-style-type: none">• Digital Marketing• CESS – Connected, Electric, Shared, and Safe• Supply & Chain service• Acquisition. joint venturing	<ul style="list-style-type: none">• 2019 COVID Pandemic• Competitors• Innovation Of• Competitors• Price

Strength of Tata Motors

- Recognized Brand Image
- Market value
- Established Distribution System
- Market Penetration
- Research and Development
- International Presence

TATA MOTORS

Weakness

- Greater operational costs and a lower rate of profits.
- **Controversies:** Back in 2008 the company launched the construction work of Tata Nano in India, Singur, and West Bengal. During that time the West Bengal government interfered and controlled the land under the Land Acquisition Act 1894, where a factory was going to be built by the company.
- No Foothold in Luxury Segment
- **Limited Presence:** Tata Motors is operating the business in over 125 countries globally. But, unfortunately, the company failed to make a strong impact like its competitive brands like Ford, Toyota, Honda and Volkswagen.





01

Digital Marketing:-

Tata Motors should take full advantage of all social media platforms and increase its engagement with its target audience which will help the company to get proper feedback about improving the products and services.

Opportunities of Tata Motors

02

The Supply Chain and Service:-

Tata should expand its supply chain system and distribution network in its current market.

03

Tata Nano:-

The most affordable Tata Nano was not a great success in India and got shut down in 2018; the company can implement this model in other countries and see the feasibility.

04

Acquisition, Merger, Joint Venturing:-

The company should keep following the same pattern with other brands. As it will help the company to increase its sales and profitability.



Threats to Tata Motors

Pandemic

The pandemic was not only deadly to health but also to the economy as well all around the world. During the pandemic, people lost jobs and lots of companies went out of business. A pandemic will always be a big threat to all the companies and businesses out there.

Competitors

Tesla, Honda, Hyundai, BMW, etc are big competitors of Tata Motors. Competitors' market share growth and customers' market expansion results in lower market share for the company.

Price

The competitors are always in competition with Tata Motors on price as they offer the latest advanced designs and features at lower prices. Which in turn impacts the sales and profit of Tata Motors.



Five Portel's forces

Competitive Rivalry	HIGH	There's intense competition in the Indian automobile sector both in the passenger and commercial vehicle segment
Supplier's Power	LOW	Too many suppliers. Further, most of them are not big enough to negotiate with Tata.
Buyer's Power	LOW	Buyers cannot negotiate the price directly with Tata Motor. (However, they can negotiate with dealers).
The threat of a Substitution	HIGH	Railways, aeroplanes, driverless cars, Trucks, and Buses launching every week.
The threat of New Entry	MEDIUM/HIGH	A few International automobile giants already entered and many planning to enter.



Barriers to entry

- ❖ **Distribution channels:** To capture the vast market, you should have an extensive distribution network which is essential feature considered by the company.
- ❖ **The demand side benefit of scale:** Getting the customer's trust is never easy. Companies like Hero Honda, Bajaj, TATA, etc. have a large customer base and build confidence in their product. So new players will have to make a place among the customer to beat the competition, which will not be easy for them.
- ❖ **Capital requirements:** Capitals require to start an automobile company are very high. Land and machinery requirement and human resources requirement and after then there is increased competition so it will be very risky for the new company.

How Tata can Handle this

- ❖ By innovating new products and services. New products bring new customers to the fold and give old customers a reason to buy Tata Motors Limited's products.
- ❖ Building capacities and spending money on research and development. New entrants are less likely to enter a dynamic industry where established players such as Tata Motors Limited regularly define the standards. It significantly reduces the window of extraordinary profits for the new firms, thus discouraging new players in the industry.
- ❖ Building economies of scale can lower the fixed cost per unit.



Bargaining Power of Suppliers

- ❖ When we talk about the input like seat cover, plastic etc. which can easily switch and cost is nil of switching. So in this case bargaining power of supplier will be low.
- ❖ When we talk about steel major input for the automobile industry and in India steel demand is more than its supply and most of the steel is imported from the abroad so in this case also automobile company are lacking.
- ❖ To manufacture a vehicle number of inputs is used like steel, seat covers, technology, and tyre etc. Input which add value to the vehicle supplier of those inputs are always have bargaining power like tyres of MRF will add value to the final product so company using the MRF tyre can't change the supplier easily due to high switch cost.

How Tata can Handle this

- ❖ By building efficient supply chain with multiple suppliers.
- ❖ By experimenting with product designs using different materials so that if the prices go up of one raw material then company can shift to another.
- ❖ Developing dedicated suppliers whose business depends upon the firm. One of the lessons Tata Motors Limited can learn from Wal-Mart and Nike is how these companies developed third party manufacturers whose business solely depends on them thus creating a scenario where these third party manufacturers have significantly less bargaining power compare to Wal-Mart and Nike.



Bargaining Power of Buyers

- ❖ For the products which are adding value to the product the switching cost of company will have low bargaining power because it will directly affect the customers.
- ❖ Company have to keep good relation with supplier to enjoy the benefit of discounted prices so they have to go keep long relation with supplier. So they can't change supplier time to time. In that case buyer will have high bargaining power.
- ❖ When buyer power is strong, the buyer is the one who sets the price in the market. Here there are purchases of large volumes. There is prevalence of alternative options It specifies the impact of customers on the product.

How Tata can Handle this

- ❖ By rapidly innovating new products. Customers often seek discounts on established products so, if Tata Motors keep on coming up with new products then it can limit the bargaining power of buyers.
- ❖ New products will also reduce the defection of existing customers of Tata Motors Limited to its competitors.
- ❖ By building a large base of customers. This will be helpful in two ways. It will reduce the bargaining power of the buyers plus it will provide an opportunity to the firm to streamline its sales and production process.



Industry Rivalry

- ❖ The firm must produce capacity to attain the lowest unit costs when total costs are mostly fixed. Since the firm must sell this large product, high production levels lead to a fight for market share and increased rivalry.
- ❖ The presence of many players of about the same size leads to little differentiation between competitors. The higher the competition in the industry lower would be the profit margin.
- ❖ Industry becomes unstable as diversification increases. In this AUTOMATIVE, the diversity of rivals must be moderate as most offer products close to standard versions, and the competitors are also mostly similar in strength.

How Tata can Handle this

- ❖ By building a sustainable differentiation
- ❖ By building scale so that it can compete better
- ❖ Collaborating with competitors to increase the market size rather than just competing for small market.



Threat of Substitutes

- ❖ Railways and airlines are broadly two substitutes for automobiles. But any of these can not substitute for the need of every customer. Airlines will not be substituted for a short journey or a journey to a place that the railway can't reach some places.
- ❖ But these can be a threat shortly as the airline industry tries its best to cheap their fair and start as much as local airlines.

How Tata can Handle this

- ❖ Understanding the customer's core need rather than what the customer is buying and by increasing the switching cost for the customers.ted.
- ❖ By being service oriented rather than just product oriented.



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TATA IN EV

Tata Nexon EV became the highest-selling EV in the electric vehicle market according to 2021 data, with 9,111 EVs sold.

Despite being a costly car, it survived well in the cost-sensitive Indian market due to its overall **value for money**. It has three drive modes: Eco, City, and Sport.



Makeshift Approach

01

EV came up with disruptive technology due to battery tech, making EVs more affordable and accessible than petrol, diesel, or gas cars, thus boosting their demand.

02

While other EV companies struggled to make their assemblies and structure from the base, TATA repurposed their unused shopfloor and platforms. TATA transformed their gas cars by manually replacing the engine with a battery pack and other required transitions. It gave the company a first and leading hand in the trending EV-demanding market. Later, a completely automated assembly line was set up to increase production efficiency. This way, TATA Motors made its initial headway into the market with significant price cutting.

Nexon EV



Tigor EV



X-press TEV



Starbus EV



Tata Ultra Electric



Fig. Evolving Tata EV Landscape



Different Channels of Growth

Dealer Network

Tata Motors has a vast network of dealers for selling their vehicles. The company has more than 800 dealers located in various cities in India.

Online Platforms

“Click to drive” is an online platform that digitally offers a complete sales experience and enables customers to purchase passenger vehicles with just a button click. This online platform has the following features:

1. Explore and Configure
2. Reserve
3. Purchase

Workshops

Tata Motors has a network of authorized maintenance, Body, and Paint Workshops on a PAN India basis for all repair and maintenance needs of customers' vehicles. These official workshops provide best-in-class service for customers' Tata vehicles.



COMPETITIVE ANALYSIS

01

**Strength, weakness,
opportunities, threat
(SWOT) Analysis**

02

**Porter's Five forces
analysis**

With this in-depth study of Tata Motors using Porter's five forces and SWOT analysis, we can conclude that Tata Motors is India's leading automobile manufacturing company. The company is recognized in the motor industry with its esteemed market value, distribution network, and intense research and development. They must work on a foothold in luxury cars to continue holding their stance in the Market. Possible acquisitions, better prices, and efficient digital marketing will significantly help. However, SWOT may be in favour of TATA but due to the dense competitive environment in the industry, Porter's five forces of competitive analysis aren't in favour of TATA MOTORS. Most reports highlight a disadvantage for Tata and mainly depend on AI, Deep Learning Technology. Since the Indian Market is not suitable for an autonomous, self-driving car, the firm can hold its ground firmly.



ONE TATA

From cars and appliances to watches and jewellery to food, Tata companies are integrating intelligent data to deliver products that are increasingly customised, connected and contextual

- ◆ Companies are adopting digital to build new consumer experiences, connected products, and intelligent enterprises and to accelerate product development.
- ◆ They are also adopting an agile mindset to hit the market quickly. This only promises more delight for all of us as consumer merchandising optimization, pricing decisions, sales and scenario planning, customer propensity-based targeting, and delivering personalized campaigns.
- ◆ ThirdEye, a network analysis tool, is helping retail managers identify prospective store locations and understand store concerns.
- ◆ At Titan Company's Tanishq, digital is altering the journey of gold jewelry. Prometheus, an in-house automated machine learning (ML) platform, has been deployed to leverage ML models across various applications such as demand forecasting
- ◆ The financial services cluster companies of the Tata group have significantly invested in data as a strategic lever in their pursuit to become intelligent enterprises. This has enabled Tata Capital, Tata AiA, and Tata AiG to innovate and respond better and faster during the pandemic. With a focus on data and AI-driven insights, they are redefining the customer experience, ways of working and shaping new product offering



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That's a wrap!

Thank you for participating.

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October 8, 2022