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HE WORD 'CRISIS' creates a gloomy scenario in most minds. The current pandemic is an example of the unprecedented and unanticipated impact that crises can create. Crises make change mandatory – systemic change, organisational change, infrastructural change, and above all behavioural change.

Research has shown that people are

**CRISIS TO INNOVATION:
The Story
of Tanishq**



ing success in the long-term.

In 1995, a decade into its existence, Titan Company (then Titan Industries) ventured into a sector that was hitherto unexplored by the Tata Group – gold and branded jewellery. Inspired by the western model where watches and jewellery are sold together by renowned international brands, Titan launched its own jewellery brand called Tanishq ('Tan' meaning body; 'Ishq' meaning love, both in Hindustani language) in 1995.

With a market size of Rs 50,000 crore, and second in size only to the Indian food industry, it was a promising opportunity. India has consistently ranked among the top countries in the world with maximum gold consumption at 800 to 975 metric tonne per year. So, with much anticipation for another

success story in the making, the first Tanishq store was inaugurated in Chennai in 1996.

In the previous decade, Titan had achieved stupendous success in its watch-making business. Not only had it replaced HMT as the market leader, but also succeeded in changing consumer behaviour from using mechanical watches to the electronic quartz-based technology. It had successfully transformed a watch from a utilitarian time-keeping device to a fashion accessory. It aimed to do the same with its jewellery business.

Several missteps

Titan attempted to change consumer behaviour by launching 18-carat gold and diamond jewellery in delicate and largely western designs, instead of the 22-carat gold jewellery that

was popular in India for centuries. It believed that the less expensive and scratch-proof 18-carat jewellery would enable consumers to buy more and larger pieces. The company leadership believed that it would be able to transform the Indian customer and build an appetite for 18-carat jewellery.

However, they missed a major point. Unlike the west, jewellery in India is not purchased just for personal consumption. Gold has a central role in Indian culture. It is considered a store of value, a symbol of wealth and status and a fundamental part of many rituals. It is purchased for gifting the daughter during her wedding, and as a valuable investment for rainy days.

In fact, Indians buy as little as a gram of gold on holy days for good luck. It is considered auspicious in the Hindu and Jain cultures. In fact, the ancient law-giver Manu decreed that gold ornaments should be worn for important ceremonies and occasions.

We see this practice pan-India, whether it is Pongal, Onam and Ugadi in the south; Baisakhi and Karva Chauth in the north; Durga Puja in the east; Gudi Padwa in the west; and during Diwali and Akshaya Tritiya across the country. For all these reasons, the 22-carat 'purer' version of gold was the preferred choice.

However, for nearly half a decade Titan espoused its understanding of the market and consumers. In the process it continued to bleed from its jewellery vertical. Cumulative losses from Tanishq mounted to over Rs 150 crore. In early 2002, when Titan engaged McKinsey & Company to draw up a feasibility study about its business and brands, the key question that the latter asked was, 'Tell us why the jewellery business shouldn't be shut down?'

Bombay House was consistently nudging Titan to reconsider their 'adventure' into the jewellery business. However, Chairman Ratan Tata left the final decision to Xerxes Desai, then



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Crisis leads to product and process innovation

After five years of experimentation, Titan realised and accepted the Indian consumers' psyche. To woo them to its stores, it launched 22-carat jewellery suited to Indian tastes. However, the real gamechanger was the introduction of the Karatmeter, a spectroscopic device that used X-ray to provide an accurate and non-destructive method of testing the purity of gold in its major retail stores. Any customer could use the services of the Karatmeter to test the quality of their family jewellery, at no cost. Scores of urban women started pouring into Tanishq stores in leading metro cities to test the quality of their gold ornaments. While this exposed them to the 'Tanishq' experience, variety and service, it shocked most of them beyond measure.

Nearly 60 per cent of the jewellery tested was below the



UNDER THE LEADERSHIP OF THE NEW MANAGING DIRECTOR – BHASKAR BHAT, TITAN'S SUCCESS MANTRAS IN ITS JEWELLERY BUSINESS WERE LOWER PRICES, INDIAN DESIGNS, SUPERIOR CRAFTSMANSHIP, ASSURANCE OF PURITY, GUARANTEED QUALITY, AND PROACTIVE DEALING WITH CUSTOMERS. THE COMPANY NOT ONLY LEVERAGED ITS EXPERTISE IN THE RETAIL BUSINESS BUT ALSO KEPT DESIGN AT THE CENTRE OF ITS DNA

caratage their family jeweller had assured them. This led to a considerable loss of faith in traditional family jewelers, a vital stakeholder in the Indian jewellery ecosystem, which was until then considered undefeatable due to the relationship and trust built over several generations.

However, when the trust was broken due to methodical evidence, there was a consequent increase in confidence in the scientific assurance provided by Titan's Karatmeter. Much to the amazement of the leadership, it was a simple process innovation that turned the tables in their favour for good.

The company capitalised on this change of heart. Over the next decade,

it introduced a series of product innovations that balanced tradition with modernity. Whether it was *Mia* – the sub-brand of jewellery for working women, *Rivah* – the sub-brand of beautiful handcrafted wedding jewellery for Indian brides, or *Raga* – the only women's brand of watches aesthetically designed as a jewellery piece; Titan mastered the art of winning a woman's heart and draining a man's wallet!

Under the leadership of the new Managing Director – Bhaskar Bhat, Titan's success mantras in its jewellery business were lower prices, Indian designs, superior craftsmanship, assurance of purity, guaranteed quality, and proactive dealing with customers. The company not only leveraged its expertise in the retail business but also kept design at the centre of its DNA. Within a decade of the turnaround, Tanishq was creating over 14,000 new jewellery designs every year.

Their design capability was in full display in Bollywood blockbusters *Jodhaa Akbar* (2008) and *Padmaavat* (2018). By 2019, Tanishq contributed to 86 per cent of Titan's sales, and became the largest branded player in the Rs 2,50,000-crore Indian jewellery market. In the same year, riding on the Tanishq success, Titan rose to become the second largest Tata company by market capitalisation of over Rs 1,00,000 crore, second only to TCS.

Key Learning

Tanishq is a fine example of transforming crisis into opportunity. When expertise from around its own corporate ecosystem, and some of the most eminent consulting companies were recommending closure of the jewellery business, the leadership decided to use the crisis as an opportunity to innovate, which over a decade of consistent commitment gave phenomenal financial returns too.

A key learning from this series of management decisions is that the successful experience of one industry may not be replicable in another. Prudence lies in understanding consumer psyche and consistently delighting them innovatively. **BW**

The author has been Visiting Scholar, Harvard Business School and Copenhagen Business School; and a Fellow and Project Director at the Harvard University South Asia Institute. Between 2013 and 2018, he authored the books Soulful Corporations, Win-Win Corporations, and The Tata Group. The views expressed are personal and do not reflect those of BW Businessworld.