

# To What Extent Have The Innovative Product Strategies Implemented By Tata Motors Contributed To The Increase In Market Share And Enhancement Of Brand Image For Tata Passenger Vehicles In India From 2017?

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## **Abstract:**

The essay focuses and evaluates the strategies employed by Tata Motors Limited (TML) to regain its position of the top 3 passenger vehicle manufacturer in India and rebuild its brand image. Critical strategies such as integration of JLR's technologies into TML's other subsidiaries, brand repositioning and marketing strategies will be analysed. Tata Motors Limited's passenger vehicle division has successfully repositioned its business using various marketing techniques to raise its market share in India.

**Materials and Methods:** This research essay will require up-to-date and accurate information of the company's financials and other internal and external workings (including references to secondary sources of research). The company's press releases, annual reports like sales volumes, profit & loss account are some essential resources required to understand and analyse the company's situation accurately. Paul Hong's IBDP business management textbook makes use of the BMTs.

**Application of Business Tools:** The application of accurate Business tools will help me propose a strong analysis,

by understanding the financial data and the strategies of Tata Motors Limited (TML) and reach a dynamic answer to the research question. Some BM tools used are –

- PESTLE analysis (to evaluate the external factors that influenced TML)
- Marketing Mix (to analyse their marketing strategies)
- Financial data analysis (to evaluate their market share and economic stability)
- PLC analysis (to analyse their product positioning and extension strategies)
- Perception Mapping (to compare Tata's Cars with its rivals)

**Conclusion:** Tata Motors Limited's passenger vehicle division has successfully repositioned its business using various marketing techniques to raise its market share in India.

**Key Word:** Sustainability, growth, marketing.

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## **I. Introduction**

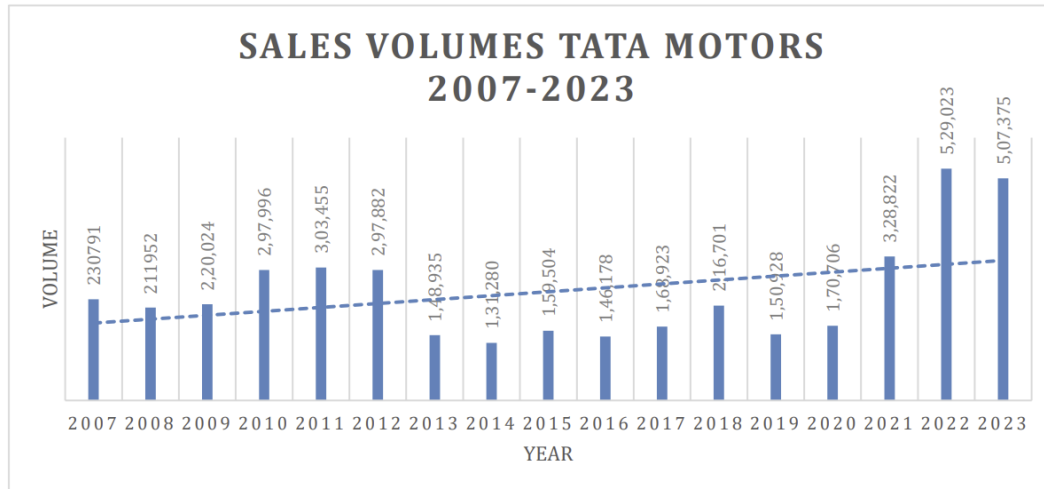
Tata Motors Limited (TML) is an automobile manufacturer headquartered in Mumbai, India is valued at USD 37 Billion. Tata Motors operates in 125+ countries across the world engaged in the manufacturing of buses, trucks, passenger cars and defence vehicles. Tata Motors Limited also operates in the luxury cars market through JLR (Jaguar Land Rover) a subsidiary owned by TML. The company was established in 1945 and has over 52,000 employees across the world. Tata Motors Limited (TML) is part of over USD 311 Billion Tata Group which was founded by Jamshedji Tata in 1868. It has a network of more than 70 subsidiaries in India and internationally. Tata Motors Limited has over 25 manufacturing, R&D and design facilities across India, Europe, China, North America, and UK.

Tata Motors Limited has been associated in manufacturing of passenger vehicles since 1988 with the introduction of Tata Mobile. Tata Motors acquired Jaguar Land Rover from Ford Motor Company in 2008. Tata Motors has seen a growth in its passenger vehicle sales from 2017. Tata Motors has become a monopoly in the Indian electric cars market with a market share of over 80% consistently from 2018 - 2023. This exponential growth has been possible with the establishment of Tata Passenger Electric Mobility Limited in 2021.<sup>1</sup>

## II. Sales Volumes And Revenue

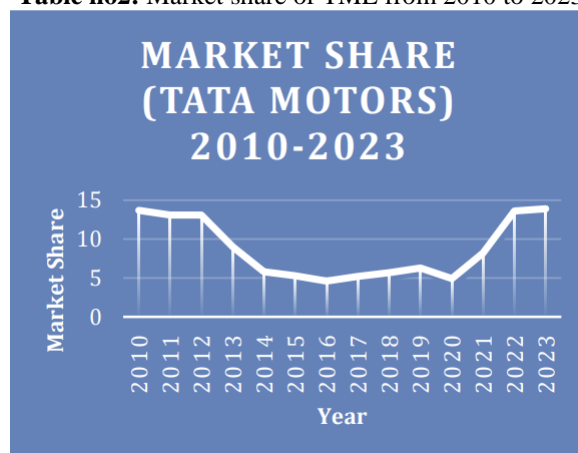
Tata Motors' Passenger vehicle division has seen a rise in sales after their brand repositioned in 2017. They have also received 'automaker of the year' award in Autocar India Awards for two consecutive years in 2022 and 2023.<sup>2</sup>

**Table no 1:** Shows sales volumes of Tata Motors (TML) from 2007 to 2023



Tata Motors Limited has seen a growth in its sales volume with having sold just 146,178 vehicles in 2016 to selling 529,023 vehicles in 2022 despite the slow recovery of India automobile market after COVID-19 pandemic and semiconductor shortage.<sup>3</sup> The decline in Tata's sales can be seen from 2012 due to their ageing product portfolio. Tata caught up with the Indian automobile market in 2017 with the launch of new products. After completely replacing all older models with new and advanced models in 2020 to be future ready they saw an increase in their sales across all segments (SUV, Hatchback).<sup>3</sup>

**Table no2:** Market share of TML from 2010 to 2023

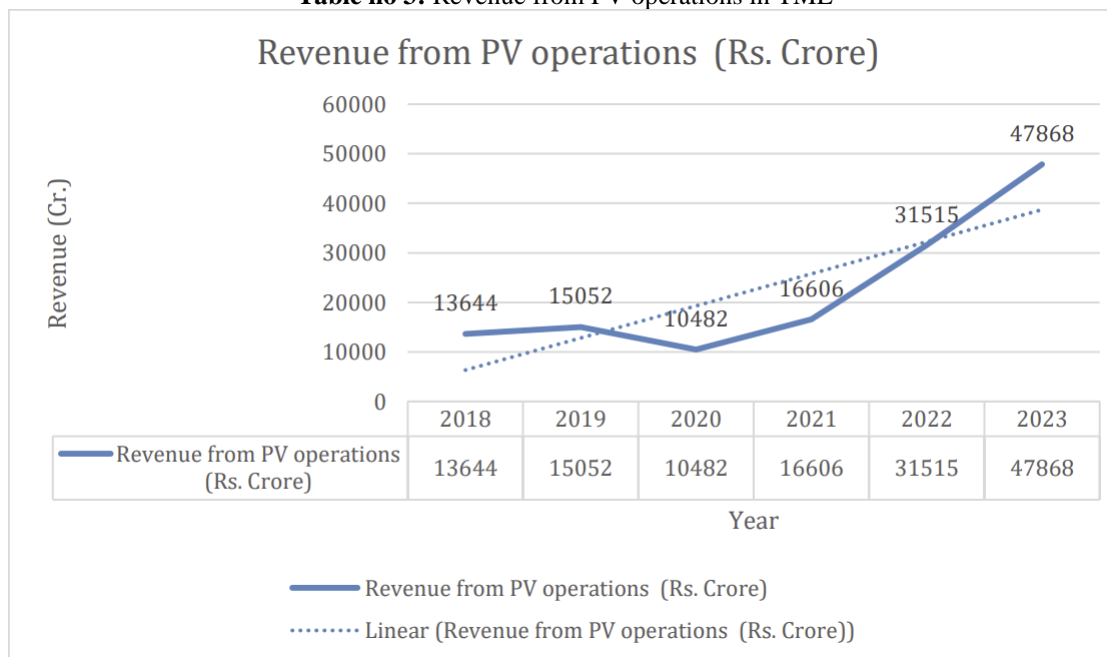


Tata Motors' market share has also seen a steep increase from around 4.6% in 2016 to more than 13.5% in 2022. TML's market share saw a dip in 2020 mainly due to the production constraints caused due to pandemic. Tata also scaled down the production capacity in 2020 to upgrade their cars to the BS-6 (Bharat Stage 6) emission norms that can be compared to Euro-6 that came into effect from April 2020.<sup>4</sup>

Tata Motors Passenger Vehicle division of TML has seen a steep increase in their revenue. The increase in revenue is seen to be increasing proportionally to the increase in sales after 2017. The Revenue of TML's passenger vehicle division in FY 2017-2018 was Rs. 13,644,00,00,000, this value increased by more than 100% to Rs. 47,868,00,00,000 in FY 2022-2023. The company has seen a slight dip in their revenues in the FY 2019-2020 due to the COVID-19 pandemic. The month of April in 2020 was the first time in Indian automotive history where the market recorded no domestic sales to the imposition of lockdown to prevent further spread of COVID-19 in the country. The introduction of new cars like the Altroz, Harrier, Safari and the Punch resulted in TML's passenger vehicle division seeing a rise in their revenues.<sup>5</sup> The rise in these revenue

figures helps in TML being able to spend more on R&D of new products. TML spent a total of Rs. 20,265,00,00,000 on R&D in FY 2022-2023. The company has also acquired 2 new manufacturing facilities from 2017.

**Table no 3:** Revenue from PV operations in TML



### III. Role Of Tata Motors’ Subsidiaries

#### Jaguar Land Rover (JLR) x Tata Motors

Tata Motors Limited acquired the JLR brand from Ford Motor Company in 2008. It marked a new era of Tata Motors as it was the only luxury brand subsidiary in its portfolio. JLR has helped Tata Motors in its domestic as well as international operations.

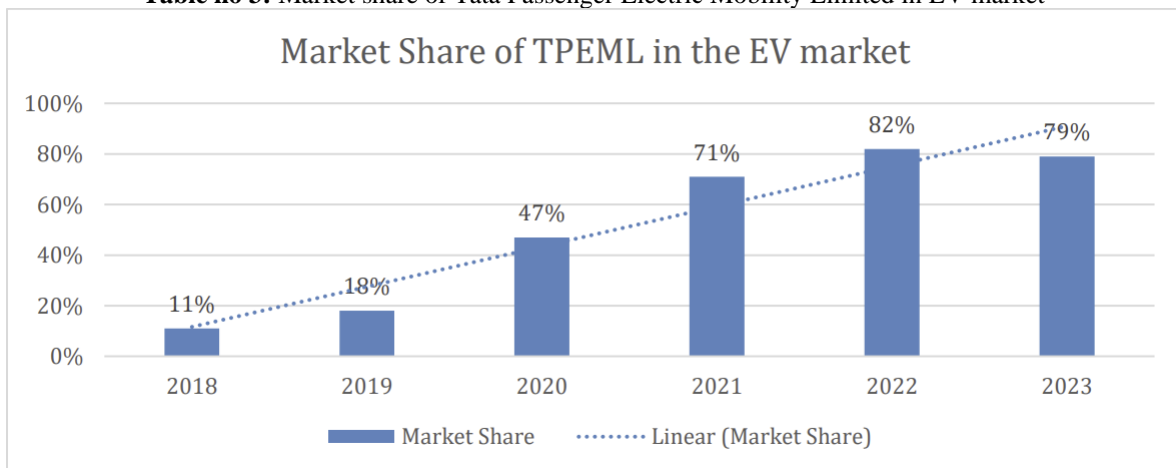
The acquisition of JLR by TML helped Tata utilise the existing technologies and incorporate them into their affordable cars. Jaguar-Land Rover’s extensive quality control network helped Tata Motors Limited address one of their drawbacks which was the build quality and reliability issues in their vehicles. JLR’s experienced workforce also proved to be helpful in the revival of Tata Motors.<sup>6</sup> For instance, the current head of design was formally an employee in JLR’s design division in UK. The incorporation of JLR into TML facilitated Tata Motors with the resources to be able to expand to foreign export markets. Tata Motors Limited exports cars made in India to countries like Nepal, Bhutan, South Africa, and Sri Lanka. JLR’s extensive presence in these markets helped TML integrate itself and perform market research in the local automotive market easier.

#### Tata Passenger Electric Mobility (TATA.ev) x Tata Motors

Tata Passenger Electric Mobility Limited (TPEML) was established in 2021 with an initial investment of Rs.700 crores to handle TML’s electric vehicle division in India and export markets like Nepal and Bhutan.<sup>7</sup> TPEML acquired its first production facility in Sanand from Ford India Private Limited (FIPL) in 2022. Though Tata Motors has been selling electric cars in India like the Nexon EV and the Tigor EV, with the introduction of TPEML Tata aspires to give more attention to electric vehicles in their portfolio.<sup>7</sup> TPEML with the launch of facelifted Tata Nexon.ev unveiled a new brand name (TATA.ev) to facilitate the growing demand of electric vehicles in India.

Vivek Srivatsa (head of marketing, sales, and service) announced the launch of this new brand with the promise of 10 electric vehicles in Tata Motors’ portfolio by the end of 2025 and 4 new electric vehicles by the end of Q1 in 2024. This brand brought changes to many aspects of the business along with the naming strategy with all cars carrying the ‘.ev’ suffix (Nexon.ev, Tiago.ev).<sup>8</sup> TPEML is set to launch exclusive showrooms to differentiate ICE cars from EVs. Tata holds a strong position in the Indian electric vehicle market with a market share of over 70%. TML expects 50% of their annual sales to come from electric vehicles by 2030. With monthly sales of EVs in TML’s portfolio exceeding 15,000 units, the overall sales of TML have grown exponentially over the years.

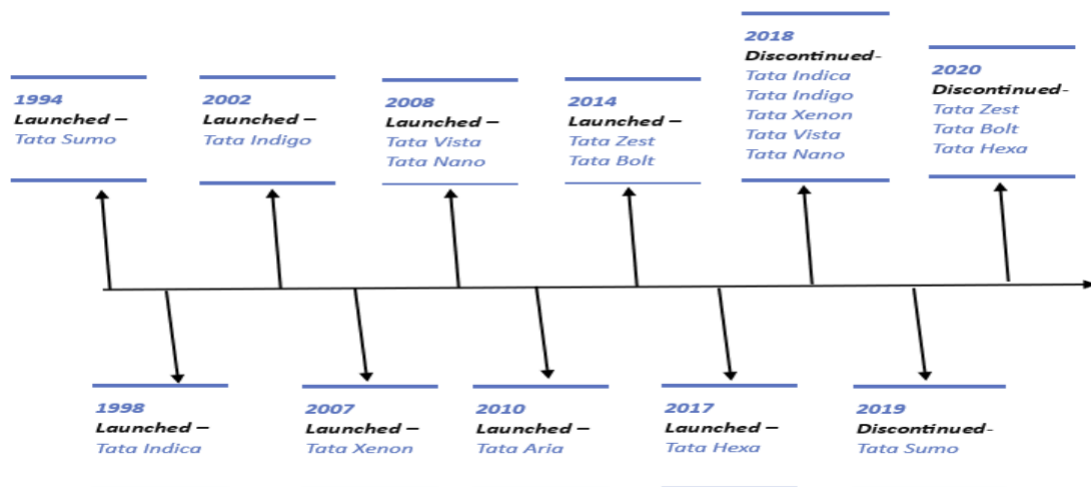
**Table no 3:** Market share of Tata Passenger Electric Mobility Limited in EV market



Tata Motors’ EVs have also helped shape Tata’s brand image and awareness into an innovative and aspirational company.<sup>9</sup> They have majorly seen young customers that are helping improve the desirability of Tata cars in the public. “Though electric vehicles do not dominate the sales yet. They have played a crucial role in shaping our brand perception.”<sup>10</sup> Electric vehicles in Tata’s portfolio have positioned Tata Motors as an industry leader in sustainable transportation and innovation, contributing positively to the overall image.

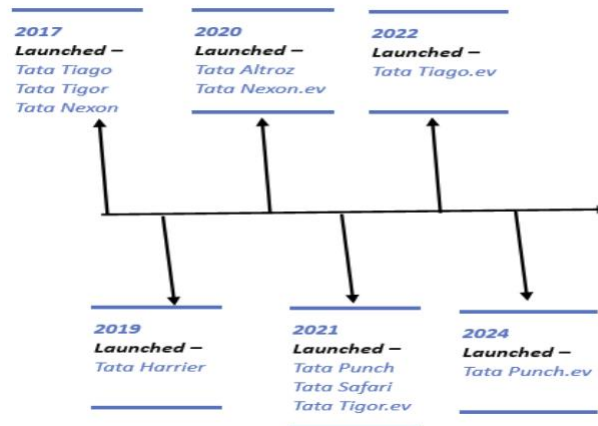
#### IV. Product Life Cycle (Plc) Analysis

Though Tata Motors was involved in the production of vehicles in India from 1945, it has primarily been commercial vehicles till 1991. In 1991 Tata launched a 3-door SUV with an engine from an LCV (light commercial vehicle) with an aim to grab a pie of Indian passenger vehicle market. In 1998 Tata achieved a milestone by building a passenger vehicle from scratch named Tata Indica that stayed in production until 2015.<sup>11</sup> Tata Indica at launch revolutionized the Indian market as it was the only hatchback in the country to offer a diesel engine at launch. Over the years TML launched cars like the indigo, indica vista and the manza which were essentially Tata Indica with a modified body style. Another notable achievement of TML was Tata Nano which at launch was priced at Rs. 1,00,000 or \$ 1,230 making it the cheapest car ever to be produced in the world.<sup>12</sup> However due to the negative marketing and quality concerns it was discontinued in 2018 after steady decrease in sales. Tata Motors manufactured their first generation of cars till 2017.<sup>12</sup>

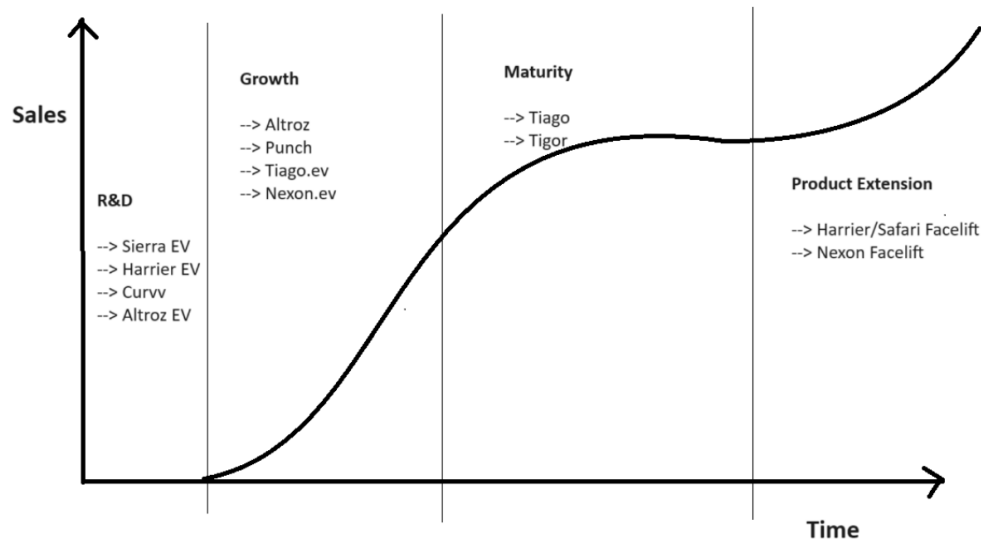


Tata’s ‘Impact 2.0’ project kicked off in 2017 with the launch of Tata Tiago and Tata Tigor that gave the customers an insight into the upcoming cars from the brands stable. As of 2023 they came to maturity phase with steady sales of up to 10,000 units per month. Tata also introduced its new generation SUVs (Nexon & Harrier) in 2017 and 2019 respectively giving the company a desirability quotient. Both the models received mid-generation facelifts in 2023 to keep them up to date to compete in the fast-evolving Indian passenger automotive market.<sup>13</sup> Tata adopted the extension technique of PLC by launching new special editions and

colours for their cars at least once every year. The #Dark edition is one of the most famous special editions for any car in India. Tata also launched the Punch (micro-SUV) in 2021 to strengthen their SUV offering and become the second biggest SUV manufacturer in 2022.



Tata Motors also has the biggest electric portfolio in India with a total of 4 offerings and commitment to launch 4 new electric cars by the end of 1st quarter in 2024. Nexon EV launched in 2019 was the company’s first electric car that became the best-selling EV in the nation. Tiago.ev, Tigor.ev and X-Press T EV were launched later to attract more people to buy electric vehicles. TML unveiled their new brand named ‘TATA.ev’ in 2023 to facilitate the sale of their electric cars in India. Tata Motors Limited currently has a strong product portfolio with a majority of the cars in growth and R&D stages. This helps Tata have cars ready for the years to come in the future.







## V. Marketing Mix

### Product –

Tata motors is one of the biggest automotive manufacturers in India. Being a commercial vehicle manufacturer by roots, TML faced lots of criticism when they first launched cars. TML has gone through the same situation with multiple products failing to cater to Indian and global customers. Sales kept dropping due to quality concerns and strong competition from Maruti Suzuki and Hyundai. With the launch of all new products like Tiago and Nexon that are not based on the outgoing models gave TML a chance to rise back in the Indian automobile market.<sup>14</sup>

The heavy investments done in newer technologies like EV’s also helped change the perception of Tata cars. Tata Motors which used to sell only diesel cars a few years back now outpaces all its rivals by offering cars with Petrol, Diesel, CNG and Electric powertrains in their cars attracting larger number of

customers to their brands. Along with the numerous upcoming products both with ICE engines and electric powertrains, Tata Motors currently has a diverse product portfolio for India. <sup>15</sup> Tata Motors Limited (TML) currently has a very strong product portfolio with all products selling in large volumes and fetching money to the company. Tata Motors' new generation of cars were launched starting with Tiago in 2017. Though Tata's electric vehicles have a very high growth rate they contribute very less to the broad automotive industry of India. Only with support of government and with time will we see the long-term product impact of electric cars in TML's product portfolio. <sup>16</sup>

	High Market Share	Low Market Share
High Market Growth	 Tata Punch Tata Nexon Tata Harrier Tata Safari	 Tata Nexon.ev Tata Tigor.ev Tata Tiago.ev Tata Punch.ev
Low Market Growth	 Tata Tiago Tata Altroz	 Tata Tigor

Tata Motors aimed to cater to diverse audiences to increase their customer base. “Our models are designed to resonate with both younger, dynamic crowds and more seasoned, discerning drivers. The portfolio has something for everyone”<sup>16</sup> said the sales manager of a Tata dealership. Another strategy that Tata Motors started employing from 2017 was the sharing of platforms. Prior to 2017 Tata Motors had a total of 7 platforms on which cars were based. This did not allow TML to exploit economies of scale forcing them into losses. The introduction of new generation platforms like Alfa arc (for small cars) and Omega arc (for large cars) helped reduce investment costs for new cars. In 2018 Tata Motors registered more profit per car than the market leader Maruti Suzuki. The current portfolio of Tata Motors cars is all built on these two platforms which helps TML increase the carryover parts hence reaching economies of scale.

**Place and Distribution –**

Tata Motors' cars benefitted from the availability of huge dealer reach due to its strong presence in the commercial vehicle market in India. To ensure that the product reaches the final customers fast surpassing the restrictions of COVID19 and microchip shortage, Tata Motors Limited used all its multiple manufacturing facilities available in India and is even looking forward to buying more after recently acquiring Ford's plant in Q1 2023. Also, the upgrades done to the dealer network from customer feedback helped TML improve its customer relationship by improving after-sales service.

**Price –**

TML used both premium pricing and penetration pricing in phases to showcase the value proposition while showcasing the newer premium technology that comes with their new cars. <sup>17</sup> For instance, Tata Harrier is a SUV built on an older JLR platform that helped TML in reducing their investment costs to build the car and later priced its car with a very competitive price that undercuts all its rivals even after offering more space and comfort. Tata Harrier was priced starting from 12.69 lakhs in 2019 whereas its main rival the Jeep Compass was priced from 19 lakhs though it was significantly smaller in size and offered the same engine sourced from the Stellantis group. TML sells cars in India ranging from as low as 5,60,000 INR to 25,21,000 INR. <sup>18</sup>

**Promotion –**

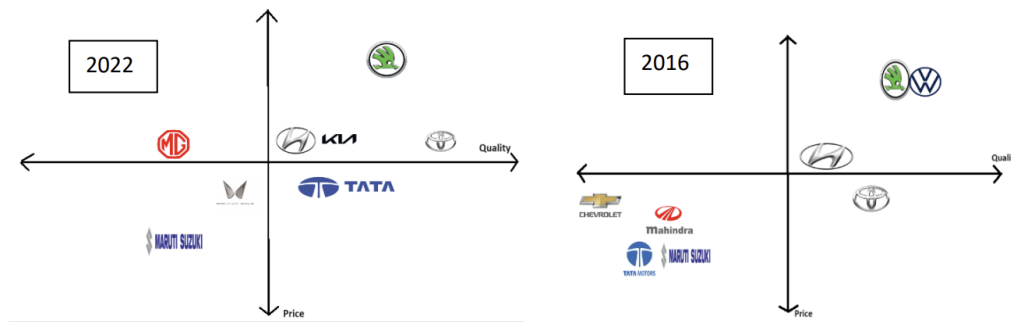
Tata Motors passenger vehicle division of India took advantage of their high crash test ratings to advertise their cars as safe and reliable changing the old perception of Tata cars being unsafe and unreliable. One example of this is Tata Nano (2008-2018) was the only Indian car to be rated 0/5 stars by Global NCAP’s #SaferCarsForIndia program,<sup>19</sup> however after the launch of Nexon in 2017 it became the first Indian car to be ranked 5/5 stars by the same international crash test organization.

Tata Motors showcased its new technologies and concept cars in motor shows across the world like the Geneva Motor Show and Auto Expo to put forward its advancements and portray themselves as an innovative car manufacturer.<sup>20</sup> Tata Motors' push towards electric mobility further supported this claim. With the utilization of 100% women staff to manufacture their flagship cars Tata Harrier and Tata Safari helped TML showcase their efforts to the movement of women empowerment.<sup>21</sup> Tata Motors also employed a very powerful strategy of launching special editions like #Dark, Kaziranga edition helped its products be in the spotlight of the market even after months of its launch.<sup>21</sup>

**People –**

Customer feedback has played a crucial role in the revival of Tata’s sales. A Tata executive said that “the initial failure of cars like Nexon and Harrier served as a valuable lesson as they started taking customer feedback more seriously.”<sup>22</sup> Another major concern was the poor after sales service of Tata Motors prior to 2017. The company has paid utmost importance to this as service stations serve as the only customer touchpoints after the sale of a vehicle. “TML made sure that their dealerships were beyond transactional points and encouraged sponsorships of events to enhance brand visibility in the public” said the general manager of a dealership.

**VI. Perception Mapping**



Tata Motors has shown an exceptional shift in performance as a company from 2016 to 2022. Tata was viewed as a brand with an affordable price tag and cheap packaging. Tata cars before 2017 lacked desirability in the market with the lack of features, build quality and reliability. This was enhanced by 2022 with the help of JLR’s technology to develop cars like Harrier and increase presence in EVs.<sup>23</sup> Tata though increased their prices, started offering more features, safety, and better build quality. These attributes helped TML position itself as a strong competitor in the industry. Tata’s ambition to rebuild its brand has faced numerous challenges like the establishment of MNCs like Kia in India.<sup>24</sup> Despite the competition’s growing presence, Tata showcased their cars as rounded and value products.

**VII. Evaluation Of External Factors That Influenced Tata Motors From 2017**

**Political & Legal–**

- Indian governments push for more eco-friendly vehicles like electric cars on Indian roads with the help of supportive policies and subsidies like the FAME (Faster Adoption and Manufacturing of Electric Vehicles) under the National Electric Mobility Mission Plan (NEMMP) has helped in Tata taking their electric cars main stream and more accessible to price sensitive Indian automotive market.<sup>25</sup>
- ‘Make in India’ and ‘Vocal for Local’ programs have benefited Indian automotive manufacturers like Tata motors as they are localised in India for their manufacturing processes.<sup>26</sup>
- Tata Motors' close affiliation with Indian government organizations like Police, and Military having sold over 125,000 vehicles for the armed forces since Indian independence in 1947 has helped it in getting permissions easier. For instance, in 2022, the Indian defence ministry announced that they will replace their light weight vehicles like motorcycles in their fleet with electric cars from Indian automakers like Tata.
- With higher taxes on ICE (internal combustion engine) cars in India currently at 30% according to the 2023 budget has slowed down the growth rate of the automotive industry.<sup>27</sup>

#### **Environmental –**

- Tata Motors Limited has a strong commitment to go carbon neutral by 2040 and reduce its net carbon emissions by 50% by 2030 for its operation.<sup>28</sup>
- Tata Motors saved a total of 3,760.1 tonnes of materials by recycling materials. TML also used up to 70% recycled content in JLR's aluminium alloy.
- With investment into Tata Passenger Electric Mobility Limited (TPEML), a subsidiary of TML, they aim to have a total of 10 EV's in their portfolio by the end of 2025.<sup>29</sup>
- Tata Motors heavy reliance on Diesel engines for their flagship cars Tata Harrier and Safari is proving to be a challenge with the evolving emission norms with the launch of BS-6 (II) (real driving emission) norms has put a strain on TML's R&D department to make upgrades to the engines without increasing the cost of production for their vehicles.<sup>30</sup>
- Tata Motors launched 3 vehicle scrapping facilities in India named 'Re.Wi.Re'. These facilities have a capacity to recycle 15,000 vehicles annually.

#### **Social –**

- Tata motors pre-2017 portfolio consisted of old and non-aspirational products that didn't resonate with the growing young and urban population in India. With heavy investment into the design of their cars they were able to overcome this problem after the launch of revolutionary products like the Altroz and Nexon.
- TML also faced criticism in the first few years of their product overhaul due to the persistence of people associating Tata cars to commercial vehicles like trucks in which Tata dominates the market with over 50% market share. However, they have made significant progress with changing this perception by launching cars like the Harrier, and Avinya EV concept car.<sup>31</sup>

#### **Technology –**

- Tata Motors has heavily invested in research and development under their project 'Impact 2.0' which had cars launching from the fourth quarter of 2016. TML invested heavily in designing its cars in its UK design facility with engineers from JLR headed by Pratap Bose until 2021.
- Tata leveraged the already available technologies of its subsidiary 'JLR' by utilising JLR's D8 platform and heavily modifying it to be economically sustainable. This platform is named as 'Omega Arc' is used for Harrier. They have taken a step forward by introducing the 'Alfa Platform' on the Altroz that can be easily modified for EV conversions. The first EV on this platform will be the Punch EV that is set to launch in 2024. This modified platform is named 'Acti.ev'.
- Tata's innovative dual-cylinder technology in their CNG cars helped them create a USP for themselves from the segment that is dominated by automakers like Suzuki and Hyundai.
- The adoption of Electric vehicles is another important factor that helped in reshaping the brand image of Tata Motors. With the launch of Nexon EV in 2019, Tata took electric vehicles to the masses with its attractive price tag. They were able to achieve this by slowly ramping the production after witnessing the demand.<sup>32</sup>

#### **Economic –**

- The rise of Indian economy and emergence of the Indian automotive market as the 3<sup>rd</sup> biggest in the world after taking over the position from Japan in 2022 gave an increased demand for new cars.
- The increase in fuel prices and supply chain shortage could slow down the demand for passenger vehicles in India. Tata Motors has predicted this trend and diversified its product range in terms of fuel types offered. TML sells cars with Diesel, Petrol, Electric and CNG powertrains that cater to different segments of the market.

### **VIII. Conclusion**

This essay investigated the question "To what extent have Tata Motors' innovative product strategies been effective for the rise of Tata passenger vehicles market share and brand image in India from 2017?"

TML has succeeded in the Indian automotive market with the use of innovative business strategies that helped in shaping the perception of Tata Passenger Vehicle in the Indian market. The sales of TML's passenger vehicles took a drastic rise after 2017 to become the third biggest automaker in India. It holds a significant 14% market share while competing with MNC giants like Suzuki, Hyundai, Kia, and Toyota. The increase in the revenue of TML shows the success of its cars in the public.<sup>33</sup>

TML had to pay attention to the Indian automotive market and perform market research to know the demands and needs of customers. The company has taken customer feedback seriously to improve their service and cars in the future. The constant upgradation of vehicles can be seen as an important step that TML took to keep their cars up to date and modern. The previous learnings that TML had by selling cars through them are important lessons that they have implemented after the revamp of the brand from 2017. The intelligent platform



sharing strategy that TML took up proved to help them in reducing costs and reach economies of scale. The contributions of other companies in the Tata Group like Tata Finance for Car insurance, Tata Power for charging infrastructure and JLR for technology has further helped Tata in reducing costs. Tata's early entrance into the electric vehicles market has helped them enhance their brand image from low-cost cars to premium and modern cars with cutting edge technologies. The improvements done to TML's customer touchpoints like the service centres has hugely helped in improving the customer experience.<sup>34</sup>

By performing PESTLE analysis, it was comprehended that TML has an advantage when it comes to manufacturing due to government policies that support Indian companies over MNCs. The environmental and ethical commitment of TML further enhances its brand value. The presence of resources in Tata Group of companies helped TML in developing technologically advanced cars that are ahead of the competition. However, the competitiveness of the Indian automotive industry poses a threat when not investigated properly can lead to the decline of TML's passenger vehicle division. The need to offer a value product at a low price is the most important thing that the Indian public investigates while buying a car. The increasing demand for safer cars with the introduction of BNCAP (Bharat New Car Assessment Program) provides TML with an opportunity to create safe cars that will enhance the perception of Tata cars in India.