



Branding Strategy for Tata Motors



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Background:

Over the past many years, Tata Motors has been losing ground to competition in India with its homegrown brands. This has reflected in falling market share in passenger cars as well as a sharp fall in share price. While there are many reasons for this poor performance, I believe branding is one of the key reasons, often overlooked in such situations.

When the company acquired Jaguar and Land Rover in 2008, those two brands were in bad shape and Tata Motors was doing reasonably well in India. Today, their fortunes have almost reversed, though JLR has its challenges as well in the global luxury car market. In November 2013, according to an article in Economic Times, the Tata Motors share price crossed Rs. 400 - an all-time high - boosted by record sales and profits at JLR and improved global macroeconomic trends. In India around the same time, car sales were being adversely impacted by soaring fuel prices and rising interest rates in a bid to control inflation.

Still, car production grew steadily in India in the past decade. According to Statista, car production in India went from 3 million units in 2011 to an all-time high of 4 million in 2018, registering the sharpest growth between 2014 and 2018. Only to slump to 3.6 million in 2019. According to an ET article, even with declining production, industry leader, Maruti Suzuki's market share stayed strong at 51.22%, while Hyundai, Mahindra and Tata Motors market shares all declined to 16.14%, 7.53% and 6.85% respectively.

While it is true that the passenger car market in India has been very subdued during the past couple of years, Tata Motors' problems precede this and a lot has to do with the way they have managed their product range as well as their brands.

I can't emphasise enough, how models of cars pass for brands in India, when it is their makers who are the real automotive brands. In the West as well as in Japan and Korea, the automotive brands are the carmakers, save for a few cases of standalone brands from them, such as Lexus from Toyota or Kia from Hyundai. To my mind, GM is the only carmaker in the world that has distinct, individual brands, such as Chevrolet, Buick, Corvette, Cadillac and Pontiac. In fact, at the time of the financial crisis, GM was saddled with so many automotive brands from around the world, all taking their toll on the company's performance and its finances. It was so bad, that GM had to divest

and sell most of those brands, retaining just the few that I mention above. Chrysler and Ford too have a few brands in their stables.

The point I am trying to make is that every market has its peculiarities, and can absorb only a certain number of car models as well as brands. In India, as we know well, it is the sub-compact car segment and entry level vehicle that dominates the market in volumes. Yet, it is also the most crowded segment, since every company wants a piece of the action, although it can be safely said that Maruti Suzuki and Hyundai are the leaders here.

To my mind, Tata Motors committed a huge error by suddenly retiring Tata Indica and Indigo in 2018, brands that were built over several years, and introducing new models. I didn't see any communication from the company explaining this decision and preparing their customers for what's to take the place of Indica and Indigo. I suspect customers who had developed a positive opinion of the Tata passenger car brand over many years – given that Tata was a behemoth in buses and trucks - would have suddenly wondered what the brand was up to. And whether the company wasn't sure anymore of its products, since it was changing models so frequently. I wouldn't be surprised if the decline in Tata Motors can be traced back to its withdrawing the old popular 'brands' as well as even hastening their decline through what is known as cannibalization.

The reason for this is that with car models passing for brands in India, and with no attempt to build the Tata Motors brand, its most popular Indica and Indigo models had become proxy for the Tata Motors brand in most customers' minds. Withdrawing your most popular or bestselling brands/models without a good reason is always a particularly disastrous and suicidal strategy.

In recent years, its stock price has also swung wildly, plummeting to as low as Rs 63.60 in March 2020 before rising again to cross Rs. 200 and now trading at around Rs.129-Rs. 134 or thereabouts, clearly underperforming its peers.

The way ahead:

In the meantime, the entire industry has been plagued with falling demand for passenger cars over the past couple of years. The economic slowdown, coupled with the growth of metro rail in most big cities and the rise of ride-hailing has meant that customers are reassessing their transportation requirements. The costs of owning and running a car too have risen sharply in recent years.

The pandemic is a new irritant in this scenario - although it has created a preference for private transport - and all of this is forcing companies to

rationalise their product range, pricing and production levels. This is probably the best time for Tata Motors too, to look at the future of mobility afresh.

I am glad to note that JLR is embarking on a shared mobility future of electric, connected and safe cars and I have already shared my thoughts on the branding strategy for JLR in a separate document. They are also experimenting with a subscription mobility service in the UK called Pivotal (I have recommended rebranding this service).

I must add here, that at the time I wrote the JLR document, I hadn't read through the media on the Pivotal service. I now discover that Pivotal is not yet offering shared mobility in the true sense; it seems to me that it is more akin to car rentals, albeit at the luxury end of the market. I am not sure I understand the logic of this decision, since it does not meet JLR's own vision of shared, connected mobility, nor does it help reduce congestion and pollution. Besides, does JLR really want to compete with the likes of Hertz and Avis car rentals, among others?

Tough decisions required:

Tata Motors is faced with a tough strategic choice and the sooner it makes the right decisions, the better it will be for the company and its customers. The biggest decision to take is when the company will ready itself for the electric and shared mobility future in India, and how it will plan for it.

The sooner, it can take that decision and lead the way into that future, the better prepared it will be to take customers along. For one thing, it will mean rethinking the product range; in the era of shared, electric mobility sub-compact cars will no longer rule the roost, since customers will no longer be hindered by the purchase price or running costs of a vehicle. The preference will clearly shift in favour of larger, more comfortable vehicles. Fuel consumption would still be an important factor, since that will affect running costs and therefore the ride-hailing costs.

Tata Motors has the opportunity to use this economic downturn and pandemic to plan and start manufacturing for a shared mobility future. In which case the next question that arises is will the company continue to only manufacture vehicles or offer the mobility service or both, at least to start with?

How the right branding strategy can help:

It is clear to me that the future of mobility is already in India, with ride-hailing services proving to be extremely popular in the big cities. While our government has only been talking of green automotive solutions and electric cars, very little has progressed in actual policy terms. The result is that we

don't even have the infrastructure for electric charging stations yet, though with improved ranges for many electric cars, most people would prefer to charge their cars at home for short city commutes. I did read about a plan to introduce fast-charging points at all petrol stations and I think that should be implemented immediately as it would help in the need for top-ups.

The next step for Tata Motors would be to introduce hybrid electric cars and all-electric cars over the next couple of years. This, while at the same time, planning for the connected, electric, shared mobility future over the slightly longer term, say, by 2025. I am not sure a car-rental system would make much sense in India; rather, it should be a subscription-based ride-hailing service.

Initially, Tata Motors would probably have to manufacture vehicles as well as manage the subscription mobility service. Once the mobility subscription service gains traction in a few Indian cities, the company will probably have to be spun off, as I had also anticipated and written for Pivotal from JLR.

Tata Motors' branding strategy would, therefore, depend on the company's business strategy for the next five years and the next decade. Many of these cars might have to be developed in collaboration with JLR, so a lot would depend on that as well.

Finally, key to the branding strategy would be whether Tata Motors would like to pursue a strategy of positioning itself only as a parent company to its India operations and to JLR, with independent individual brand offerings, à la GM, or whether it would like to continue to brand its cars and the service with the Tata brand as it has done in past years, although not very well.

The pros and cons of both branding strategies:

Tata Motors only as company brand:

If Tata Motors were to remain only a parent company and launch individual car brands, like GM, it would have to invest in building each individual brand, taking many years and massive investments. Besides, if the ultimate aim is to launch MaaS a few years later, much of those investments might be in vain and wasteful.

At any rate, it is worth looking at the pros and cons of this approach

Pros

Allowing easier collaboration with JLR

Clean slate/reduce Tata Motors' baggage

Freedom to re-badge cars for other markets

Cons:

Reduce Tata Motors' IPR earnings

Weaker link with Tata brand

Less leverage of Tata brand overseas

Need for individual service networks

Mobility service without Tata brand

Less leverage of Tata track record in managed services (TCS, Indian Hotels, Air Vistara)

In short, it would be a very expensive and wasteful strategy, and would lose out on the cachet that Tata branding provides in the automotive space, even if that has been eroded over the years. Most importantly, it would not allow Tata Motors to fulfill its vision of providing shared, connected mobility with its own brand.

Tata Motors as umbrella brand:

This branding strategy would no doubt have several advantages over the former, most importantly, in allowing the company to execute its vision of providing safe, connected and shared mobility through its own brand. It would, of course, mean that individual models would be sub-brands (as they should always have been), each prefixed with the Tata brand.

Pros

Branding vehicles with Tata brand

Gains through R&D and IPR earnings

Exporting Tata brand to overseas markets

Tata-branded mobility service

Greater opportunity to use TCS' expertise

Leverage Tata's track record in managed services

A more vertically integrated automotive brand

Cons:

Recent baggage of tata Motors' poor performance

May make collaboration with JLR cumbersome

The second branding strategy would make more sense for Tata Motors for the foreseeable future. However, it would mean that Tata Motors will have to align its branding strategy with that of its parent company and the overall Tata group.

Branding strategy for Tata Motors, using the Tata brand:

As I briefly mentioned in my document on JLR's brand strategy, all these automotive brands have a direct connection to the corporate Tata brand, and therefore, they must be aligned to reflect the same set of brand values.

In recent years, Tata Motors, has positioned itself as the company that connects aspirations or so it appears, from their tagline. I have no idea what that is supposed to mean exactly, but I find it too vague and generic, with no connotations of mobility or transportation.

I would recommend that Tata Motors reposition itself clearly in the automotive space, with a message that reflects the values of the Tata group of companies. As I have written in the JLR document, the Tata group stands for empowering people and building human capital.

It is why I recommend that Tata Motors reposition itself as the automotive company that exhorts or urges people to keep journeying ahead, both in the literal and the metaphorical sense. "Journey onward" or "Keep journeying ahead" would be creative expressions of that brand positioning to work as taglines.

How the new branding strategy can build the Tata Motors brand:

Through the new brand positioning of journeying ahead, we can create an image for Tata Motors, both through its product range as well as the planned mobility service.

As I said earlier, in the new shared mobility future in India, the focus will be on larger, more comfortable cars with plenty of boot space as well. The best way

to plan for that future would be to identify important customer segments in the immediate term and brand those cars with attention and care. More importantly, Tata Motors ought to invest in building these brands for the long term and not keep launching new models and withdrawing old ones. As is industry practice, Tata Motors should launch upgraded, next generations of these car models, every three years, or so. But the brands themselves are here to stay.

The segments which I believe are important for Tata Motors in the near term are:

- Hatchback
- Mid-size sedan
- MPV or Crossover (7-seater)
- Premium Sedan
- SUV

Once we move to a shared mobility future (2025 and beyond), the hatchback will automatically drop off this list and Tata Motors will focus on providing the mobility service through four distinct vehicle types.

Before progressing to the branding for each of these vehicles, let us look at the core brand values of Tata Motors.

Core brand values of Tata Motors:

The core brand values of Tata Motors as I see them are:

- Encouraging people to go beyond their potential
- Forward looking and sights set on the future
- Leveraging technology to benefit humans
- Reliability

As the company that also makes buses and trucks, and in fact, began operations with them, Tata Motors in many ways provides the lifeline of the Indian economy, and these core brand values would apply across the board.

Branding suggestions for the proposed vehicles:

If we reposition Tata Motors as the automotive brand that keeps you journeying ahead, each of the sub-brands ought to reflect this thought.

The ideas of human endeavour and potential, of excelling in what one does and achieving more are what inform these branding suggestions:

Hatchback:

Tata Zest

Tata Nifty

Tata Zeal

Tata Jiffy

Tata Genie

Tata Tripster

Mid-size Sedan:

Tata Persevere

Tata Felicity

Tata NCourage

Tata Xcel

Tata Strive

Tata Flourish

MPV/Crossover:

Tata Tourer

Tata Meteor

Tata Trooper

Tata Orbiter

Tata XPlover

Tata Circuit

Premium Sedan:

Tata Vantage

Tata XMplar

Tata Clipper

Tata Acclaim

Tata Crest

Tata Stalwart

SUV:

Tata Sierra

Tata Safari

Tata Ranger

Tata Voyage

Tata Terra Firma

Tata Terrestra/Terrestar

Brand positionings for each of these sub-brands:

Each of the sub-brands, in turn, should have their own brand positionings that reflect the Tata Motors brand positioning of journeying onward.

I also think that this brand positioning should be independent of the technology that the vehicle employs. For example, it might be that Tata Motors launches a hybrid or electric version of its premium sedan, or its MPV, but that should not alter its sub-brand positioning in any way. This is because the specific technology is employed by the product variant while the brand's core values remain unaffected, and in any case, they already have Tata Motors' brand values pertaining to technology factored in.

Brand positioning for hatchback:

This should be around ease of ownership and driving experience. The hatchback from Tata Motors should stand for effortless and easy achievement. Whether the brand name is Tata Zest, or Tata Zeal or Tata Genie, it should be about the easiest way to go places.

Brand positioning for mid-size sedan:

The mid-size sedan offering from Tata Motors should have comfort and the family at its core, and the sub-brand should be about the rewards of having earned your growth/achievement.

Brand positioning for MPV:

Here too, the focus will be on comfort and family, but the emphasis ought to be on an expanding family and social circle. The MPV sub-brand should therefore be about expanding one's social circle and sharing the rewards of growth with more people.

Brand positioning for premium sedan:

The premium sedan from Tata Motors should clearly target corporates and should be seen as the executive sedan for achievers who set standards in everything they do.

Brand positioning for SUV:

The SUV sub-brand from Tata Motors should symbolize the daring of people who step out of their comfort zones to achieve the out-of-the-ordinary.

Each of these sub-brands carry forward the values and positioning of Tata Motors, but in their own individual way. The brand-building communication for these sub-brands must also always attempt to build the Tata Motors brand alongside, by alluding to the values that Tata Motors prizes and lives by.

The last three sub-brands of MPV, premium sedan and SUV also offer opportunities for growth in the shared mobility era. For example, the MPV and the SUV can be specially positioned for long journeys with family and friends, while the premium sedan can be specially targeted at businesses for their corporate mobility needs.

Rebuilding the Tata Motors brand:

To conclude, I would just like to say that Tata Motors has a real opportunity to revive its brand and take it in a new direction that anticipates the future of mobility and leads it in India, with JLR doing the same in the UK, US and China, its biggest markets.

The brand-building strategy is one that helps to align it with the overall Tata Group brand, and at the same time allows strong individual automotive brands to develop and flourish, even as the company moves towards shared mobility. These sub-brands of Tata Motors will keep getting upgraded with new technology and design features every few years, but their core positioning and brand values ought to endure and attract new customers.

With Tata Motors' excellent track record in technology, airline and hospitality industries, managing shared mobility as a service ought to be right up their alley, if managed and led right.

It's time then, for Tata Motors to journey ahead.

This branding strategy document and the thoughts and ideas it contains have been conceived and written by Geeta Sundaram, brand strategist and freelance creative director, who can be reached at geetasundaram08@gmail.com or via LinkedIn at www.linkedin.com/in/geeta-sundaram-aka-wise-owl/