



BEST BUSINESS PRACTICES AND SUCCESSFUL STRATEGIES OF TATA MOTORS- A CASE STUDY ON TATA MOTORS

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Abstract

Tata motors headquartered in Mumbai, India is one of the largest markets in automotive industry Which Is The Subsidiary Of The Tata group. It has a very wide range of products which includes buses, coaches, vans, buses and military vehicles. Recently it has also acquired English premium car maker Jaguar Land rover which includes both the Jaguar and Land rover which had the same owner. It is also the world's fifth-largest truck and fourth-largest bus manufacturer. Various assembly operations are performed in Bangladesh, Ukraine and many countries. Now here we study about various successful strategies planning and implementation of the Tata Motors including the SWOT analysis of the company.

Introduction

TATA Motors is one of the largest companies in the Tata Group, and one of India's largest business houses. Tata Motors is one of India's leading commercial vehicle manufacturer and the one of largest passenger car manufacturer.

Every company has their own practices and strategies but the company which has effective practices and strategies is going to get the success in the market. Now, here we are going to study about some of the practices and strategies implemented by the TATA MOTORS to sustain and become successful in the market. TATA products are of many types out of which TATA MOTORS is the automotive segment in the market. Strategies and ideas can be implemented right from the start of the inventories to the customer feedback. Every step has to be carefully followed to achieve the success in the market. Here we study some of the strategies and practices followed by the TATA MOTORS in various segments such as product development, environmental friendly activities, branding strategies, pricing policy, packaging development. Recently it has also acquired English premium car maker Jaguar Land rover which includes both the Jaguar and Land rover which had the same owner. It is also the world's fifth-largest truck and fourth-largest bus manufacturer. Various assembly operations are performed in Bangladesh, Ukraine and many countries.

Tata Motors Corporate Social Responsibility (Csr) Policy Fy16-17

TATA MOTORS has undertaken various CSR activities based on its policies developed by the company. Its main aim was to provide help to underprivileged and socially backward people. Its focus was on various fields such as health which includes addressing child malnutrition, health awareness among females and preventive health services. Employability was another field which included Professional driving training, motor mechanic vehicle training and in agriculture allied trades. Scholarships, special coaching and school infrastructure improvement activities were included in the education activities. Hence these were the main four fields in which a CSR activity of the company was focussed on and it helped to the thousands of people across the country. Its aim was to use the 2 percent of the net profits to these activities. Their main aim was to nurture a vibrant culture using its technological and managerial capabilities for CSR.

Swot Analysis of Tata Motors.

Swot analysis helps to identify the strength, weakness, opportunities and threats which includes the internal and the external factors.

Strengths

1. Tata Motors is one of the most established companies in automobile sector in India
2. Tata Motors has a wide & extensive distribution and service network
3. Good market penetration in the taxi & rental segment
4. Expert service professionals available
5. Including of British brands like Jaguar land rover has increased its value.
6. Dedicated engineering and R&D department
7. Thousands of people work with satisfaction.
8. Highly diversified product portfolio.
9. It has a strong brand value in the market.



Weaknesses

1. It has very limited products in the international markets.
2. Diversification and service issues are there in various places.

Opportunities

1. Diverse products can be introduced in the markets.
2. As brand value is very high, it can extend to international arena.

Threats

1. Aggressive pricing of domestic products like Maruti Suzuki.
2. Leveraging mergers and acquisitions to acquire newer technology
3. 3. Tata Motors can boost business by augmenting the distribution and service network in various countries
4. Increasing fuel costs
5. Competition from other big automobile giants means reduced market share for Tata Motors
6. Competitive products offering same level features at a lesser price
7. Product innovations and frugal engineering by competitors.

Tata Motors Best Practices

1. Product development

TATA Motors has been introduced The Tata Nano as its product development in a small car range. It is an inexpensive, rear-engine, four-passenger city car and is aimed primarily at the Indian domestic market. TATA Motors began selling its “one-lakh car” in March 2009. It was then and now the cheapest car introduced into the market.

2. Packaging development

A vehicle cannot have a material packaging. Here, packaging refers to an effective assembly of features. Tata Motors provides many innovative features to suit the target customers and the product. For example, Tata Safari Dicor has ‘Reverse Guide System’ which includes a weather-proof camera to help the driver while reversing the vehicle.

3. Environmental friendly activity

TATA Motors has implemented social welfare provisions for its employees that have since become the legislative norm. From the perspectives of customers, environment-friendly activities may include a commitment to product quality, fair pricing policies, and so.

TATA Motors provides desks, benches, chairs, tables, cupboards, electrical fittings and educational and sports material to various primary schools in Singur. The company has also planned similar programs to upgrade school infrastructure and it has planned to set up a computer laboratory in one of the high schools.

4. Branding strategy

Advertising plays a crucial role in the Branding of the product. But an even more important function of advertising is to create an image that consumers associate with a product, known as the brand image. The brand image goes far beyond the functional characteristics of the product. The products of Tata Motors have many special characteristics to them, but when consumers think of it, they not only think of its features, but they may also associate it with quality, performance, and class. All of these meanings have been added to the product by advertising. Consumers frequently buy the product not only for its functional characteristics but also because they want to be identified with the image associated with the brand. Tata Motors has been successful in creating and maintaining a professional brand image.

5. Pricing policy

Prices have to be on par with the prices of the competitors. Tata Motors give a relative price advantage as compared to its competitors. Giving discount every month and special promotion for certain type of vehicle also one of the strong strategies used by Tata Motors. Discount can be made from Company’s profit or from dealer’s profit at a certain range. In the specific case, announcing the vehicle as the least expensive production car in the world that is “TATA NANO”, Tata aimed for a starting price of one lakh, or 100,000, rupees. This was approximately US\$2000 at the time. As of December 2010, the cheapest Tata Nano costs around US\$2900.



Program promotion

1. Sales Promotion Practices

The purpose of sales promotion is to supplement and coordinate advertising and personal selling; Sales promotions are designed to persuade consumers to purchase immediately by providing special incentives such as cash rebates, prizes, extra product, or gifts. The Co. conducts intensive sales promotion during festivals such as festive discounts during Diwali.

2. Public Relation Practices

Public Relations has to deal with the policies which are created to maintain the relation with the public through many forms. The company takes serious measures to maintain good public relations. The company follows business ethics to ensure that the customer is satisfied and receives good service whenever and wherever the desire arises.

3. Publicity Campaign

The various media used for publicity are T.V, Newspapers, Magazines, Hoardings, and Internet. The dealer conducts point-of-purchase displays to advertise the products. The publicity did by the company to help the dealer in order to capitalize on the market.

Supply chain Management

Channels of Distribution

In case of vehicles, dealership method of distribution and sales is generally adopted. Tata Motors has also adopted dealership method of distribution of its products. The dealers purchase products from the Co. at a negotiated price. The MRP is fixed by the Co. and the dealer gets a profit from these prices. As the Co. deals in commercial and passenger vehicles, there may be single or distinct dealerships to market its commercial and passenger vehicles in a town. However, if there is a single dealership appointed, then the commercial and passenger vehicles are managed under Commercial Vehicles Dept. the sales, distribution and billing of these are looked after by the Co. itself.

Physical Distribution

There are many points available in the country which is nearly 2500. The distribution and the provision of service has significantly increased during these periods.

Distribution Channels Management

“Till now, the company has about 170 odd dealers in the country and opening new dealerships is an ongoing process,” the official said, without disclosing how many dealerships the company planned to add this year. There are 2 (two) main policies in order to control the dealer's operation.

Alterations: The Company does not allow any alterations to any of the features of the product. If there is an alteration which affects the performance of the engine, then the warranty becomes void. However, there may be alterations in the accessories, if desired by the customer.

Discounts: Discounts are decided by the Co. every month. Any further discounts made from the profits of the dealer. However, the Co. may compensate the dealer for the discounts allowed to a certain extent.

Enthused by rave reviews that its Rs 100,000-car Nano got at the auto fair recently, the country's largest automobile company Tata Motors is embarking on a dealership network expansion drive.

Conclusion

Even though TATA MOTORS has a good value in the market they faced few issues regarding the service offered by them during the initial stages which was rectified later. The quality teams have helped the service team to resolve repairs in the most effective manner. And also it has to offer diverse products to sustain in the market. Further, the company has worked on the supply side by re-working its logistics management system for speedy spare parts delivery. It has also has enhanced its distribution warehouse network with development of a warehousing facilities. It is really correct that TATA Motors has been awarded by Balanced Scorecard Collaborative Hall of Fame Award for having achieved a significant turnaround of its overall performance because it endeavours in order to maintain its position in the market as one of the best industrial auto players in the world.

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