



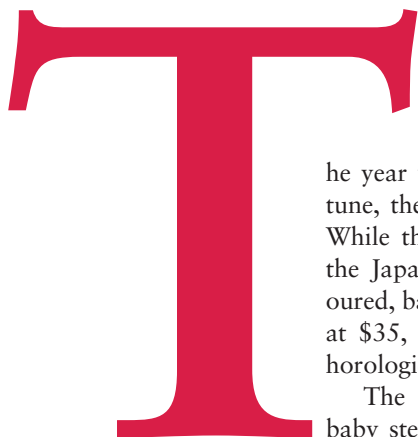
A woman in a white lab coat and cap is working in a factory. She is wearing glasses and a watch, and is focused on her work. The background is a blurred factory floor with other workers and machinery.

EVOLUTION *of a* Revolution

Titan, India's only watchmaking giant, has had an amazing growth story. It is now ready for a titanic push

BY NEHA S. BAIPAI

PHOTOS: BHANU PRAKASH CHANDRA



he year was 1984. Ticking a dynamic tune, the watch world was on a roll. While the Swiss were getting back at the Japanese with their vibrantly coloured, battery-powered watches priced at \$35, India was witnessing its own horological revolution of sorts.

The Indian economy was taking baby steps towards liberalisation. The big-bang reforms had not yet set in, but some rules were eased out for private sector enterprises. Seizing that opportunity, Titan—India's one and only watch giant—set out to make quartz watches for a market dominated by mechanical timepieces.

A joint venture of the state-owned Tamil Nadu Industrial Development Corp. (TIDCO) and the Tata group, Titan changed the way watches were made and marketed in India. The company's collaboration with France Ebauches for watch movements, equipment and raw materials, fresh designs and world-class retail experience soon pushed HMT—the only dominant watch player of those times—out of competition.

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Led by Tata's Xerxes Desai, Titan established its own plant to manufacture components at Hosur, an industrial area in Tamil Nadu, and came out with its first watch in 1987. “We decided to make quartz watches when 98 per cent of the market was dominated by mechanical timepieces,” says Bhaskar Bhat, managing director, Titan Company Limited. “Dealers warned us against the idea, but that was a momentous decision for us.”

The 26-year-long journey of this company—from being Titan Watches Ltd to its market expansion as Titan Industries, and now to the next phase where it plans to embrace different lifestyle segments as Titan Company Ltd—has been fascinating, to say the least.

The fifth largest watchmaker in the world, Titan commands more than 65 per cent of the Indian watch market valued at ₹4,500 crore. In 2012, the annual turnover of Titan's watch business was around ₹1,700 crore. “We have been a restless company, constantly exploring new ideas without the fear of failure,” says Bhat.

Over the past two decades, Titan has transformed the way most Indians perceive watches. From impressing ordinary Indians with watches that combined style and utility at affordable prices to hooking the aspiring middle-class with chic Ducati watches and taking on the tech biggies with the world's slimmest (1.15mm) timepiece—Titan Edge, the company has been successful, primarily because of its vast portfolio and seamless integration of the various verticals.

Though the majority of around 19 million watches made by Titan every year are quartz, the company is also into automatic watches for men. According to Bhat, Titan is all set to augment its automatic watch segment over the next one year.

IN FACT, TITAN'S recent acquisition of Favre Leuba—known for its mechanical masterpieces—is considered to be the next big thing for the brand. Vin-

A big deal

In 2011, Titan Company Limited acquired Le Locle-based Favre Leuba for two million Euros, reportedly. The company plans to relaunch the vintage Swiss brand soon to boost its “premium category”.

Favre Leuba is one of the oldest watch-making companies in Switzerland—its first pocket-watch was made in 1718. It is the first Swiss brand under Titan, which currently sells the Swiss-made Xyllys. The acquisition will give Titan access to technology to make high-end mechanical watches, which are in vogue.

Besides enhancing its dominance in India, Titan will eye international markets, too, as it has acquired the global rights for Favre Leuba.

tage lovers would know, Favre Leuba is one of the oldest Swiss aces, whose history dates back to 1718. It was also one of the first watch brands introduced in India, so the acquisition was a proud moment, indeed.

Today, with over 7,000 employees, four manufacturing units and two exclusive design studios, Titan is quite self-sufficient. Spread over 15 acres, the Hosur manufacturing unit is where Titan makes its watch cases, components for various movements, tools, etc. The company has watch assembly and manufacturing units in Dehradun, Roorkee and Pantnagar, too.

The amenities at Titan’s state-of-the-art manufacturing unit in Hosur are in no way different from the highly sanitised, refined environs of the Swiss maisons. Apart from assembling, inspection and packaging of the final product, the 1,100 employees here are responsible for churning out over 8 million cases and 7.5 million movements every year.

The factory has two automatic



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movement assembly lines—Calibre 5000, which has been developed in-house and Calibre 7000, bought from Japanese watch giant Seiko.

Jobs like inspection of a movement’s aesthetics, watch functions and handling of the sensitive ECB and coil (just 20 microns thick) are what mainly involve manual labour. Besides the Nebula range for women, which is crafted out of pure gold at Titan’s jewellery division, all other watches are

made at Hosur.

According to Rajan Amba, Titan’s global marketing and product head, one of the company’s biggest strengths has been its design vertical. “We work on around 1,500-2,000 designs annually. Be it the award-winning Edge watch or Raga, which is a completely home-grown range in every sense, it is about the sheer elegance of watches,” he says. “We also have the Zoop for children. We won the Disney Award for Zoop



Titan Company Limited

Iron Man watch, and we are planning to come out with the Superman, Spiderman, Batman and Avengers ranges, too. We have been lucky we have had hits mostly.”

Titan may not have the history and heritage of the Swiss biggies to attract an audience, but it has the knack to charm ordinary Indians with extraordinary stories. Way back in 1986, when Titan came up with the idea of using Mozart’s 25th symphony in its first television ads, it not only captured the essence of “gifting watches” and the celebration around it but also infused freshness in the otherwise mundane world of commercials.

Over the years, the company has carefully segmented the market into different sub-brands that cater to anyone aged between 8 and 80. While Fast-Track, with its catchy tag line “How many you have?”, is targeted at the 18-30 age-group consumers, who would love to have multiple watches in their wardrobe, the Ducati range, priced at about ₹27,000, is for motosport lovers. The Swiss-made Xyllys, priced between ₹12,000 and ₹27,000, is for the young and aspiring upper middle-class, and the niche Nebula, priced between ₹70,000 and ₹3 lakh, caters to the wedding market.

“The business for us is still strong in classic designs, but the growth potential lies in sporty watches. We have had a great brand partnership with Ducati, which is sold only at some selective 40 stores,” says Amba. “Raga has been our fastest growing collection, and we are extremely proud of it. Just a single variant—Cities collection—that we advertised with Katrina Kaif last year raked in about ₹15 crore for us.”

For long, Titan has been known for making watches for the masses but in the past five years, it has been expanding its portfolio to make space for the “premium category”. Ironically, this growth driver for Titan is coming from Xyllys, a popular Swiss-made watch in its stable.

“Although in terms of growth, the



Crafted out of pure gold, the Nebula collection largely caters to the Indian wedding market

Titan's Edge is the world's slimmest watch with a movement measuring 1.15mm



business potential for us lies in the ₹8,000-plus category, we are also looking at investing more in the premium category. We can use Xyllys more effectively in the ₹25,000 to ₹45,000 range. We want to take the values up in this category,” explains Amba. “If you look at Xyllys, it has all the aspects of a Swiss-made watch, but it comes at a more affordable price. We have seen huge acceptability for Xyllys in the past two years. The business has grown exponentially. We can certainly invest a lot more in a composite range for customers and be able to take on a Longines or a Tissot.”

With a good number of watches in the ₹20,000 to ₹40,000 category, Titan is already competing with Japanese heavyweights like Seiko, Citizen and Casio, and also a couple of Swiss brands.

Bhat doesn't really consider the onslaught of international watch brands in the Indian market as a threat to Titan. “Twenty years ago, very few Indians would have seen a ₹2.5-lakh watch. The Swiss have popularised the high prices. Today in comparison with the prices commanded by most Swiss watches, a ₹20,000 watch doesn't seem



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that expensive. They have helped us reposition pricing in the mind of the consumer.”

Available in over 900 stores across 170 towns in India, Titan watches are hugely popular in the Middle East, too. But as far as the European market is concerned, the company has had a tough experience. Thus, currently, Titan is cautious of venturing into anywhere apart from Asia and the Middle East. “We are present in 32 countries; Titan’s positioning is pretty consistent in all markets,” says Amba. “Our strongest markets, not in any particular order, would be the Middle East, Vietnam, Malayasia and Singapore. We are largely present in shop-in-shops in multi-brand outlets. Our Edge collection, HTSE and automatics do very well in these markets.”

Banking on its competitive design team, which has been rolling out technologically fascinating timepieces, as



Titan is looking to double-up its watch business in the next two to three years.

well as the beautiful, theme-inspired Nebula collection, Titan is looking to double-up its watch business in the next two to three years. “We have an integrated design team headed by B.V. Nagraj. There are 55 people in the design team, out of which 27 are designers. There’s also the Innovedge department that continually churns out ideas and innovations in design, technology, materials, etc. We have a bunch of tal-

ented designers like Neil Foely and Mahendar Chauhan who won the Red Dot Design award for the Skeleton Edge,” says Amba. “Designing for the Nebula is a long curation process; we do about 20 designs a year. Every year, we look for a new story to inspire us. Unlike the Swiss watches in precious metals, our Nebula collection is a contemporary take on a gold watch. And everything about it is Indian.” ○



GOING FOR THE KILL

The Indian consumer is now ready to spend on premium collections from Indian brands, says H.G. Raghunath, CEO, watch and accessories division, Titan Company Ltd

WTI: Titan is celebrating its 26th anniversary this year. What would you count as the major landmarks in this journey?

HGR: One of the key landmarks is that even after 25 years, we still dominate the watch market in India. We are still the market leader. We hold more than 55 per cent market share by value in the organised watch market. Some of our products remain unbeatable—like the Edge.

Most importantly, in the past 25 years, we have been strong throughout verticals—design, manufacturing, retail, marketing and after sales service. Thanks to our manufacturing unit, we have always been self-dependent, and

that gives a competitive edge.

WTI: What has kept Indian players from challenging Titan?

HGR: I would not say there is no competition. A lot of international brands are present in India—around 60 of them like Seiko, Citizen and Casio from Japan, Fossil, Kenneth Cole and DKNY from the US and Europe, and brands like Omega, Rado, Tissot from the Swatch Group. While luxury brands are not a direct competition to us, the Indian players like Maxima and Timex are not anywhere near Titan.

It is not good to have no competition. It drives you towards excellence. I think what has worked in our favour

is that we started our retail expansion right from day one. We have been through experimentation, failure and success, much before the rest joined. Also, we were the first ones to have a direct contact with retailers; it helped us understand the consumers better.

WTI: With international watch brands setting up business in India, how have your customers' expectations changed?

HGR: One of the key changes is that they are now willing to pay a good price for an Indian brand. A few years ago, most customers would not be willing to pay more than ₹4,000 for a watch from an Indian brand. Today, our fastest growing segment is ₹5,000-plus.

We, however, have to catch up a lot in terms of retail experience. Most consumers are well-travelled, so it is important to offer a world-class feel.

WTI: Do you think the pricing of your products gives you an edge over competitors?

HGR: We have embarked on a very important journey; we are growing more premium. In the past five years, we have been growing more than 20 per cent in the category priced between ₹5,000 and ₹15,000. Collections like Edge, Tycoon, Raga and Ducati have contributed to the 'premiumisation' of Titan. This category is growing in India, and we are keen on tapping the potential.

WTI: What about collections like Xylys and Nebula? Considering their price range, is it challenging for Titan to sell them?

HGR: The Xylys collection is priced between ₹12,000 and ₹27,000, and Nebula between ₹60,000 and ₹3.75 lakh. They can give us good returns. However, we aren't looking at selling huge numbers from these collections. This is a new segment for Indians, and it is challenging for us to sell them. Consumers are not looking at Titan to

BHANU PRAKASH CHANDRA

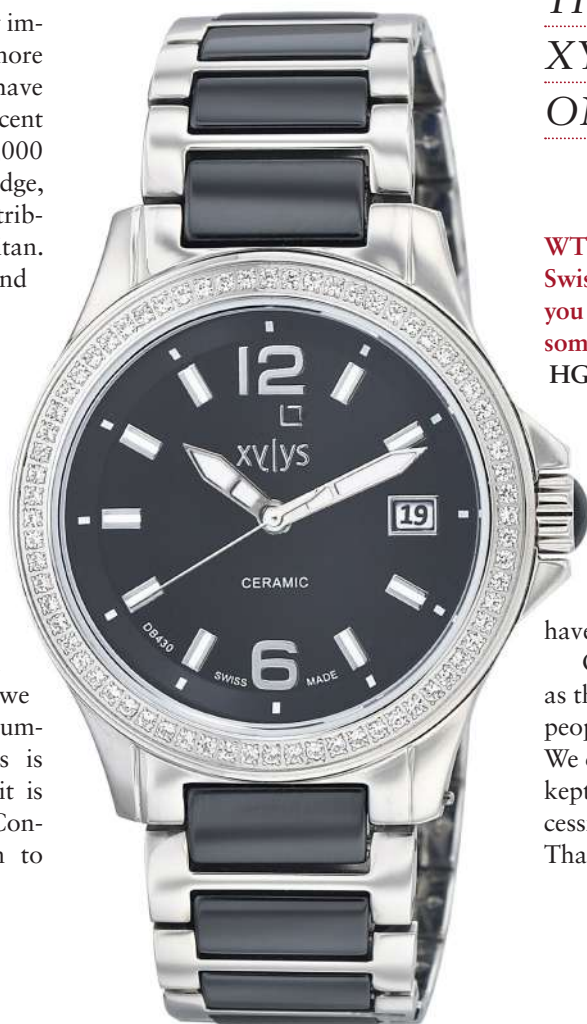


Titan's watch manufacturing unit in Hosur, Tamil Nadu

buy watches priced at ₹50,000. But, a collection that has the potential to take that position under the Titan stable is Xylys.

WTI: So, is Xylys Titan's 'hero'?

HGR: It is a Swiss-made watch and it has all the ingredients to take up the top position. We design the watch in India and it is manufactured in Switzerland. It is one of our many 'heroes'.



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WTI: Why did Titan opt to have a Swiss-made watch in its stable? Don't you want to break away and create something as alluring?

HGR: 'Swiss-made' has a certain pull and it rings a bell in the consumer's mind. The Indian middle-class is young, aspiring and vital for any brand. We cater to the needs of different segments, and 'Swiss-made' is just one of them. It's a strategy and choice we have made.

Our watch movements are as good as the Swiss. Titan's Edge is iconic, and people across the globe recognise it. We can price it at ₹1 lakh, but we have kept it at ₹14,000. We want it to be accessible to as many people as possible. That's our business philosophy. ○