



The winning world of Titan

There are many attributes that make Titan a singularly resourceful organisation, most strikingly a surefooted sense of business and a deep-rooted feeling for people — consumers as well as employees. *Philip Chacko reports*

There is no community of individuals quite like Titanians and no consumer products company in India quite like Titan — restive by nature, maverick at heart, almost compulsively successful and forever in search of the next big idea. Maybe that's what it takes to go from scratch to a yearly turnover of ₹65 billion in 24 years, from fledglings to market leaders in three fiercely competitive consumer segments.

This special kind of company and its special breed of people know they are distinctive and they want to make the most of it. "We are a unique enterprise," says Bhaskar Bhat, the unassuming managing director of Titan Industries. "We are brand owners as well as retailers and we are market leaders in each of the retail businesses we are in. The external world looks at us and they don't see a comparable company."



Titan, the world's fifth-largest watch manufacturer, produces more than 13 million watches a year

Titan is, essentially, in the business of making people look good and feel good. The company's three major divisions — watches, jewellery and eyewear — are ensconced in the lifestyle universe, and personal adornment is the principle here. A fourth venture, precision engineering (See box: *Precise is the play*, page 46), finds its fit in a far different space, a chess player in the midst of wiry athletes, but with the potential to reap riches in a mushrooming industry.

Titan becoming what it has may seem like a somewhat serendipitous kind of evolution. "We never set out to become singular; it wasn't by design this has happened," says Mr Bhat. The company, a joint venture with the Tata group and the Tamil Nadu government as partners, was established in 1987 as a timepiece manufacturer in an age when Indians had extremely limited choices in watches.

Titan's jewellery brand, Tanishq, and its eyewear business, Titan Eye+ (See box: *Eye on the ball*, page 44), have sprung into existence on the back of the watch division's multiple triumphs, not least with technology and design (See box: *An A for D*, page 52). These

later ventures highlight Titan's ability to thrive by pinpointing nascent consumer needs and creating categories and brands to serve those needs. "We are constantly seeking opportunities in clear-cut consumer segments: youth, women, mass market, rural," says Mr Bhat.

IT'S ABOUT PEOPLE

"We are able to better spot consumer opportunities because of the kind of company we are," says Mr Bhat, "Our extensive presence enhances our ability to understand the market and capture the signals emerging from there." He is referring to a retail network that stretches across some 700 stores spanning the length and breadth of India. "We have the research data and that is useful, but more valuable is our franchisee network. These are guys who are connected to our customers on an everyday basis."

Franchising has proved tough for many consumer goods companies. Not so for Titan, which views its franchisee network as a vital component of its success and, contrary to expectations, relatively simple to run. "We see them as long-term partners and not just as ▶

Eye on the ball

Born of a vision to transform the eyewear industry in India, Titan Eye+ promises to do that and more, and in quick time too

The two rules that Titan swears by when it considers getting into a new business — personal adornment and the potential to become an industry leader — were operational when the idea of Titan Eye+ came to be considered.

“We realised that eyewear was viewed by consumers as a functional product,” says S Ravi Kant, the chief operating officer of the division. That’s not how it works in other parts of the world. “There they are style accessories. We sensed an opportunity to bring that thinking to India.”

The second factor was the state of the eyewear industry in India. It remains largely unorganised, with 70-80 per cent of the business being controlled by independent optical stores that lack professionals to test eyes and function without proper paraphernalia and products.

Worse, there is precious little transparency in the business. “The same product will be sold at different prices to different people,” says Mr Kant. “As for the lenses, the customer really is in the dark.”

Titan Eye+ commenced commercial

operations in 2008. Today the division has 185 stores across 55 Indian cities — and plans to open a further 100 by March 2012 — a state-of-the-art manufacturing facility and market leadership in the organised eyewear business.

The unorganised sector still commands the bulk of the market, but that share is falling fast as companies, Indian and foreign, vie to overhaul the way people in this country consider the spectacles they see the world through.

Titan has been at the forefront of that transformation. “Ours is primarily a retail operation and we sell our own products as well as those of other brands,” says Mr Kant. “We sell lenses, frames, sunglasses and accessories. We are a one-stop shop for consumers in the eyewear business.” The prices of Titan Eye+ products range from ₹500 to ₹30,000, which shows its desire to cater to as wide a spectrum of consumers as possible. More importantly, it has rewritten the rules of the game. The company brought in style consultants, people who advise customers on what spectacles will look good on them, and qualified optometrists. It offered warranties and free eye-testing clinics, both firsts for the industry.

Where Titan has gone, others have followed. “There are many eyewear retailers who have followed our lead,” says Mr Kant. “Everybody has been put under pressure and the whole customer experience has been altered.”

Mr Kant goes the extra mile to point out that Titan’s eyewear operation is significantly, if not fundamentally, different from its watches and jewellery businesses. “The biggest difference is with customer engagement, which is far greater in eyewear,” he says. “It is not just about the product; it is as much about service.”





Titan's managing director, Bhaskar Bhat (seated), with senior members of his management team (from left) S Subramaniam, CK Venkataraman, S Ramadoss, S Ravi Kant and Harish Bhat

people who have the money to partner us," says Mr Bhat. "We select them carefully; they have to be ethical and trustworthy. Being with us — as a part of Titan, a part of Tata — gives them a certain stature. On our part, we have remained true to them through thick and thin."

Running a franchise network, Mr Bhat adds, is less of a hassle than running a large manufacturing operation. "Having said that, there are substantial challenges in expanding our network, in improving our interaction with customers." The complexity comes from, for instance, meeting customer and franchisee expectations as well in Chandigarh as in Thiruvananthapuram, two places that are poles apart culturally and temperamentally.

The people factor has been as crucial as any in making Titan the company it is. It's not a stuffy place; there is no food-chain hierarchy or formal dress code (senior executives in denims are a common sight). "First and foremost, we spend a lot of time in getting involved with our people," says Harish Bhat, the soft-spoken chief operating officer

of the watches division. "We encourage debate and dissent before arriving at conclusions. It's a culture of empowerment."

This culture has bred unpretentious behaviour and down-to-earth habits: a chief operating officer who rides to office on a bicycle — that's practical as well given Bengaluru's anarchic traffic — and a managing director who regularly uses the local bus service to get to the airport and back when he has to fly.

Titan has benefited too from the continuity and stability that comes from having, for long years, the same set of people in senior positions. For many of them the company has been their first port of call and this is where they have spent their entire careers. "We hire well, we hire with care," says Bhaskar Bhat. "We have tried to fashion an internal culture where the hunger for growth is acute, where people have the freedom to function, to take risks and to fail while doing so."

WINGS ARE FOR SPREADING

The story of Titan is in a way the story of ▶▶

the Indian marketplace (the setting up of the company preceded the economic liberalisation of the early 1990s by less than five years). “The opportunities and the dynamism in this marketplace have been mirrored in Titan, and we represent to an extent the changes seen there,” says Mr Bhat. “Raga, the watch collection we introduced for women, and Fastrack, our youth brand, are reflections of this reality.”

Titan’s expansion from watches to other

lifestyle spheres was fuelled by a yearning to break free of confinement within a particular consumer segment. “We realised that the Titan brand would get limited if we stayed with only watches,” says Mr Bhat. “And we realised that the brand’s values — quality, engineering, precision, reliability, style — could be extended to other categories.”

The company has grown by leaps and bounds by relying on its strengths in retailing, manufacturing and design and with

Precise is the play

Titan’s precision engineering division has taken the road less travelled to set itself apart from the company’s other businesses

What’s a company guided in spirit by the logic of lifestyle-oriented businesses doing engineering exceptionally complex components for some of the most exacting manufacturers in the world? The straightforward answer to that: because it makes sense.

While Titan’s heart is set on exploring every opportunity in the lifestyle space, its precision engineering project is a mind thing. An idea that grew out of the company’s proven capabilities in the intricacies of watch-making, the precision engineering division (or PED) is an endeavour to carve a profitable niche in a business with immense potential.

Established in 2005, the division comprises four

main components, one that crafts precision products for industries such as aerospace and oil and gas, a second that delivers automation solutions for automotive, pharmaceuticals and other businesses, a third for the tooling that high-accuracy products require, and a fourth that assembles printed circuit boards.

With close to 4,000 employees and three facilities, the division is positioning itself to get a slice of a large and growing global market that is pegged at \$32 billion a year. Tremendous as this sum may seem, it is not the only bait that got Titan to bite. The company was also taken in by factors such as India becoming — not least due to cost benefits — a manufacturing base for precision products, the long-term nature of prospects in the industry, and the opportunity to balance the risk involved in its bread-and-butter consumer businesses.

“High-precision

manufacturing has been a core competency at Titan,” says NP Sridhar, head of business development at PED, explaining how and why the division was seeded. “It is one of the pillars of our growth and it is where our skills have come from, including those for automation solutions.”

Titan today makes machines for many of the original equipment manufacturers in India and it is spreading its wings in this business to reach a global marketplace. Then there is aerospace, which promises a bonanza of bonuses. “The Indian Space Research Organisation, Hindustan Aeronautics and others constitute a huge backlog of orders,” says Mr Sridhar. “It’s a big market.”

This market seems bigger still considering that India is expected to spend upwards of \$100 billion on defence supplies over the coming few years, with much of these supplies slated to be delivered by foreign companies. The sure-shot element in this

its capacity to attract good people. It has also had to tweak its structure to cope with growth. “We have organised ourselves well, primarily by creating different divisions,” explains Mr Bhat. “The head of a particular division has the freedom to focus on his business and decide resources, on pricing, markets and targets.”

The commonality that binds the company, that makes it a single whole rather than the sum of disparate components,

comes by way of a shared value system and employee policies. “Everybody here has to feel they are part of one company and that is challenging,” says Mr Bhat. “This means cultivating and cementing a culture of openness and transparency, of risk-taking and innovation, of people-centricity and customer-centricity.”

NO WAITING ON WATCHES

Though it has been overtaken by its ➤

equation for entities such as PED is the offset clause imposed by the Indian government, which makes it mandatory for 30 per cent of all defence material to be made in the country.

“There are not many companies that have the capability to do what we do,” says Mr Sridhar. “We got going with aerospace in a small way but we invested plenty along the way. We have this market opportunity and a unique capability to address that opportunity.” And it’s not just aerospace that interests PED; there’s oil and gas exploration and the medical industry, not to mention the automation spread. “Our turnover could be in the range of ₹10-15 billion in five years.”

There are challenges to be overcome before that can come to pass. “Gestation periods are long in this business,” says Mr Sridhar, “which means you need more time for the business to mature. It could take five years, maybe even a decade.

You need deep pockets and you need to stay invested for an extended period of time.”

Getting the talent to realise its objectives is another challenge. “We are finding it extremely difficult to find the right people,” says Mr Sridhar. The problems don’t end there. “We have to make money to justify our existence. We have to retain customers. We have to interact with talent, keep them motivated in a small business that has ups and downs and where questions abound.”

Tata, rather than Titan, is the calling card that the precision engineering boffins prefer to use. “Outsiders see Titan as a watches and jewellery company,” explains Mr Sridhar. “When I tell people I’m in a high-technology engineering company they don’t believe me. Tata is a far more relevant brand name, in the circumstances, to attach ourselves to.”

That’s not so much an issue for the people in the



automation solutions part of the PED family. There the effort to attract customers from industries other than automotive has begun to yield results, with orders being executed in the past year for leading electrical and medical devices companies. Furthermore, export orders from China, the Czech Republic and Bulgaria were executed.

The present is a pleasant enough place for Titan’s precision engineering folks, but it is the future, with all the bounties that beckon, where the real action will be. So what if lifestyle has nothing to do with it?

jewellery sibling on turnover and profits, the watch business remains the centrepiece of Titan's operations. This is where it all began for Titan and nobody in the company can, or is inclined to, dilute its importance.

The watches division's numbers are staggering. Titan has produced more than 135 million watches since inception and manufactures in excess of 13 million pieces a year. It sells in more than 12,000 outlets in 2,000 places across big and little India. It has an exclusive network of 340 showrooms and about 850 service centres. And it also retails in 29 countries spread over four continents. To round it off with a quaint figure: every four seconds there is a Titan watch being sold somewhere on this planet.

"There are six reasons for our watch business being so powerful and iconic," says Harish Bhat. "A strong portfolio of brands — there are few examples of companies

owning the first, second and third brands in a customer segment — outstanding competence in design, the excellence of our technology, our extensive network, our control of the value chain, and our innovation efforts."

Mr Bhat foresees a future where Titan will be counted among the world's top three watchmakers (it is currently in fifth position). "That is a very, very clear objective we have over the next five to seven years," he says. "We want to be at least twice our present size by then; we want to sell upwards of 25 million watches a year at that point."

On the cards, then, is a plan to expand Titan's retail network to more than 15,000 outlets, open a minimum of 1,000 new brand showrooms, and craft products that are more sophisticated and compelling, and can sell at higher prices. At the other end of the spectrum are 'nano'-priced watches, a few of them going for as cheap as ₹75.



1987

- Titan Industries is established as a joint venture involving the Tata group and the Tamil Nadu Industrial Development Corporation
- It enters the watch market with quartz technology, a first for an Indian watch manufacturer



1993

The company diversifies into jewellery



1994

Titan inks a joint venture with Timex to focus on the mass market for watches



That makes sense in a market where competition is frenzied — some 65 international watch brands are sold in India today — where everyone from Seiko, and Citizen to Omega, Esprit and those cut-price Chinese players is pushing their wares. “We have to ensure that our brands can not only withstand the onslaught of these competitors but also gain market share,” says Mr Bhat.

There are other challenges as well. The Indian watch market is growing 11-12 per cent a year. Titan wants to take that figure to over 20 per cent, hopefully even to 35-40 per cent. To achieve that it has to deal with sundry threats such as those posed by mobile phones. “We have to even more clearly position the watch as a fashion accessory,” says Mr Bhat.

Turning brands such as Sonata and Fastrack into uncharted terrain is part of the grander game plan. “We have to unlock the

power of these brands,” says Mr Bhat, “and we can do that by extending them into other accessory categories: helmets, footwear and the like.”

JEWELLERY AND MORE

Titan’s jewellery business may be fundamentally different from its watches enterprise but the broad rules governing them are similar: quality, reach, reliability and customer focus. The growing spending power of middle India is another common factor influencing sales in jewellery and watches.

“More people are favourably disposed towards brands today,” says CK Venkataraman, the chief operating officer of Tanishq, “especially a brand like Tata. Over the last 10 years, especially, their income levels have risen considerably. These people move about a lot through transfers and relocations and Tanishq has, in a way, become a local and trusted ▶▶

1996

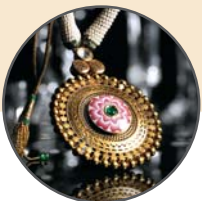
1998

2005

2006

2007

Tanishq, the jewellery brand is launched



Titan ends the Timex arrangement and launches a new brand, Sonata, for the mass market



- Fastrack, a brand aimed at youth and selling watches and accessories, is launched
- Titan sets up its precision engineering division, its first and only non-lifestyle business



Gold Plus is launched to cater to the mass jewellery market



The company ventures into the eyewear business with Titan Eye+



Financial performance: 2010-11

TOTAL INCOME: 65.71 (47.03)



Jewellery
50.14 (34.97)



Watches
13.09 (10.52)



Others
2.49 (1.54)



Profit after tax
4.34 (2.5)

* Figures in ₹-billion; figures in brackets are for 2009-2010

jeweller to this large migrant population. And they consider jewellery an adornment rather than merely an asset.”

Tanishq concentrates its attention, predictably enough, on women and to no little extent on the modern Indian women. “Tanishq’s creations are designed keeping this kind of woman, this archetype, at the centre of the frame,” says Mr Venkataraman. That said, the brand retains the old-fashioned in its soul. “The jewellery business is still traditional at its core and we have to participate in that traditionalism if we want to dominate.”

In other matters, though, Tanishq is like no other jeweller in India. It introduced Indian consumers to the Karatmeter, which validates the purity of gold, and it has greatly influenced the general approach to jewellery design and marketing. Its scrupulous practices are unusual in an industry where the opaque and underhand are commonplace. Most importantly, it has endeavoured to improve the lot of jewellery artisans — among the most exploited workers in India — through a slew of extraordinary initiatives.

Tanishq remains the top-selling jewellery brand in India. This is a market that tends to get compartmentalised regionally, with local players dominant in their backyards. “But our franchisees have given us a big break in terms of reaching small towns, in behaving like local jewellers but much more professionally,” says Mr Venkataraman.

Understanding ethnic tastes — Maharashtrian jewellery for Maharashtrians, Bengali jewellery for Bengalis — is critical in the circumstances and Tanishq has taken a lot of effort to develop that understanding, mainly by going to different regions, setting up design studios there and working more closely than ever before with local franchisees.

The rise and rise of the price of gold, which dominates in the Tanishq basket of offerings, is a concern, though not an overriding one. “It does bring pressure on

A Titan in numbers

- Titan has close to **700** stores spread across the country and **810,000** sq ft in total of retail space.
- The watches division has **340** stores and **829** service centres, Tanishq, the jewellery division, has **151** stores, Titan Eye+, the eyewear business, has **185** stores, and the company's youth brand Fastrack has **47**.
- Titan produces more than **13** million watches a year, making it the **fifth-largest** watch maker in the world. It has thus far sold more than **135** million watches.
- The watches division commands **45** per cent of the watch market in India; it recorded impressive growth of **25** per cent in **2010-11**.
- Titan has more than **5,200** employees and an attrition rate of **7.5** per cent, among the lowest in its category.

customers, but we have grown spectacularly over the last year," says Mr Venkataraman. "Typically, when prices settle people come back to the market, simply because there is no substitute. Jewellery is not just an investment. I mean, you can't purchase a share certificate for a wedding."

The difficulty on price comes with the delivering of value, as seen through the eyes of customers. "What I get for, say, ₹50,000 is becoming smaller and smaller," explains Mr Venkataraman. "That's what we have to deal with: how to bring in technology to make our jewellery ultra-lightweight so that we can use the same surface area and fit a specific budget."

NOT MORE OF THE SAME

An area where Titan has struggled is with exports (barely 2 per cent of volume currently, and only in watches). The main reason for that is, with its growth in India at 35-40 per cent, the allure of expansion abroad is dim. "We didn't believe in making losses today in the quest for a big tomorrow, which is what tends to happen when you go overseas," says Bhaskar Bhat. "That's the big

thing left for us to do, make a significant play internationally."

Mr Bhat would also like to see Titan taking more risks. "By more risk I don't mean somebody at the top, like me, saying that's what we should be doing; it has to be an organisational effort."

Titan is targeting a turnover of ₹150 billion by 2014-15. "We may not succeed with some of our plans, but that's okay," says Mr Bhat. "What we don't have as yet is an organisational capability to think like that. We are now the fifth-largest company in the Tata group; we were nowhere in the picture 10 years back. But I still see Titan as underperforming."

Titan is sometimes called a South Indian, middle-class company — "We take that as a compliment," says Mr Bhat — partly due to its association with Bengaluru. What it has to set its mind on now, adds Mr Bhat, is becoming a globally admired enterprise.

The culture of listening, learning and leading that has been planted and nurtured in the company means it can realise that goal. A titan with its pedigree, track record and name deserves no less. □

An A for D

Design is central to the Titan business aesthetic, the cornerstone of a manufacturing culture defined by elegance and finesse

You'd expect a design studio to be headed by a designer. That's not the way it works at Titan, and with good reason.

Revathi Kant is a professional steeped in the marketing milieu. A 20-year veteran with Titan, she is currently the general manager for design, innovation and development at Tanishq and was, previous to that, head of the design team dedicated to the company's watches and eyewear businesses.

"My kind of person coming into design was the result of a conscious decision by the company; we wanted to look at design from a business point of view," says Ms Kant. "We realised there was a lot we could do through a marriage between process and creativity. Design has always been viewed as a creative exertion; we saw it as strategic."

Ms Kant eased into her design head role in 2005. "It was a time when design was becoming significant in India and there was this opportunity to approach the discipline from a different kind of angle," she says. "The company took a risk with me and I took a risk with this responsibility. I think it has paid off; we believe it makes a lot of sense for a function such as design to be headed by somebody who brings to the table an awareness of consumers and marketing and a complete business perspective."

That's not as easy as Ms Kant makes it seem. Adapting design for an industrial process, where the emphasis is on repeatability and serial production, is arguably more complicated than crafting a single showpiece or even a work of art. It may be less uplifting and more prosaic,

but that does not dull its influence. For evidence, consider the Apple of Steve Jobs, the elegance of its products and how they have reshaped the look of modern technology.

Titan's intentions match such lofty design ideals. "Design for us is about extremely creative people working within a well-defined process," explains Ms Kant. "It's a fine balance between the two: not so much process that it subjugates the creative instinct, and not so much creativity that the process is derailed." The company has a single, consolidated studio to craft its watches and the eyewear. For jewellery, where geographical range matters a lot more, it has design studios in Mumbai, Kolkata and Delhi, besides Bengaluru. "This kind of spread gives us proximity to the market, to vendors and to consumers." It also provides the jewellery division's designers a feel of regional tastes.

There are some 40 designers in Titan, split almost equally between watches and jewellery. Women designers predominate on the jewellery side and men in watches and eyewear. The company hires from centres of excellence such as the National Institute of Design, the National Institute of Fashion Technology and the Indian Institute of Technology. "We also take on experienced people but experience has taught us that hiring fresh talent and grooming them is the best option," adds Ms Kant.

Finding good young talent has not too been difficult a task for Titan. It has an added advantage. "There are few companies in India that designers want to work for," says Ms Kant. "Fortunately, we seem to be one of them." The greater degree of design difficulty for Titan is with its jewellery business, Tanishq. "The key challenge is to create the kind of product that makes sense to the consumer," says Ms Kant. "And we face a lot of constraints — on weight and making changes, in



Revathi Kant (in black), the head of design, innovation and development at Tanishq, with members of her design team (from left) Swati Gehani, Pooja Kabra and Abhishek Rastogi

complexity and with manufacturing capability.” Beyond that lies the challenge of understanding and catering to regional design preferences. Then there are the long lead times — it takes about eight months for a jewellery collection to be designed — which increases the pressure to get the design equation right. “The uncertainties are many, not least because we are dependent on vendors to a great extent,” says Ms Kant.

Extensive consumer research is a vital tool in the Titan matrix of design and gaining in importance are factors such as a global design outlook and the need to marry fashion sensibility with jewellery design. “That’s why we have a German expat in our design team and trend researchers for fashion, for jewellery and for consumers,” says Ms Kant.

Titan has what Ms Kant calls the 3Is process: immersion, inspiration and implementation, but there is only so much any process can deliver. “There are always surprises and it can give you sleepless

nights at times. Designers are sensitive and a bit insecure, too. It’s different from managing a marketing team, for instance, but it is fun and I really enjoy it.”

It does not help that design in India, in all of its manifold manifestations, is just about evolving. “We have only begun to grasp the criticality of design,” says Ms Kant. “The consciousness about design is rising, at the governmental and policy level as well, but implementation still leaves a lot to be desired, as can be seen from our architecture and in our public displays of design. We have some way to go.”

“Design is an inescapable dimension of human endeavour,” said the architecture critic Reyner Banham. “Like the weather it is always there, but we speak about it only when it is exceptionally bad or exceptionally good.” Good design, in the context, makes the world we live in a little less grim, a little less brutish, a little less hideous. Titan and its designers are doing their bit for that cause.