

Tata motors

[Business](#), [Company](#)



TATA MOTORS I. INTRODUCTION Tata Group is an Indian multinational company headquartered MUMBAI, MAHARASHTRA, INDIA. Tata group business is spread across 7 sectors their main sector being steels. Their empire is spread across 6 continents and has its presence in 80 nations. The combined market capitalization of all the 31 listed Tata companies was \$89.88 billion as of March 2012. Tata group gets its major revenue from overseas market contributing 58%. Tata Motors Limited is an Indian multinational manufacturing company. It is a subsidiary of the Tata group.

Its products include passenger cars, trucks, vans, coaches, buses and military vehicles. It is the world's 18th largest motor vehicle manufacturing company, fourth-largest truck manufacturer and second-largest bus manufacturer by volume. In Forbes fortune 500 companies Tata motors occupies 314th position. With the launch of Tata sierra in the year 1991 Tata motors entered the passenger car segment. Tata Motors acquired the South Korean truck manufacturer Daewoo Commercial Vehicles Company in 2004 and the British premium carmaker Jaguar Land Rover in 2008.

Tata Motors has vehicle assembly operations in India, the United Kingdom, South Korea, Thailand, Spain and South Africa. It plans to establish plants in Turkey, Indonesia and Eastern Europe. Tata Motors' principal subsidiaries include Jaguar Land Rover, Tata Daewoo and Tata Hipo. Tata Motors has consolidated revenue of 32.5 billion USD in the financial year 2011-2012. Tata motors have an employee base of more than 55,000 employees. Tata motor is the first Indian company from the engineering sector to be listed in the New York stock exchange.

II. SWOT ANALYSIS OF TATA MOTORS LIMITED

STRENGTHS: 1) Strong domestic presence: Tata has a strong presence in Indian market and it is a key manufacturer of commercial vehicles. It is the leading producer in commercial vehicles in all segment and they are among the top 3 producers in passenger vehicles market. Tata motor company is India's largest company with the revenue of 1, 233, 133 crore in the year 2010-2011. 2) Tata motors not only have the strategy for expansion and acquisitions but also they have the intensive management development program in order to develop the leaders of tomorrow.) Taste and preference of the consumers in local regions is always taken care of in Tata motors. 4) Tata motors have a long list of product portfolios. It has passenger cars, commercial vehicles, trucks and coaches

WEAKNESS 1) Tata motors cars are considered for economy class people and not in luxury car segment. So the company lacks its place in luxury car segment. 2) Though Tata cars are present in worldwide it has created major customer base only in India and its nearby countries like Bangladesh, srilanka, Pakistan. 3) The consumer base is limited to certain areas and certain people.) Tata cars are not following the safety standards. Their design and the body metal used leads to this types of public image. This is a major concern for Tata. Their major example is their Tata Nano. 5) Tata cars are not for the younger generation consumers. Tata cars design is not been attracted by the people of the younger generation of people. 6) Return on investment in Tata motors shares is very low. 7) Even though they have bought luxury car manufacturers Jaguar and Land rover Tata has not made its strong presence in luxury car segment.

OPPORTUNITIES:) Luxury carmaker jaguar and land rover has added a greater advantage to its product portfolio. 2) Tata has a

major support from the Indian government. 3) High market demand for the passenger car segment with low price. 4) The world is geared up for the greener revolution and there is a huge market for alternate fuel vehicles.

THREATS: 1) Tata cars safety standards can lay down the public trust on their varied portfolio of cars. 2) Other car companies are there for more than 40 years so Tata should learn the production and quality from other car manufacturing vehicles.) The economic conditions of the world countries.

The downfall of the economic conditions and the constant fluctuations in the currency rates 4) For a low cost producer sustainability and environmental causes would be a greater concern. 5) Rising cost in the global economy for the steel and raw materials for the production of car can increase the cost of production of car. Most of the cars manufactured by Tata run on Diesel and cost of the Diesel is also increasing around the world and also in home country. GROWTH STRATEGY

Tata motors growth strategy is to have a position, which is not easily taken up by other competitors in the domestic market, and to expand its market to other countries by 1) Leveraging in house capabilities 2) Through strategic acquisitions and mergers to have a added advantage of their capabilities. In the year 1984 Tata Motors launched Light Commercial Vehicle. In the Year 1996 SUV (sierra) was launched by Tata. In the year 1998 Tata launched its First passenger car. In the year 2004 Tata acquired Daewoo a Korean company. In the year 2005 Tata Acquired in Hipo, Spain

Formed an industrial JV with Fiat, JV in India with Marco polo of Brazil, JV in Thailand with Thonburi In the year 2007. Acquisition of JLR took place in the year 2008. ACQUISITIONS AND JOINT VENTURES: TATA MOTORS AND

MORCOPOLO; Tata formed a 51: 49 Joint venture With Brazil based Marcopolo for manufacturing of Buses. Targeting mass rapid transportation this joint venture between Tata and Marcopolo manufactures and assembles fully built buses technical know – how support from Tata and process and Body design from Marcopolo. TATA AND FIAT: Tata formed a 50: 50 JV with Fiat.

With that Joint venture fiat supplied their Engines to Tata cars and Tata motors took care of selling Fiat cars through their dealers. ACQUISITIONS: TATA – DAEWOO Tata motors acquired Daewoo commercial vehicle of South Korea in the year 2004. The reason behind the acquisition of Daewoo was to reduce the too much exposure in the domestic market and to expand Internationally. The acquisition of Tata and Daewoo lead to the 2nd largest manufacturer of Trucks in South Korea. TATA- HISPANO: In 2005 Tata motors acquired 21% of stakes in Hipo which lead to an opportunity in fully built bus segment.

Hipo is European bus manufacturer. In 2009 it acquired the remaining 79% of the stakes by making Hipo their fully owned subsidiary. JAGUAR LAND ROVER: IN the year 2008 when the ford motor company sold JLR to Tata motors it JLR became the wholly owned Subsidiary of Tata motors. Thus by acquiring JLR Tata motors made its foot print in the luxury car segment. It was also one of the greatest acquisitions. It increased the diversity of market segments and their product portfolio. It created a great opportunity for Tata to enter into to Luxury segment with the world's iconic brand.

MARKETING MIX OF TATA MOTORS: 1) PRODUCT: Tata has a wide variety of vehicles placed in different segments. It has vehicles for commercial

purposes, Passenger vehicles and in defense sectors also. They have the product placement in all the segments. 2) PRICE: Tata motorcars are generally affordable. Tata motors are targeting the middle-income class of people. Their cars are generally affordable and their service cost is also affordable when compared to the other car manufactures in India. They also manufacture the world's cheapest car (Tata Nano).

They also target the High-income group of people with the acquisition of JLR. The vehicle should not be priced high from other competitors and it should not be priced too low. 3) PROMOTION: a) Personal Selling: Advertising and after sales service is the main promotion strategy of Tata Motors. The basic aspect of advertising is to how you tell the message and what is the medium to tell message. Personal selling is more of in Tata Motors. With the customers who are in the intention to make a sale Tata motors dealers do a personal talk with the customers. b) Trade Fairs and Exhibition:

Trade fairs and Exhibitions can promote their new concepts and they can introduce their new vehicles. This type of fairs will get a worldwide attention and recognition for their new models. Auto expo will be a meeting for both the consumers and for the trade. This will increase the awareness among the consumers. c) Sponsorship: It is that Tata motors will be associated with some sports events or events. This will help the Brand to get recognition among the persons who is associated with those events. Tata motors are sponsoring a football game in Spain. d) Advertisements:

To create more awareness among the consumers Television Advertisements is also used. Radio advertisements are done to create awareness among the rural consumers. For detailed information print media is also concentrated.

DISTRIBUTION OF TATA MOTORS: DMSTechnology is used for efficient coordination between the dealers who are spread worldwide. Apart from distribution networks it has also distributed its manufacturing units in various countries apart from India. Tata motors have assembly units in Brazil, Bangladesh, Thailand, and South Africa. Supply Chain excellence is one of the major success factors for Tata motors.

Tata motors distribution and logistics part of the business is outsourced to Tata motors Distribution Company limited (TDCL) that is the wholly owned subsidiary of Tata motors to keep their distribution costs minimum. Through this Tata motors is reducing at least 1% of their distribution and they can concentrate on their core business. TDCL delivers the right product in right time and in right place, which in turn offered flexibility for Tata Motors. Supplier relationship management program and dealer management system bound the suppliers and dealers. Time to time reviews of these programs ensures the program work effectively.

Importance is given for supplier coverage and transaction within the organization. FINANCE STRATEGIES OF TATA MOTORS: Financial loss in the year 2001 was really a shock for the Tata Motors. It was caused by the reduce in demand for their Truck segment and heavy Investment for their entry into passenger car segment caused them heavy loss for Tata Motors. It caused a 110 million \$ loss to the Tata motors. So in 2001 Tata motors decided a 3-phase recovery process each phase is for 2 years totally the process is for 6 years. PHASE 1: To stop the bleeding

PHASE 2: To consolidate the position in the Indian market. PHASE 3: To operate Internationally. For phase 1 the key objective was to reduce the

Break-even point and to move into market pricing which was the technique of cost reduction. Benchmarking its rivals is also a cost reduction technique. E- sourcing is new to India when Tata went into it. But today Tata is the largest company using e- sourcing and it is leading in the automobile industry. E- sourcing is a faster way to conducting Tenders in online. E- sourcing reduced the Break- even point to one third from two third of their utilization of capacity.

The company would be even more profitable when the size is reduced to even 60%. This ensured the bleeding of the company is stopped. For phase 2 to make the product more competitive in the market they improvised in the quality of the product and new product was introduced in the market they would be required by the market for another three to five years. By tightening the credit norms and by improving the liquidity and by new sales planning process and by increasing the profitability of dealers they can strengthen their market place.

For phase 3 Tata motors started to identify the international market where there is more potential and where they can earn more respectable market share. “ Tata motors sales (Including Exports) Commercial and passenger vehicles = 71, 826 as of august 2012 From the year 2011 to 2012 it has increased by 12% Domestic market Commercial and passenger market = 67, 453 as of August 2012 59, 874 as of august 2011 It has increased by 4% “ <http://www.tatamotors.com/media/press-releases.php?id=783> “