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Tata's super app not just old wine in 'Neu' bottle, says JM Financial

New Delhi, June 6 : Tata Group's Tata Neu, the flagship super app launched by Tata Digital, is not merely a digital front of a hypothetical Tata mall hosting multiple brands at one place, but it is an ecosystem bringing the conglomerate's data-driven omnichannel experience to consumers across multiple channels, said brokerage house JM Financial Institutional Securities.

Tata Neu is a digital gateway for consumers to discover multiple products and services offered by the Tatas. While many of the consumer brands are already on Neu, the remaining ones such as Vistara, Air India, Tanishq, Titan, among others, will be onboarded soon.

On what was the core purpose of such a super app, the brokerage house said in a report that such an app for any digital enterprise is to increase utilisation of its underlying assets such as software, customer data, a delivery fleet or fulfillment centres.

However, Tata Neu faces two challenges in bringing customers on to the Neu platform.

One, the categories on Neu are neither adjacent nor all-encompassing. It, therefore, will not be an automatic choice for customers looking for a one-stop shop.

Two, inventory in categories such as hotels, flights, and food is limited to Tata's own brands and will, therefore, limit the customer's choice and price discovery.

"We believe Tata identifies these challenges and does not expect most users to shift to Tata Neu immediately. While Tata Neu does offer NeuPass as an incentive for customers to transact on its platform, the underlying construct is not to change a customer's preferred shopping destination," the report said.

On the apprehension that how would the Tata app impact e-commerce competitive landscape in India, the report said that Tata's leadership in the fast-growing e-grocery segment (through Big Basket) and compelling omnichannel offerings in two of the largest e-commerce categories -- Lifestyle and Consumer Electronics -- position it well to take market share away from the incumbents.

Given the scale and ambition of Tata's digital commerce, the brokerage house sees three main competitors to Tata Neu -- Flipkart, along with Myntra and Amazon in the e-commerce space, and Reliance Retail in the omnichannel retail segment.

"Entry of another large player into India's already crowded e-commerce space could spur further consolidation in the market. Smaller 'me-too' players are likely to lose out. Further, we see these large players continuing their hunt for specialised e-commerce players to fill their portfolio gaps in order to maintain leadership."