



Titan Book Summary

Everyone, of course, knows Titan as a Tata company, but many will be surprised to know that Titan is actually a joint venture between the Tata Group and the Tamil Nadu government. **During the pre-liberalization era, The Tamil Nadu Industrial Development Corporation was one of the few organizations with a license to manufacture watches.** At that time, the only significant Indian watchmaker was HMT. HMT and a few small scale manufacturers produced just about one and a half million watches annually for the entire Indian market.

Tata press was doing well but the Tata's were looking to venture into something new. It was in 1977 they agreed on manufacturing of watches. At that time government did not provide license to everyone. The secretary of the ministry of commerce and industry blocked their move by saying Tata's would never be allowed to make watches as this sector was reserved for public and small-scale industries.

Tata's had to work around this smartly to enter this business. In early 1985, Tatas put in a fresh application for a joint venture between TIDCO and a little-known private company whose provenance would be known only to senior bureaucrats. **Tata name was not to figure in this application.** They put in an application in the name of Questar Investments with a handful of people who planned to work on the watch manufacturing company as promoters. Questar, a private limited company, had no significant capital when it signed the joint-venture with TIDCO. After the joint-venture agreement was signed, TIDCO applied to the central government for final project approval, which it gave without asking questions about the antecedents of Questar, Questar was later be taken over by the Tatas via a rights issues to which the original promotes would not subscribe, to formalize their involvement in the project.

Partnering with TIDCO enabled creation of Titan. TIDCO has been content to let the Tata's run the company while the chairmanship is always with a TIDCO nominee. 'Titan' was an acronym for Tata industries and Tamil Nadu: "T" and "I" or Tata industries and Tamil Nadu. Titan has paid over 450 crores in cumulative dividends to TIDCO over the years.

TIDCO had been in dialogue with a French manufacturer, France Ebauches, but was yet to find a joint-venture partner to execute (it's watching) project, and would Tata press be interested, this would be huge. Finally, the Tata group, TIDCO and France Ebauche put their stamp on the alliance at a signing ceremony in June 1983.

Titan is often cited as a remarkable example of corporate success, featuring in management school case studies; **but few know that the company stumbled upon the opportunity to make watches almost accidentally and that it was a rather long arduous but serendipitous journey.** Manufacturing started in last 1986, and in March 1987, exactly a decade after the word 'watches' was uttered by the team, Titan Watches was launched. And so, finally, this long-gestated venture came to see the light of day.

Building Titan,

In May 1983, Bhaskar (IIT-Madras, IIM-A) joined Titan as sales executive. He sold almost anything almirahs to locks for Godrej & Boyce. In June 1982, Vibha Paul (who held later senior roles in PepsiCo, the future group and Max India has joined straight out of college). Vibha visited the watchmaker HMT (market which was then dominated by) and she got a fair idea of the intricacies of watch-making. Bhaskar was sent to France Ebauche factory in France a couple of times to learn how movements were made and assembled so he could assist Indian buyers of France Ebauches products.

The JV agreement stated that the chairman would be TIDCO nominee while the operational post of managing director would go to the Tatas.

The project cost to make two million quartz analogue watches, in 1985, was calculated to be 54 crore. The company was incorporated with an equity base of 3.55 crore which by June 1987, had expanded to 17.43 crore after a successful public issues of share. France Ebauche as well as the International Finance Corporation (IFC) also invested in the equity. **The idea of IFC investing was a hugely beneficial.** The wealth of international experience they brought to project assessment was invaluable. They looked into every aspect of the business plan, from manufacturing to sales and marketing to administration to finance. They visited collaborators France Ebauches in France, at their own cost, to evaluate how [they] planned the technology transfer and technical training. **The level of thoroughness kept the team on toes.** They brought in a lot of objectivity and monitoring was excellent so the risk would be minimized.

In the seven odd years of Titan's gestation, its expenses had been borne by Tata Press In 1984. Company then looked at two options to bank with, SBI and Canara Bank. Tatas were rejected by SBI from serving as bankers to Titan despite of long-standing relationship. The company banked with Canara bank with its young dynamic head to open an account, start a loan facility and initiate the process of opening letters of credit.

In 1989, SBI expressed desire to serve Titan in whatever capacity. Titan rejected this offer and did not work with SBI as long as the senior member of Titan (who was rejected) was associated with the company) Quoting the official, *'I told SBI that the group relationship was of no use when we needed them and that unless they changed that stance or admitted that they had wronged us, they would never do any business with Titan'.*

As of 31st March 2018, cumulative production of Titan Watches since its launch in April 1987 is a whopping 225 million making it the fifth-largest watchmaker in the world.

Location,

The manufacturing unit was set up in Dharampuri district of Tamil Nadu, on the border of Karnataka and only 50 km from Bangalore. **There was a strategic reason why Titan wanted to**

locate its plant in Hosur and establish its headquarters in Bangalore. HMT's watch plant was located in that city. Titan looked at HMT for expertise, given that it had created a solid ecosystem for watch manufacturing. Based in Hosur, it would be easier for the company to draw people with technical and managerial experience as they aimed to raid HMT. They successfully raided the executive director Amitha, a former HMT man legendary for his management skills who would aid in handpicking good people from HMT. Once on board, Amitha recruited his three 'musketeers' from HMT. By early 1987, the factory was up and running.

The license issued to Titan was for the manufacturing of 2 million watches – 1.6 million mechanical and 0.4 million quartz. Making mechanical watches is a complicated process as it involves a lot of components and needs a huge investment. *Unexpected event where Rajiv Gandhi became the Prime minister after his mother's assassination, the government stopped micro-managing the industry and Titan suddenly found it free to choose whether it wanted to make mechanical or quartz watches.* After long and careful discussion between company's heads, Titan decided to make only Quartz watches. **'Quartz has fewer moving parts, it's cheaper and easier to make and maintain, it's lighter and slimmer, and it's right by the consumer.'**

Hiring,

Amitha decided to start by scouring schools in smaller towns and villages for likely candidates; they had to be over 16 years old and had to have passed the class 10th exam. **They did not want anybody whose minds bent out of shape, wanted fresh minds.** They sent teams of people to small towns, young boys and girls were given attitude and aptitude tests. If one hundred applied, around three got selected. Amitha was trained in Japan and could converse in Japanese – introduced a Psycho diagnosis test (PDT) to gauge the ability to engage in repeated work. **The 40-strong recruitment team started with schools in Hosur and then moved on to other towns.**

Titan at the time recalls the arduous process of meeting with principals in district schools and convincing them that good jobs were at hands for their wards. In the first batch 60 teenagers were signed on before the recruitment process scaled up. But there were problems: this was the first time the chosen young people were leaving home. Many had not even travelled to other towns. Something has to be done to help them cope. So, Titan set up transit homes with foster mothers and fathers to take care of them. It would decided only one per family could be recruited.

The bright-eyed Amodha is one such recruit. It's been nearly 30 years; she now works in the cases assembly unit. She was from a poor family and her father was a building contractor and mother was an ayah in school. She was very proud she got a job while she was studying.

Titan has not been only about watches and, later, jewelry. From its outset, Titan has been widely recognized for the employment it provided to the differently abled in its plants in Hosur and Uttarakhand. In later years, Titan's initiatives were acknowledged by the Rajiv Gandhi Foundation and the National Centre for Promotion of Employment for disabled people. The factory was now ready to roll, people had been hired for the shop floor, the marketing team was in place and Titan was readying itself to launch its watches.

Launch of Titan,

Although the official launch was in December 1987, Titan has started distribution through the existing watch trade. The first store was opened in Safina Plaza, off Bangalore's hip and happening Commercial Street. Even then, it has been clear that it needed to create a special shopping experience for customers. The thinking was that anyone who wanted to buy a watch would come to the shop regardless of what it looked like. At least that's how it had been when

HMT ruled the market. **Titan on the other hand wanted to make it a pleasure for customers to shop and to also pull-in passers-by who did not have watches on their shopping list.** The first store opened remains one of Titan's best-selling stores in the country.

Everything about the Titan stores was different: their finish layout and design. Mood windows were reflective of the range on display and their sales staff kept an eagle eye on customers to see if they were stopping to peep in or were missing the store completely. Those who entered were encouraged to browse; they were not hustled to buy. Lighting proved a challenge; illumination from the roof was not effective because more than 50% of the light bounced off the glass counters. It took designers time, imagination and experimentation to come up with fixtures and fittings at different angles to alter the incidence on the counter surface and to perfect the lighting under the glass. All the investment in designing of a store was to create pleasant shopping experience for the customers.

The team at Titan went around the world – Switzerland, France, Taiwan and Hong Kong – mostly to find what they were looking for – there were no watch designers around and team used their own ingenuity to work out designs from supplier examples. The appearance parts of the watch: the case, dial, hands, strap, were all available with multiple and widely dispersed suppliers so it took the team time to bring them together.

All towns in India with a population of 10,000 had at least one Titan dealer. It came to be that even a town curiously named Margherita in Assam had a Titan dealer. Titan had decided to directly deal with the retailers since all existing distributors were beholden to HMT. Titan would supply only against advance payment, a practice unprecedented until then, to ensure that retailers' cash was tied up in Titan stock. Advance payments would make for more congenial and efficient sales visits because a salesperson would not have to start the call with the unpleasant task of reminding the store owner about pending payments.

The seeds of the franchise model were also sown in the early sessions. **Titan proactively attracted business persons from outside the watch trade to set up watch shops even if they needed extra help to do it. Partly because there were no middlemen, Titan could also offer better margins to retailers.** All these policies served well in the initial years; they were the key to maintaining low working-capital borrowings and enabled to show profits from the very first year of operations. Titan engaged with young businessmen with no background in retailing, leave alone watches, to set up outlets that their spouses could run.

HMT was different; it followed the traditional distributor-led model. Distributors fed the watches to the retail trade and controlled the channels as well. Watch showrooms and retailers were typically located in the older, more congested parts of the town. While Titan couldn't afford to ignore the large retailers, it decided to take the watch showrooms to where potential customers flocked.

Learning and Innovating,

Titan's sales soon learned that while the great-looking watches were flying off the shelf in the cities, in the hinterland they didn't cut much ice. The Titan team was looking for opportunities to expand sales territories. They had heard that Tata tea in Munnar was planning a hefty bonus – two month's salary – for the festival of Onam. The Titan team planned to hold an exhibition of watches in Munnar during this time to generate good business. A lot of people were expected to come but hardly anyone came. The workers told that as soon as they received their bonus, it was time to repay their debts.

The learning was that even though people in smaller towns and rural outposts had money, it didn't mean that watches were a priority for them; they were more intent in clearing loans and perhaps buying jewelry. The company's sales in smaller towns picked up when it launched the lower-priced sonata watches in the late 1990s.

Titan had successfully negotiated the tricky business of sales and distribution by out an effective franchise model which cut out middleman and offered retailers a slightly better

margin that it labeled as cash discount. Titan offered no credit and even today, it maintains a cash-and-carry system with dealers. This worked to the advantage of retailers because more they sold, the more money they made, and with their own money invested in the business, retailers too gave sales a push. The Annual Report for 1987-88 bears this out; by the end of the first year of launch, Titan had sold 3.44 lakh watches. Success had come in double quick time.

Advertising,

Titan's launch advertising would have no models and no celebrities; the watches would be the heroes. Using a color catalogue, the full-page advertisement would mention the price under each design. The price spoke for them-selves as offering excellent value. The idea of displaying pictures of the watches was to showcase the range and the variety, and to make the point that such products had not been seen before in India. There would be two such print ads created featuring some 15 or so distinct watches each. The headline was designed to draw attention to the international collection from an Indian brand. **There would be minimum text in the advertisement. Further, the ad had to serve double purpose: one, sell to the customers looking for a quartz watch and two, convert someone who was looking at a traditional mechanical watch into quartz watch customer.**

The half-page ads that eventually appeared in newspaper were an absolute reflection of what the company had learnt from positioning their research. The launch ads enabled potential customers to do their window-shopping at home and then walk into the store waving the day's newspaper, pointing out the watch they wanted to buy. This is exactly what happened, as the Titan team saw the inauguration of the Safina Plaza showroom. It was a masterstroke to have the price up front in the print. Readers saw a smart-looking watch and immediately got the answer to the obvious question, 'How much?' The first full page ad appeared in May 1989. The page ad would look like it was bringing the showroom alive in the newspaper.

The next move was in television advertising. It was decided that television ad would be an adaptation of the catalogue-style print ad. It was an easy decision to make the watch the hero

and showcase Titan's entire range. *The big question as what soundtrack should accompany the visuals. Eventually, they decided upon a piece of western classical music with mass appeal.*

The first television ad showed a series of watches one after another. As the second hand ticked, the watch face changed. The ad conveyed the message that you didn't have to go abroad to buy a quartz watch anymore; you could buy it in India. This television campaign was a seminal achievement that defined Titan for the next 30 years. **Titan's signature tune would go on to entrench itself so deeply in the public mind that television audiences knew it was a Titan ad at the moment the music came on even if they weren't watching.**

Titan has always invested in conducting massive amounts of research to understand who buys, why they buy, who decides, who goes to the shop, who pays, and for what occasions they buy, and then they studied the results to plan their products as well as their ad campaigns. **One of the points that emerged from this research was that people were increasingly gifting Titan watches to friends and relatives on significant occasions in their lives.** Titan decided to capitalize on this finding. So there were these nice films that were scripted and made which focused on the emotions of receiving and giving a Titan watch as a gift.

The husband presents the watch in a restaurant, and upon his signal, musicians play the Mozart tune. The wife dissolves in tears of joy. The commercial tugged at the heartstrings and set the tone for succeeding films. In fact, in 1995, Titan used the same couple to record a similar ad for a discount sale but this time, the husband doesn't stop with presenting one watch but ends up presenting four to five, throwing the musicians into total confusion. Titan sale burgeoned that season: clearly, the film was effective.

It wasn't till year 2000 that Titan used its first celebrity in the commercials. This was none other than Amir Khan. Titan would go on to use many celebrities for its ads: it signed on cricket captain M.S. Dhoni for its brand Sonata, and Jaya and Amitabh Bachchan for Tanishq. Titan's ads would go on to bag many rewards and played no small role in Titan's immense marketing success.

Misadventures in Europe,

Now that Brand Titan had firmly ensconced itself in the Indian market, company craved more and wanted to go global. **Titan began to manufacture jewelry for the European markets, precipitated by the need to generate its own foreign exchange to import machinery and components for its growing watch business.** In the UK and European markets, watches and jewelry were sold by the same retailer, very different from the situation in the Indian markets where there were separate channels of trade for them. India has a natural advantage in exporting jewelry due to its cheap but highly skilled labor.

However, Titan realized early on that it would have no market in Europe for branded jewelry unless it built a high-end brand, so it mostly sold to all large retailers and wholesalers in the UK, the US and a few in Europe. It was an arduous process for a newcomer to break into the supply chains, competing with other jewelry exporters from India and other countries.

'The whole cycle – from design to sample to delivery – had a lot of learning for Titan, as international buyers were demanding, [and they were] used to a [certain] level of service and product quality, not to mention sharp pricing. Company wanted to hire European designers and create watches especially in Europe. With Indian labor cost advantages, they felt that Titan could sweep the market.'

Titan launched a small operation in the UK with its India collection to test the waters. Unfortunately, these watches with their gold plating and dials did not cut much ice. Wristers were also larger, so the learning was that watches for Europe had to be designed differently. A new plant was setup in Hosur to make high-quality cases and bracelets. Foreign designers were hired to fashion watches to suit European taste and a London-based agency, Lowe Howard-Spink, was hired for the campaign. In 1992, Titan had started work on its Euro Watch Project and the jewelry project for export.

In the 1990s, 'Made in India' was not quite the tag to have on products targeting European customers. So, the beautiful Titan print ad campaign had female models of multicultural ethnicity with the headline, 'No one country could have made faces this beautiful' and a tagline:

‘French-Swiss-Indian-Japanese’ (cueing French design, Swiss steel, Indian manufacturing and Japanese batteries. The ad was splashed in popular glossy magazines across Europe: from Vogue to Cosmopolitan to Elle, it was everywhere. And with it was drowned millions of dollars in pursuit of the audacious dream of trying to establish Titan in Europe!’

However, the biggest hurdle they faced was breaking into the distribution network. As it turned out, the expected synergy between watches and jewellery export didn’t pay off. The watch sections were already full of brands and Titan found itself reeling to displace an existing brand. In order to secure distribution, it was necessary to make extravagant media commitments. Also, no major chain was prepared to try out Titan by the time the advertising campaign broke. While Titan had appointed distributors all over Europe and had gained entry into a number of independent jewelry stores that also retailed watches, not many customers who walked in bought a Titan.

Decision to introduce the India line in Europe didn’t quite work as it was totally out of sync with European tastes. The lower end of the market was dominated by local brands, the middle by the Japanese while the upper end belonged to the Swiss brands, none of which made life any easier for Titan. So, after some small success initially, things didn’t go as planned and business didn’t pick up. ‘Most people in the company were not behind it because it was a vision that they couldn’t really think of and Titan’s was 20 years ahead of its time’. Quality and delivery issues also began to plague the operation. **Used to working in a monopolistic environment in India, Titan was unable to match up the exacting standards of delivery and quality that watch retailing Europe involved.**

Titan’s woes in Europe, with the Swiss particularly, continued. When Titan tried to go the route of retailing through independent retailers, Swiss watchmakers told them that if they stocked Titan they wouldn’t supply Swiss brands. Titan had problem with distributors and employees, some of whom it found to be untrustworthy. Advertising money too was hard to come by.

Titan had been an overnight success in India. It was not surprising, then, it began to get impatient with what seemed likely to be a long slog in Europe.

It took about five to six years of relentless marketing to get retailers in Singapore interested in Titan. When it did happen, the very same people who at one time wouldn't even entertain a conversation with Titan, the company, now invited the Titan team to coffee and lunch to discuss business strategy!

Titan was keen to break into Australia as well. The consumer profile was similar to that obtained in the UK and Europe and so were the challenges: Indian brands were not exactly a selling proposition and Titan's core collection didn't perform well. A sweet spot recognized the potential of Australia's diverse population. The Greeks, Turks and Lebanese domiciled there loved Titan's solid gold watches, their prices ranging between A\$1000 (Rs. 26,000) and A\$1,250 (Rs. 32,500) , and what was threatening to be a dismal foray ended up becoming a success story.

While 2001 -02 was the turnaround year for this company, 2002 -03 was a year of growth. Sales turnover in 2002 -03 grew by 28 per cent over the nine month period ended 31 March 2002, going up from SGD 7.07 million (Rs. 18.9 crore) to SGD 9.04 million (Rs. 24.1 crore) . This company wiped out its accumulated losses of the past'.

The poor showing of the European operations hit Titan's profitability at home. The accumulated losses added up to Rs.182 crore and it took several years for Titan to wipe it off the balance sheet. While Indian operations continued to be profitable – Titan made Rs.25 crore in net profit in 2004 -05 and Rs. 94.13 crore in 2006 -07 – the overhang of the European losses bedeviled the company for a long time.

Although TCS and Tata Unisys Ltd had an international presence, Titan's dream of building a global consumer brand was far ahead of its time.

The Timex affair,

Timex, the lowest cost producer of watches, chiefly plastic one known for its reliability, had just set up a joint venture with Jayna Time Industries, a mid-level Delhi- based watchmaker.

By the time they signed a joint-venture agreement in June 1990, the negotiations had taken Titan-Timex almost six months. The venture was to make 2.5 million quartz watches a year. Tata would nominate the chairman, and Tata's chief executive who would handle day-to-day affairs. Meanwhile, Titan started working on a suitable name for the company and its products. The government's industrial policy dictated, rather inexplicably, that 'foreign brand names will not be permitted' and this clause had been included in the approvals given to Timex. Fortunately, this clause was dropped just before the joint venture for the initial public offer and cleared the path to calling the company Timex Watches Ltd.

Titan also worked out on an agreement with Timex: Titan would move out of plastic watches – it was then manufacturing Aquara brand – and focus on the higher end of the market with the steel and other metals, while Timex would confine itself with the plastic and the lower end of the market. Timex would also ride on the Titan's marketing and distribution network, delivering economies of scale to both the companies.

Initially, Times Watches Ltd launched 900 product offerings or stock keeping units (SKUs) to support a volume of 2 million watches a year. However, at the suggestion of Timex US, Timex India progressively reduced its offerings to 600 SKUs. *'Since the plastic watch market was not of a size that could support capacity and targeted output of 2 million watches per year, were subsequently allowed to design, produce and sell metal offerings'.*

Initially at launch there was 100 per cent complementarity because Timex was confined to plastics and Titan to metal. Timex offerings were priced in the Rs.400 – Rs.700 range while Titan was Rs.700 plus a piece. Moreover, **Titan was positioned as a fashion accessory while Timex projected itself as a wrist instrument that exploited digital technology and focus on outdoor and lifestyle activities.** Some of the upper-end Timex watches gave blood pressure and pulse readings, and functioned underwater as well, apart from providing performance feedback to sportspersons during training and competitive events.

Timex is a cost-conscious organization and was at that time the most economical producer of watches and also known for the Indigo, a hugely successful brand of luminescent watches that glowed in the dark at the press of a button. 'Titan on the other hand, was

among the most expensive maker of watches. Our product design and development team, rejected almost the entire Timex offering and started redesigning Timex products for the Indian market. In the process, the Timex product became more and more like Titan's offering in both looks and costs, and the entire raison d'être of the joint venture was lost. Eventually, without distinguishing product line and selling proposition there was no real reason for anyone to buy a Timex instead of a Titan.'

The Titan-Times partnership broke down mainly for two reasons. Titan began to view Timex Watches Ltd as a threat to its share of the Indian watch market. On the other, Time US was not willing – and to some extent was unable – to make the Indian joint venture a global manufacturing base. It was also reluctant to source from India, even though Timex India had emerged as a low-cost watch producer.

Titan launched a lower priced brand called Sonata in 1997. It came without the Titan label to fill the void created by Timex. Selling a shade over five million unit a year, it is now a Rs.528 million crore brand in Titan's portfolio and is India's largest selling watch brand in numbers.

Titan's fortunes have come full circle in other ways too. In November 2011, it acquired the 280-year-old Favre Leuba (The brand was the second oldest in the world), for two pound million (Rs.13.8 crore). Exactly five years after it acquired the iconic but dormant Swiss brand, Titan Company Ltd re-launched it with 21 watches, all mechanical, and priced in the premium range of Rs.1,18,000 to Rs.3,82,000. The watches continued to be made in Switzerland and Titan has plans to invest a substantial sum in the company over a five-year period. Perhaps there is a hope yet of Titan's European dream coming true.

Tanishq – A blockbuster,

The opening of the first Tanishq store was in Chennai in July 1996. Just off the landmark Gemini Circle, was like an art gallery with mood windows, suffused lighting, and done up in granite and green marble with low counters. There was little jewelry displayed compared to the traditional stores. It retailed diamond and gemstones – studded jewelry, all in 18 – carat gold.

The idea to enter jewelry first took seed when, in 1990, Titan's public relation head, out of curiosity, dropped in at a jewelry exhibition held at the Taj Mahal Palace hotel, Mumbai, organized by the gems and Jewelry Export Promotion Council. As they went around, noted that most of the design were mediocre and the workmanship quite ordinary. It seemed as though jewellery was a natural extension of watches as a fashion accessory.

A big jewelry plant was set up at Hosur with an investment of Rs.65 crore in March 1993. As a project was meant to be a foreign-currency earner and Titan had decided to focus on exports to the European market to earn its foreign currency, a design office was set up in Paris at considerable cost. The designs were meant to be Western and European in their appeal. However, the project had a long gestation period and Titan would be ready to launch its jewelry in the European Market only in 1995.

Titan also spent a lot on design and packaging for the American market but didn't really make a dent in the market and had no fruitful outcome. It was at this stage that it was decided that the company should focus on launching jewelry in the Indian market rather than a foreign one.

Moving ahead,

A strong foundation was laid for technology transfer from a Swiss company for the refining and alloying of the gold and a systematic training of new recruits and retraining of the *karigars* through experts from the Developing Countries Trade Association in master-making, casting, bench working, stone setting, polishing and enameling.

Jewelry trade at that time was dominated by the families, small in scale, and jewels were all handmade. And the jewellery people wore in the North was very different from [what was worn in] the South.

Titan needed to come up with a good brand name. 'Titan Jewelry' didn't have the right ring to it. Names such as Aurum, the Latin word for gold, were bandied about, but the Team was of the opinion that it would not appeal to domestic customers. 'Celeste' was a brand name Titan used

in Europe but it had already been registered in India by another company. In spite of many ideas going back and forth, nothing seemed to fit right; the only thing the Team was sure of was that it should have a feminine and Indian feel to it. Tanishq reflected the promoter's names: Tata and Tamil Nadu. Sliced differently, it also meant 'Tan' (body) and 'Ishq' (love).

In order to be successful, Titan was banking on a gigantic cultural shift in habits among Indian customer. Tanishq wanted to offer more studded jewellery than plain gold jewellery; gold prices were known to everybody and such jewelry offer little by way of differentiation. The margins for studded jewelry, the Team thought, would also be better as customers could not accurately value gems. Besides, the Tanishq range would feature innovative designs.

Indian consumers bought jewelry not only for its own sake, but for the value of the gold. Titan's 1996-97 Annual Report acknowledges this fact.

"While Tanishq jewelry has drawn praise and evoked a very favorable reaction among customers, the fact that our collection was initially confined to 18-carat gold jewellery, mostly gem set, proved to be a limiting factor in the attainment of volume objectives. Work, therefore, commenced in right earnest on the creation of a new collection of 22-carat gold jewellery based on traditional Indian design themes.

While the company believes that an 18 – carat gold alloy is the most suited for jewelry – and is, in fact, the world standard for fine gold jewellery – the existence of a very strong consumer preference in India for 22 – carat gold jewellery cannot be wished away. Our entry into this market segment will, it is hoped, accelerate the trend towards an official hallmarking process which will significantly benefit the consumer who, today, is often the recipient of substantially undercarataged jewellery masquerading under the 22 – carat label".

From 1996, when Tanishq was launched, to the year 2000, Titan ran a tough course. The European operations were slowing down and bleeding the core watch business, which funded Titan's growth, and Tanishq wasn't going anywhere.

The domestic jewelry business, which was about half of the total Tanishq business (the rest being international sales of jewelry), was making losses virtually equal to the turnover. The general mood was that the jewelry division should be sold, or at least spun off, so that it did not sink the whole ship. Losses in the jewelry business in India alone totted up to Rs. 100 crore as sales refused to pick up.

Big move was to bring the product into the sharper focus. A system of weekly selection meetings was introduced where product development teams would present prototype of new designs. Each design was subjected to critical scrutiny to ensure value to customers. To take cognizance of differences in taste between one city and another, a quarterly buying meet was put in place so that store managers and franchisees could see all the designs under one roof and choose what was suitable for their markets. This created a sense of ownership and proved to be a powerful way of engaging staff and franchisees.

But there was still something missing. How was the brand to win over Indian customers who had been closely tied to family jewelers for generations?

On a visit to World Watch & Jewelry Show in Basel in 1996, head at Tanishq spotted an X-ray fluorescence machine that used spectroscopy to measure the purity or cartage of gold in less than three minutes. It used a no-destructive process and also showed the content and presence of the alloys in it. **The obscure scientific instrument soon acquired a brand name – Karameter.**

Its effectiveness had to be tested and for this, the team chose a franchisee store in Indore. *‘We wanted to test it in high gold-consuming city where we knew that cartage issues would be high.’*

The morning of the test there was an ad in newspaper saying, ‘There’s a thief in the family’; it then went on to talk about the family jeweler. It invited people to come to the store and test their gold for free. A few came in tentatively and were dismayed to find their jewelry was impure. Word began to spread and soon there were hundreds of people thronging to the store.

One woman who put a heavy bangle on the Karameter was shocked to find it was made of 11-carat gold. Many women started wailing upon discovering how impure their jewellery was.

People still came into the stores to check their jewelry on the Karameter and went back to lambast their jewelers. Sales didn't pick up and the Tanishq team was at its wits end.

An order from car maker Maruti Udyog Ltd for 50,000 inscribed gold coins as gift for its dealers in 1997 on the occasion of its 15th anniversary was the largest in the company's history. 'It was the biggest single order for that time and challenging too in terms of tooling, gold procurement, a lead time of just two months and hand delivery to specific locations. It gave Tanishq an opportunity to test speed of response, improve procurement efficiency, tool design and fabrication skills, and improve distribution efficiency.'

It was April 2000 and Tanishq had launched its 36th showroom in Pune. Speaking to the *Times of India*, a triumphant Team declared that the company's jewelry business had grown to Rs. 150 crore in 1999-2000, and had made a profit in the first quarter of that year.

Tanishq was actually a very attractive bet for the company. But they had to think of themselves as a retailer. They hadn't done that till then; they saw themselves as a product company at that point of time. In watches, they had multiple channels to sell, whereas in Tanishq they were a retailer. **Tanishq was a niche player and we felt there was an opportunity for it to become mainstream as a [major part] of the jewelry buying happens around weddings.** The advertising only reinforced the perception that it was a high-priced brand. Tanishq's early ads, one of them which feature Malaika Arora, were presented in Western ambience and showed only studded and diamond jewelry. All this served to reinforce the elitist profile that Tanishq had adopted for its stores as well.

Things were also tweaked at the factory end. The Tanishq factory saw unparalleled change. What was required to transform the factory was not an incremental improvement, but a quantum leap in productivity. From being oriented to large-scale batch manufacturing processes, the factory focus shifted to being more oriented towards bespoke jewelry. Today,

the factory can churn out 30,000 unique pieces of jewelry a day; at one time it could hardly manage 200-300 pieces a month. Tanishq also started what it called *karigar* parks near the factory at Hosur; this brought under one roof goldsmith and crafts persons from different regions, all working under better conditions in terms of lighting, seating, hostel accommodation and remuneration.

The 2002-03 Annual Report marks the transformation in the following way:

The jewelry division once again turned in an impressive 29 percent growth in operating income which increased from Rs. 267.66 crore to Rs. 345.03 crore. The division's profit before taxes grew by 129 per cent to 5.37 crore. The jewelry business provides much needed balance to the Company's fortunes as the watch business faces increasing competition in India.

Tanishq Brand did many things over the past decade. The fact that the company has focused on several aspects of manufacturing and operations. It has revitalized tradition by making jewelry designs more contemporary. Its advertising too had changed to reflect more of an Indian flavor and it showed the plain gold jewellery Tanishq had to offer.

Tanishq tied up a different funding method for gold procurement by taking it on lease from international banks and paying for it as and when the jewelry gets sold. This reduced Tanishq's working capital requirement and the need to invest and stock gold.

Tanishq also launched upper-end Zoya collection with stores only in Mumbai and Delhi, to cater to a niche and exclusive customer segment. Zoya uses more precious metals in its jewellery and reflects a higher quality of workmanship.

In the financial year 2017-18, Tanishq notched up sales of Rs. 13,036 crore, dwarfing the watch business which had revenues of Rs. 2,126 crore. **Ratan Tata's comment, made somewhat ironically a decade earlier that Titan was a jewelry company with a watch business, finally came to be true.**

In 2016, Titan invested in CaratLane, an online jewelry company, to tap into the increasing trend of digital shopping. The site offers fine jewelry in gold and diamonds for everyday wear. With 36 stores across the country, CaratLane also has a growing store presence, making it an Omni-channel jewelry brand. It reported a turnover of Rs. 290 crore in 2017-18.

Expanding Titan on the Fastrack,

The entire range of Titan watches came with metal cases; introducing plastic casing and straps would mean a radical shift.

‘We wanted to launch a fun watch for [the] youth, a segment we were not really addressing.’

The rationale was to expand the reach of Titan. When people travelled abroad they would come back with sporty watches like Swatch that caught people’s attention. Plastic as a material was coming of age; it was versatile and allowed for the use of vibrant colors and printing, as a result of which the face of the watch itself was changing. Sporty watches were getting tougher; there were waterproof watches for divers and shockproof watches for sports people. Titan needed to keep in step with these trends.

In the watch industry, as with any consumer-goods sector, the threat of the competition is ever-present. Therefore, Titan had always to be wary of HMT, in particular, among the domestic competitors, especially when it came to marketing and product styling.

Fastrack had been launched along with other brands to present Titan’s sporty face. But at that time what they wanted was a watch that would appeal to young people. It was all about talking to the youth, which was a larger genre than sport.

There was a big debate with manufacturing. The team wanted to go more high-end with jewel-embellished watches, maybe with a small diamond or a Swarovski crystal, and did not want to go [for] something that was an entire customer set that Titan was not talking to.

Titan made serious watches and a brand with funky hands and no marking for numbers on the dial defied the idea of a timekeeping device. Titan's range had always been designed after considerable market research: **a Royale was associated with a wedding or a formal event; an Exacta was a working individual's choice, associated with durability; Fastrack was a fun watch, for leisure.**

The Aqura range was launched in August 1991 at a big event in Bombay. The watch came into two sizes with detachable straps and what would be its most popular watch among the many it launched had three squares designed on the centre of the dial, in blue, red and yellow. This watch design was picked for the launch event. Aqura was meant to be Titan's foray into a fun and casual segment using plastic and color for the youth; it had interchangeable straps and was sporty and light. This was the value proposition to add and supplement the range.

The launch of Aqura was a huge success and very soon Titan found that it could not produce enough watches. **Fastrack was part of the original portfolio of watches launched by Titan, but when Aqura came into the picture, it was overshadowed.** To avoid cannibalization, Fastrack took a secondary position and Titan's leisure watches were all branded Aqura.

However, all the research that went into the creation of Aqura threw up another interesting option: there was still space in the market for an attractive, traditional, ethnic watch. Thus, Raga entered the market in 1992.

Raga sported motifs on its dials and straps that were a blend of leather and fabric with bits of noble metal as well. Company understood that for a watch to become popular among women it has to be like a piece of jewellery. Based on this insight, a new design language was developed for Raga, with innovative case shapes, bracelets and bangle watches, all of which looked like jewelry. Raga stood out from other women's watches in the market. *'It wasn't easy to create those kinds of watches, but it gave Raga an identity.'*

Positioning Fastrack,

The positioning Fastrack embarked on has endured to this day, proving its relevance and validity. Saucy, iconoclastic, edgy, imbued with innuendo and often overtly sexual – the ad campaigns for Fastrack have been all this and more. However, the one that defined the new-look Fastrack was the ‘Yes Sir’ campaign. It has students responding to the roll call in a college classroom. When a cute guy wearing a Fastrack watch raises his hand to answer, a girl pipes up and says ‘Yes Sir’; she is followed by another girl who says ‘Oh! Yes Sir!’ and another and another until last girl’s ‘Yes Sir’ comes practically in a state of sexual rapture and the teacher is left wondering what’s happening to his class! ‘He doesn’t get it, but the kids do. The innuendo was perfect because you know this is not rebellious but playful irreverence.’

Titan and Tanishq stores, where everything was displayed in glass cases and kept under lock and key. In the Fastrack stores, young people would be encouraged to see, touch and feel the products. In fact the profile of the Fastrack team actually resembled the consumer target group for this brand – most of them were in their mid-20s, fun-loving and eager to challenge the status quo.

‘Move on’, became a sort of anthem for Fastrack. The tag line came from the insight that young people liked owning things in multiple numbers and in having a multiplicity of experiences. The idea was that instead of being rooted in the past, youth had to move on from their comfort zone, indulge in new experiences, and move onto the next, and take opportunities that came their way. It’s “move on” in a positive sort of way.

The ads set the market on fire. The store rapidly notched up sales of Rs. 2.5 crore in its first year. Over the next four years, Fastrack scaled up to 100 stores. Fastrack was always projected as separate from Titan or the Tata Group. Neither are mentioned anywhere in the Fastrack stores. Both brands were seen as being staid and for older people, so Fastrack deliberately positioned itself as a separate brand.

The Fastrack team was a bunch of immensely talented, passionate young boys and girls. What brought them together was their instinctive shared understanding of what college-going youth in urban India wanted to wear, see, do and talk about. Team dedicated themselves to translating this understanding into bold watch designs, equally striking store formats, and advertising campaigns that stood out by a mile. They spoke the language of their consumers all the time, often much to the discomfort of people with a more conservative mindset. The team knew they had to walk on the edge very carefully, and tastefully, and I think they did that very successfully most of the time, breaking new ground again and again.'

From its existing product range of watches, bags and backpacks, Fastrack has now launched helmets and looks to launching other motorcycle riding gear as well.

Fastrack pioneered the use of digital marketing when digital in India was still in its early days because it realized that that's where college-going youth were hanging out. It was one of the first Indian brands to notch up 10 million fans on Facebook.

Living on the edge,

Ever since watch-making emerged as a craft first and then as an industry, watchmakers have striven to excel at design, from the slimmest watch, also by definition the simplest, to the 'grand complication' watches that sell for hundreds of thousands of dollars. Watch fashions keep changing but there has always been a market for cutting edge designs.

The thickness of the standard watch movements begins made by Titan with the technical collaboration of France Ebauches ranged from 2.6mm to 3.5mm. By 1992, the transfer of technology was complete and Titan's production team was surpassing the quality standards of its French collaborator. The first proposal for the development of a slim movement that the team of engineers at Titan came up with in 1993 featured a round-shaped movement that was 1.75mm thick with a diameter of 19.7mm (or, in watch industry lingo, 8 $\frac{3}{4}$ lignes; lignes is a watch movement measure where 1 lignes is equal to 2.25mm) compared to the 2.6mm thick

movement, the slimmest movement that Titan had so far made with the technical inputs of France Ebauches. 'It was slim.'

The R&D team took the initiative to simultaneously develop a movement for a women, code-named 9086; it was 5 ½ *6 ¾ lignes in size and had a thickness of 2mm. The development of these two movements was completed in 1995 and Titan was ready to introduce slim watches into the market. The fact that its top-of-range collection using slim movements, Classique, continues to be a hit is proof of its popularity. Further endorsement came in 1996 in the form of an award for R&D from the Department of Scientific and Industrial Research, the Ministry of Science and Technology, Government of India. The recognition of their efforts was hugely encouraging for the team.

The Titan team was up to the task: they decided to take up the challenge of making an ultra-slim movement in all-metal. For starters, they decided to more than halve the movement thickness, from 2.6 mm to 1.15 mm, the thickness of a credit card. The reason for this dimension was that the smallest quartz crystal then commercially available was 1mm in diameter and the slimmest battery was 1mm thick. **If they succeeded, it would be the world's slimmest movement to be mass produced and commercialized.**

The challenge was to design the watch and then to make sure that there was a manufacturing space to build a viable watch, capable of production. It was an iterative process- you design a product and then you "engineer it out". There are challenges at the engineering end as to how to make the designed product and that process goes through many evolutions.' It wasn't easy: it took four years to complete the design.

The Titan team had to also make a thin step-motor to propel the components that drive the hands of a watch. The challenge was to keep the step-motor as small as possible and yet have sufficient torque to drive the hands while drawing less energy from the battery. Titan worked with a Swiss company, Audemar, to develop the step-motor. It sourced the integrated circuit from Seiko/Epson and matched it with the step-motor. Later, the team indigenized the step-motor, making it more efficient; further improvements made to the integrated circuit resulted in the battery of an edge watch lasting more than five years!

By year 2000, the R&D team had succeeded in making an ultra-slim movement. Since Titan's attempts to get the Swiss to use the ultra-slim movement in their watches had failed, Titan would take up the challenge of making an ultra-slim watch on its own would, eventually be branded 'Titan Edge'.

That wasn't all: every single component had to be tweaked to the requirements of ultra-slim. A normal dial, which is the face of the watch, is 0.4 mm thick; this was reduced to 0.3 mm by working with the dial supplier.

Edge was launched in Bangalore on 23 May 2002 in 13 variants, eight in stainless steel and five in plated versions. When Edge came into the market, Titan had to show in its advertising that it had indeed launched the world's slimmest watch.

From making it first in steel, Titan went on to launch Edge in gold and titanium; the latest in ceramic, priced at Rs. 23,000. Edge continues to be a bestseller.

In 2003, Titan launched Edge for women; these watches were smaller than those for men. As of July 2018, Titan had sold 1.4 million men's and two lac women's Edge watches.

Business of the Future,

The balance sheet was weak, Titan was still struggling with the accumulated losses from the failed Europe venture and Tanishq had not yet started raking in significant revenues. Much of the gains from the watch business had gone into fuelling diversifications and that business itself was under pressure.

One of the first things Team did to get Titan back on track was to call in the consultancy firm McKinsey to give advice on operational improvements, driving costs down and growing the business. Once this piece was done, the next step was to define the future vision of the company through an internal process.

Eyewear retailing at that time was largely unorganized and retailing practices left consumers feeling 'uncomfortable' at best. For instance, spectacle frames were kept hidden in drawers under the counter, denying customers a view of the entire range; unbranded frames were passed off as branded goods and pricing was arbitrary. When it came to lenses, pricing became even more opaque and customers never really knew whether they had been charged fairly. Titan Eyeplus entered the market using trust and transparency as its platform.

Titan kicked off the business on a franchisee model which it had perfected with the watch experience. The stores had smartly turned out sales people, an in-store optometrist and eye-testing equipment. Titan also had to battle the public perception of Titan Eyeplus as being expensive. Consumers were ready to spend more on shoes and shirts but less on eyewear and Titan was forced to introduce cheaper frames and lenses in order to cater to the price-conscious buyer.

A store on Bengaluru's MG Road will be different from stores in the suburbs. Company did this repositioning, including a lot of communication, [based] on the affordability of the brand. Titan Eyeplus's specialized services, such as high-index lenses for those spending long hours in front of a computer screen, lenses that could repel dust and water and so on, slowly began to gain traction with customers.

Titan has always preferred to own all the elements of the value chain for all its businesses and it wasn't long before it decided to establish its own manufacturing facilities. The eyewear division set up its first lens-manufacturing facility in Chikkaballapur near Bengaluru in 2010 at a cost of Rs. 32 crore, using what it calls the latest 'free form technology' to grind the lenses.

The technology predominantly used by most traditional Indian lens makers is a grinding technology where the power is 'ground' physically onto the outer surface of the lens. Titan's lens factory uses a digital manufacturing process with computer-aided design and surfacing to create customized spectacle lenses. This gives users improved clarity of vision with greater contrast and provides for brighter and more intense colors. Today, 80 per cent of Titan's lens sales come from its Titan branded lenses produced in-house and 20 per cent from the Essilor brand.

Titan also recently invested over Rs. 30 crore to set up a frame-manufacturing unit, also at Chikkaballapur, with a capacity to make one million frames a year. This will allow substituting imports, bringing down costs and, in conjunction with a recently set-up design studio, offer differentiated and high-quality products in the market.

Tata Skinn,

The branding exercise the team embarked on involved multiple approaches on whether it should be a solo brand or one with multiple brand names. But it also needed the credibility and brand name of Titan to resonate with the consumer. The team pondered over how and where to bring in the Titan name. At the end of one such 'smelling day', 'Let's name it Titan Skin, which is both intimate and sensuous and also the part of the body where you actually use the perfume.' Intimate and sensual were also two aspirational qualities that any great perfume should have. So Skinn it was christened, the additional 'n' was added to allow for brand legal rights as 'skin' is a generic word. All the right ingredients were in place for a sweet-smelling project.

Skinn was launched on the auspicious day of Ganesh Chaturthi in September 2013 with a grand party at the Taj Mahal Hotel which was attended by the glitterati of Mumbai as well as the top Tata honchos. The fragrance of Skinn had finally arrived.

Newly-formed business incubation division was created to look at scaling up new categories like Skinn and to also incubate new categories as future growth drivers for the company.

Skinn became the first brand in India to run a television advertisement entirely in French – to both emphasize its French parentage and rise above the noise of the hundreds of ads that consumers are exposed to at all times. Its product portfolio has grown from 12 stock keeping units (SKUs) across six fragrances to 40 across 13 fragrances. Skinn was also the first fragrance brand to do trials with airline flyers by tying up with Jet Airways and Vistara where the air hostesses would hand over small vials of the perfume to flyers. All these efforts have seen Skinn emerge as the number one brand by value in highly competitive channels like Shopper's Stop,

Lifestyle and Central, in each of which close to 70 international brands compete for customers' attention.

Innovation in DNA,

Titan has always been known to be an entrepreneurial organization with several new business ideas, products, retail formats, sub-brands and so on having emerged from its middle management and then supported by top management. This has been in the DNA of Titan and its cultural of openness, its non-hierarchical structure, its innovation has been a great enabler.

To leverage the strong sense of innovation in the company, sometimes in 2012-13, when there was a lot of buzz around Bengaluru as a start-up capital; Titan came up with a programme called 'Ignitor'. It was a programme to open up the process of ideation on new businesses that Titan could get into. Anyone in the organization could form teams and send in business ideas with a write-up and a PowerPoint presentation on the opportunity they received and why Titan should take it up.

The Company got over 750 entries and this was followed up by a structured process of short-listing and then asking the shortlisted teams to come up with a more structured body of thought and present it to an external jury in a couple of months. This got further pruned to three final ideas which seemed to be interesting opportunities, were a fit for Titan and could have a good business model.

Overall, it got some new business opportunities and people felt energized and more engaged as they were able to express their ideas; they saw this as their way of co-creating Titan's future. In other words, it gave them a sense of ownership.

One of the ideas that emerged from Ignitor exercise was for Titan to enter sarees as a business. With that in focus, Titan embarked on yet another interesting brand journey with Taneira sarees, all natural and hand woven, curated from the diverse weaving and craft cluster across India.

Titan is sticking to its principle of looking at what it calls ‘underserved categories’ and building a national brand out of it. ‘Not just in branded, lifestyle retail, they also seem to do well in categories that are not very well penetrated or are unorganized or where customers are underserved.

In this, the company enjoys certain natural advantages. ‘We can leverage the same customer group as for Tanishq and Raga. The second is size. Now we are a large company, so any category we enter should create a Rs. 500 - Rs. 1000 – crore opportunity in the fortune. This is company’s aspiration and also a prerequisite.’ Taneira could well be the next Tanishq for Titan.

Present day,

Titan is today a large company in the consumer goods space and immensely profitable. While the losses from the European business had to be written off. Tanishq prospered to become perhaps the first national jewelry retail chain. While Titan made a strategic withdrawal from Europe, in later years it carefully explored markets surrounding India, in the East as well as in West Asia, and today it exports it’s watched to over 25 countries.

The culture created in Titan continues to stand the company in a good stead – a culture of openness and innovation, with a high sense of aesthetics and fastidious attention to detail. The DNA engendered of refinement and quality runs deep in Titan.

Titan’s other business – eyewear and accessories, fragrances and sarees, are still in their infancy, but growing rapidly. Those who track Titan closely say it needs another big idea, like Tanishq, to pitchfork the company into its next growth phase. They say Titan needs to leverage what it does best – design, aesthetics, branding and marketing – and build a blockbuster brand in the next category it enters. In 30-years journey, Titan has reinvented itself many times over, picked itself up and reconfigured its business as well. There’s no doubt it will be ready for the next challenge. And at least Titan’s case, it wouldn’t be trite to say, time will tell.