

TATA MOTORS:
A COMPREHENSIVE ANALYSIS OF
A LEADING INDIAN AUTOMOTIVE
COMPANY.

ABSTRACT

According to the case study, the company, TATA Motors wants to have a multiband approach to competing in the global car industry. Based on the case study, I analyzed the company as a whole in the global car industry and based on my findings figured out their SWOT (strengths, weaknesses, opportunities and threats). After figuring out their SWOT analysis, I suggested potential strategies that could possibly lead to becoming stronger and having a chance in competing in the global car industry

EXECUTIVE SUMMARY OF TATA MOTORS:

Tata Motors is a \$42 billion dollar organization and a global leader in manufacturing covering a wide range of vehicles. Their brand can be found in over 175 countries around the globe and has proven to be a main competitor in the global car industry.

The major goal that Tata Motors has been trying to globally accomplish over the past few years is to be a multi brand company. With being the largest company in India, they have strived to make this goal successful. Unfortunately, with some countries' barrier to entry being very different than what they are used to, Tata needs to make a major adjustments if they want to compete and be the multi brand company they are striving to become.

Tata Motors strives on giving their consumers cutting-edge innovation with their cars providing an improve quality of life to the communities that they serve. The global car and automotive manufacturing industry has been dealing with the increase price of steel, making the price of cars increase. With disposable incomes being so low, consumers risk the chance in using their money towards buying new cars. The car industry is also dealing with global interest rates; making the demand of big ticket item. With positive trends such as technological advances and environmentally friendly consumers, the industry has been adjusting to these changes to keep up with what the consumers wants. If the company wants to succeed globally with their products some strategies that they should be thinking about is updating their safety standards and the structure of their designs when in manufacturing. As a company they need to think globally if they want to succeed with their products, so by working on their brand name marketing wise, they could be a huge competitor worldwide.

COMPETITORS OF TATA MOTORS :

Sl. No	Name of the Organization	Year of Establishment	Valuation	Employees	Vehicle sold	Revenue
1	Tata Motors	1945	\$105 B	73,608	694.2 K	\$38 B
2	Toyota	1937	\$213.58 B	64,003	93.1 M	\$275.35 B
3	Hyundia	1967	\$91.29 B	121,403	515 K	\$102 B
4	Maruti Suzuki	1981	\$12 B	67,721	800 K	\$9.6 B
5	Kia	1944	\$61 B	51,000	450 K	\$176 B
6	Volvo Cars	1927	\$21.2 B	41,000	600 K	\$ 40 B
7	Mahindra	1945	\$23.8 B	842	200 K	\$9.7 B
8	Morris Garage	1924	\$10.8 B	600	130 K	\$331 M
9	Mitsubishi Motors	1970	\$4.6 B	39,091	225 K	\$143 B
10	Audi	1907	\$82.1 B	61,415	360 K	\$65 B

TATA MOTOR THREATS , OPPURTUNITIES :

The following are external threats and opportunities for Tata MotorsThreats:

- Price in steel increases so does the price of cars
- Price in cruel oil
- Global interest rates
- Laws and regulations that Indian manufacturing companies have to go through

Opportunities:

- With the disposable income increasing consumers will want to buy more high price ticket item such as luxury cars
- The GDP for India will be increasing since their globalization and production volume are increasing
- Creating fuel efficient cars for eco-friendly consumers

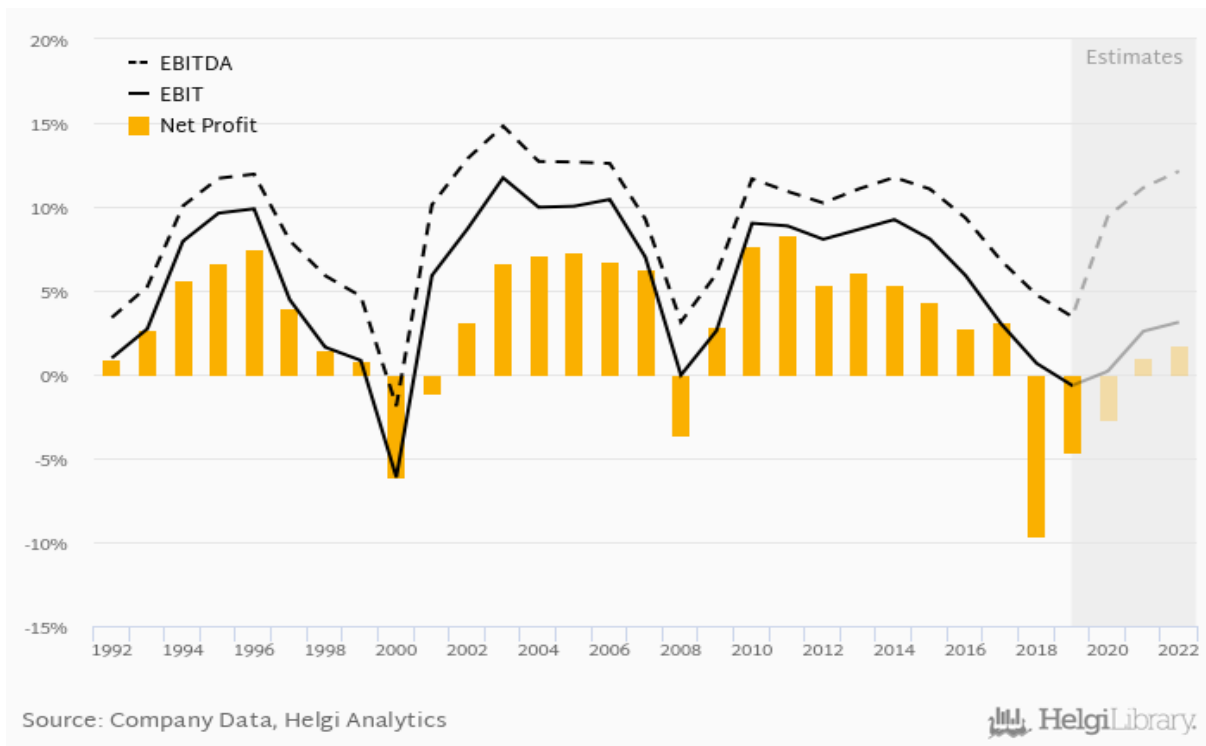
TATA MOTORS POLITICAL VIEW :

- Tata Motors and its subsidiary have overcome several issues that disrupted potential. For Jaguar Land Rover, the U.K.'s decision to leave the European Union set off doubt. Following the vote for Brexit, many mainland Europeans threatened to boycott British goods and services, the iconic auto brands included.
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- Europe is a major buyer of both brands. In the company's last fiscal year, Europe accounted for 24% of worldwide Jaguar Land Rover sales. So far this fiscal year, that number has only dropped slightly to 23%. Brexit could still be a major factor down the road, as a trade agreement may not happen until after the U.K. officially leaves in 2019. However, the automaker is proving resilient in spite of the looming event.
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- India's new demonetization policy was the other major political headwind that arose recently. In a surprise announcement in November, to help fight black-market activities, the government ordered that 500- and 1,000-rupee notes be brought in to banks and replaced. Since much of India's economy is based on cash, the move stung the local economy, especially small businesses and families. For comparison, imagine what would happen if \$1 bills were suddenly taken out of circulation in the United States.
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- The country's world-best growth, topping 7% the last couple of years, took a temporary but big step back in the fourth quarter as it fell to 6.2%. The economy is rebounding, though, as the government continues to increase spending on infrastructure and modernization. India is expected to return to better than 7% growth this year and next, and Tata's sales figures have continued on an upward trajectory.

Tata Motor's Strengths and Weaknesses:

Strengths:

- Being a strong competitor in the growing Indian Market: With Tata being in the top 3 manufacturers in India and being one of the largest manufacturers it gives them the advantage to become a strong competitor not just in the growing Indian market, but globally.
 - Their care for their customers: In their mission statement Tata states, "Through our deep understanding of the customer's needs, we have consistently brought innovation to this industry" (About Us: Tata Motors Company Profile, n.d.). Tata Motors ensure that they want to satisfy the needs of their consumers and by listening to what their customers want in a car they end up with more sales.
 - The many products they have to offer: Tata has a long list of products that they offer to their consumers. Anything from passenger vehicles such as compact cars, mid-sized sedans and SUVs to commercial vehicles like 49-ton mass movers, buses and passenger transporters. Whatever the consumers want, Tata will have.
- Have a strong global presence: Tata Motors has been building factories all around the world in 80 different countries, giving the chance of expanding their horizons based upon their business. With owning more than 90 companies in seven business sectors it's one of the biggest companies in India. Their globally known presence makes their brand more popular among the car industry.



Having luxury cars in their line of products: With luxury names such as Land Rover and Jaguar in the Tata Motors Company, it gives them the advantage in the luxury sector. It shows that the company itself is becoming a multi-Brand company.

Weaknesses:

- Even though Tata bought Land Rover and Jaguar, they aren't considered a luxurious brand: other than having Land Rover and Jaguar, Tata Motor's products are not considered luxurious and does not give an appealing look for the brand. They are not meeting the needs of the consumers on what they want for a car, esthetically.
- They have very weak marketing strategies: Even though Tata Motors has businesses all over the globe, they have very weak marketing skills in developing countries in putting out their products. For example, their trucks are their top brands in India, but in other countries it isn't.
- Tata has no strategic direction for the company: With having weak marketing strategies, it shows that they are not directing their company to become stronger globally. It might turn away investors who are actually looking for strong, competitive brands that they can invest in.
- Their products have no safety features: Tata Motor's products such as the Nano failed independent crash tests. Even though the president of Tata Motors Ranjit Yadav said, "The Company would meet the safety requirements of its cars as per global standards" (Tata Motors to improve small Indian cars safety after failed crash tests, n.d.). Even though they will try to update their safety standards, but will it make investors turn away?
- The word "tat" means rubbish: This is one weakness that is not often recognized, but in that case would British consumers ever would want to buy a brand that means rubbish?

Merger between Tata and Land Rover/Jaguar:

In June of 2008, Tata Motors acquired the Jaguar/Land Rover business from Ford Motor Company for a net worth of \$2.3 billion. At the time Jaguar/ Land Rover did not have a very strong financial backup when the big recession hit. The purchase consideration includes the ownership by Jaguar and Land Rover, or perpetual royalty-free licenses of all necessary intellectual property rights, manufacturing plants, two advanced design centers in the UK, and a worldwide network of national sales companies (Tata Motors completes acquisition of Jaguar Land Rover , 2008). The two companies can still cooperate together for designing and development. 7 years after the merger, both companies are going strong together and increasing productions and jobs to meet the demands of the consumers. I believe that this was a good fit between both companies. Tata saved Jaguar/Land Rover business from job layoffs and becoming bankrupt during the recession in 2008. Tata also gained the luxury sector for the car industry, and

CASE STUDY: TATA MOTORS

increased their business with the demand for Jaguar and Land Rovers. For JLR, their company was saved and increased their production, jobs and brand name from their products. JLR can help Tata expand on their luxury sector and possibly help them design a luxury product. For JLR since their brand is already nationally known, there is nothing for Tata to change about the luxury cars.

Updating their structure of their car for better safety:

One strategy I would suggest to Tata Motors would be updating all of their safety standards in their car structures. Two major problems that Tata is facing that is making them weak their safety issues and marketing their brand globally. If Tata wants to achieve to make their brand go globally, they can get that with updating the safety standards in their vehicles to what each continent's safety regulations are. If they add airbags, antilock brake systems, allwheel drive, and traction control to their products it will do multiple things: One, show their consumers and investors that they are making the adjustments that they are looking for. Two, they are giving a design that would gain entry into different countries, because their new safety designs would be up to code of what safety regulations they are looking for. For Example, the U.S safety regulations for air bag states, "Frontal air bags are generally designed to deploy in "moderate to severe" frontal or near-frontal crashes, which are defined as crashes that are equivalent to hitting a solid, fixed barrier at 8 to 14 mph or higher. (This would be equivalent to striking a parked car of similar size at about 16 to 28 mph or higher.)" (General Information on Air Bags, n.d.). If Tata Motors makes sure that this safety regulation for their air bags can be withheld in their design of their products, then it can give them a chance to enter U.S entry market. Lastly, if Tata updates their designs and get into other countries, then it will make their brand more competitive globally.

Tata needs to implement this by getting a small group in research and development to focus on researching Indian car safety regulations as well as looking at different countries regulations and laws about automobile safety. Once they have enough information about the regulations, that team should work with the design team at Tata Motors to go over each design to make sure that each safety feature is added to each product; ensuring that their product is still the

same design that their consumers are used to, but is safer than ever before. Tata Motors should have a testing site where they can test their products. It would be beneficial for them to test their vehicles to make sure that their safety designs fulfilled their duty to protect their consumers. For Tata I would start implementing small then working your way up to more countries. For example, if Tata starts small starting with 5 countries and their safety regulations they can see if they can pass their barriers to entry with their updated products. If they get into all 5 countries, then they could go bigger. It would be beneficial to start off small, just to see if their safety plan works out. If it didn't get through the barrier to entry then they would know to go back to the drawing board and update anything they needed in their products and try again.

Work on trying to make a luxury product:

A strategy that could also help Tata Motors be a stronger company is by working on trying to make a luxury product. Tata has had a lot of issues with their products such as their Nano and even though they do own JLR Company their company isn't considered luxury products. Customers want a product that is low-cost and ecofriendly like the Nano, but still have the luxury design and feel of a car like Jaguar or Land Rover. This would be a great way for both JLR Company and Tata to integrate a combined thought process design that could work for both consumers who have a tight budget to work with or rich, high class consumers. Since JLR Company is known for their luxurious products they can teach Tata Motors about the luxury design process and figure out what customers of the upper class look for in luxury vehicles. So if their first design became high in demand they could have a chance to create more luxury products. If this strategy came into play this would be a huge accomplishment for Tata since they

would be reaching a whole new target market they haven't experienced before. 9% of people globally are upper-middle income, which are people who live on \$20.01 to \$50 daily and there is only 7% of people globally who are high income who are people who live on more than \$50 daily (World Population by Income: How Many Live on How Much and Where, 2015). If Tata created a low-cost luxurious product, their demand would increase and would give the company the ability to focus on another demographic of consumers that would be willing to pay top dollar for their products. To implement this strategy Tata should take some members of the JLR Company and put them together with design members of Tata and create a small team that would research and develop a design that would have both qualities that each company has. For example, in the 2015

Jaguar XJ they have a panoramic sunroof, push-button start, navigation, a 14-speaker Meridian audio system, a USB port, Bluetooth, satellite radio, HD Radio and an 8-inch touch screen (Jaguar XJ Interior, n.d.). If Tata can get all of those luxury interior features into a car such as the

Nano then the company would be taking the best of both worlds and putting them into one perfect car for their consumers. Tata would definitely have a stronger brand because of implementing a design like this with a top brand such as Jaguar and Land Rover shows that they are willing to take a chance with putting something out there that they are fairly new in and actually giving what the consumers want in a car for a low-cost price.

Tata Motor's Before and After Pandemic:

JLR: After Jaguar Land Rover's return to profit in the second and third quarters, which reflected improvements achieved through its transformation programme, fourth quarter results were significantly impacted by the pandemic. Despite this, the business has improved its EBIT by 60bps and cash delivery by £560m over the previous year. Project Charge has delivered cumulative savings of £3.5 billion.

TML: In India, demand which was already adversely impacted by the general economic slowdown, liquidity stress and stock corrections due to BSVI transition, was further affected by the lockdown. Steep volume decline, particularly MHCV, and resulting negative operating leverage impacted profitability and cash flows.

TATA MOTORS (STANDALONE INCL. JOINT OPERATIONS):**Business Highlights**

Growth during the year impacted by subdued demand following the general economic slowdown, liquidity stress, low freight availability for cargo operators, transition to BSVI and the supply chain disruptions due to COVID-19. Seamless transition to BSVI led by strong focus on retails; System stock at historical low. CV retails at 361K. Market share in MHCV up 240 bps to 57.4% and ILCV up 180 bps to 47.2%. CV EBITDA margins impacted due to adverse mix and negative operating leverage. PV retails at 149K. Exciting product portfolio launched viz. new BS VI range and the New Altroz. PV contribution margins steady, focus on front end activation. Rs. 6000Cr of cost and cash savings to be delivered in FY21. Strong liquidity position of Rs. 6.7 KCr.

Financials

In FY20 wholesales (including exports) decreased 35.1% to 475,207 units. In the domestic market, M&HCV growth was -49.7%, ILCV -26.2%, SCV & Pick Ups -24.6% and CV Passenger -28.9%. Domestic PV volumes were down 37.4% where after a successful switch to BSVI there were severe supply disruptions (China supplies and fire at vendor). Overall domestic retails were higher than wholesales by 65K.

Revenue for the year decreased 36.5% to Rs.43.9KCr, Pre-tax loss before exceptional items was Rs.4,617Cr (against pre-tax profit of Rs. 2,602Cr in FY 19) due to adverse mix from M&HCV volume decline, stock correction and negative operating leverage. Exceptional include Rs. 2508Cr charge for rationalising the asset base and other provisions in India PV. Earnings Before Interest and Tax (EBIT) was (7.1)% and free cash flow for the year was Rs. (6) KCr with second half being positive Rs. 400Cr despite the challenges. The company ended the fourth quarter with a strong liquidity of Rs. 6.7 KCr.

CONCLUSION

Tata Motors is one of the best cars manufacturing company in India. People feel that Tata Cars are people's car as it is satisfactory on all parameters. Tata Motors have knowledgeable sales persons, the employees of TATA Motors spend enough time before and during sales. The prices are affordable as it is a low cost producer, attractive discounts are offered, waiting area is pleasing, TATA Motors service station is excellent. The Maintenance Cost of Tata Motors is high and resale value is low. These are the only two main areas in which the customers are dissatisfied. Therefore, Tata Motors has to work in terms of maintaining quality standards. In continuation with its commitment to providing Indian customers with Sandesh Kumar Sharma et al, Int.J.Buss.Mgt.Eco.Res., Vol 2(4),2011,250-257 256 cutting-edge global technology, the auto industry aims to become a centre of excellence for engineering and ensure quick turnaround time to changing consumer needs. All and all With a product line spanning commercial, utility, and passenger vehicles, Tata Motors is on the road to forging ever stronger relationships with the people who have bet their money on the company's products.

Cars Sales Snapshot in India for the month of February 2022										
RANK	OEM	YoY Analysis			MoM Analysis			Market Share Change		
		Feb'22	Feb'21	GROWTH	Feb'22	Jan'22	GROWTH	Feb'22 MS	Feb'21 MS	MS Diff
1	Maruti Suzuki	1,33,948	1,44,761	-7.5%	1,33,948	1,28,924	3.9%	44.2%	46.9%	-2.7%
2	Hyundai	44,050	51,600	-14.6%	44,050	44,022	0.1%	14.5%	16.7%	-2.2%
3	Tata	39,980	27,224	46.9%	39,980	40,780	-2.0%	13.2%	8.8%	4.4%
4	Mahindra	27,563	15,380	79.2%	27,563	19,860	38.8%	9.1%	5.0%	4.1%
5	Kia	18,121	16,702	8.5%	18,121	19,319	-6.2%	6.0%	5.4%	0.6%
6	Toyota	8,745	14,069	-37.8%	8,745	7,328	19.3%	2.9%	4.6%	-1.7%
7	Honda	7,187	9,324	-22.9%	7,187	10,427	-31.1%	2.4%	3.0%	-0.6%
8	Renault	6,568	11,043	-40.5%	6,568	8,119	-19.1%	2.2%	3.6%	-1.4%
9	MG	4,528	4,329	4.6%	4,528	4,306	5.2%	1.5%	1.4%	0.1%
10	Skoda	4,503	853	427.9%	4,503	3,009	49.7%	1.5%	0.3%	1.2%
11	VW	4,028	2,186	84.3%	4,028	3,523	14.3%	1.3%	0.7%	0.6%
12	Nissan	2,456	4,244	-42.1%	2,456	4,250	-42.2%	0.8%	1.4%	-0.6%
13	Jeep	1,020	1,103	-7.5%	1,020	861	18.5%	0.3%	0.4%	0.0%
14	Citroen	59	0	Auto Punditz	59	40	47.5%	0.0%	0.0%	0.0%
15	Ford	0	5,775	-100.0%	0	0	Auto Punditz	0.0%	1.9%	-1.9%
TOTAL		3,02,756	3,08,593	-1.9%	3,02,756	2,94,768	2.7%	www.autopunditz.com		

Car Sales in India

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