

# THE POSITIONING DISASTER OF TATA NANO: A CASE STUDY ON TATA NANO

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**Abstract**— The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product (GDP). The Two Wheelers segment with 80 per cent market share is the leader of the Indian Automobile market. Tata Motors Limited is a leading global automobile manufacturer of cars utility vehicles buses trucks and defence vehicles. Tata Nano popularly known as people's car was launched at such time when India's largest car company known for its cost effective products Maruti Suzuki was pondering upon the strategic option of discontinuing the production of the than available cheapest car of Indian Market and it flagship product Maruti Suzuki 800. This case is selected as per following basis: Case is related with marketing Mix, positioning of the product and brand equity, to understand what went wrong with Nano, to understand the concept of Positioning, to understand how marketing mistakes makes a product to failure, to find alternatives for the solutions. Following are the sources of data collection: Articles and review of students and people and Dr. Vivek Bindra's videos. Following are the assumptions of the case study: the company will continue its product in the market, the collected data is correct. Following are the limitations of case study: this case study focuses on automobile, the implications and strategies could differ for products in other categories, the case study on Nano focuses on marketing and strategy perspective rather than product and Technology. Followings are the various reasons behind the failure of Tata Nano: Nano failed as a Product, Failed in Customer Expectations, Failed to understand demands' Failed to understand the Targeted Use, Price, Place, Promotion, Inability to manage PR, Initial waiting period.

**KeyWords**— Nano; Product; Price; Place; Promotion; Customer Perception; Technology

## 1. INTRODUCTION

Tata Motors Limited is a leading global automobile manufacturer of cars utility vehicles buses trucks and defense vehicles. As India's largest automobile company and part of the USD 100 billion Tata group Tata Motors has operations in the UK, South Korea, Thailand, South Africa and Indonesia through a strong global network of 76 subsidiary and associate companies including Jaguar Land Rover in the UK and Tata Daewoo in South Korea. In India Tata Motors is a market leader in commercial vehicles and among the top passenger vehicles manufacturers with 9 million vehicles on Indian roads.

## 2. ABOUT TATA NANO

The Tata Nano manufactured by Tata Motors made and sold primarily in India. The Nano was initially launched with a price of 100,000 rupees which has increased with time. Designed to lure India's middle classes away from motorcycles, it received much publicity, but the sales expectations were not met. Multiple issues like factory relocation from Singur, cases of Nano catching fire, and the perception of Nano being unsafe and lacking quality due to cost cutting led to the decline of sales volume. As compared to Tata Motor's aspiration of 250000 unit sales annually at the time of launch, sales in FY 2016-17 were 7591 units only. The car is a loss making product for Tata Motors as disclosed by former Tata Sons chairman Cyrus Mistry. Tata Motors has confirmed that despite no demand the production of the car will continue for some more time due to the emotional connect of the product with the Tata Group.

## 3. JUSTIFICATION OF CASE TITLE

Title of This Case Is 'Positioning Disaster of Tata Nano: A Case Study on Tata Nano'

Before Tata Nano was launched in the market it was its name was almost in all the mouth of the people 'Nano the cheapest car in the world'. Even the president of the America Barack Obama has praised Tata Nano because of that tata nano was all over in the market before it was launched in the market.

Tata NANO was widely known as 'Cheapest Car in the World' but this is the main reason why Tata have suffered many problems in the market. Here people did not take cheap car in sense of plow price but they take it as cheap in sense of quality. Here Tata Nano has failed to position itself in the market or you can say that it was wrongly positioned in the market and in the minds of people.

This case is selected as per following basis:

1. To understand what went wrong with Nano.
2. To understand the concept of Positioning.
3. To understand how marketing mistakes makes a product to failure.
4. To find alternatives for the solutions

#### 4. ASSUMPTIONS

1. The company will continue its product in the market.
2. The collected data is correct.

#### 5. PROBLEM OF CASE STUDY

Problem Statement:

Positioning disaster of the Tata Nano in India.

Analyzing the case data:

Followings are the various reasons behind the failure of Tata Nano.

Business is all about 4P's i.e. Price, Place, Promotion, Product and in case of Nano, none of these was placed correctly.

Nano failed as a Product:

A product should be targeted at the prospected customer, keeping in mind their needs, expectations, requirements etc. Nano was a big fail here:

(i) Failed in Customer Expectations:

Indian customers require products which would be an aspiration to neighbors, In short we want an Item which would be "Neighbors Envy Owner's Pride".

(ii) Failed to understand demands:

People expected a Good Car, which can compete with Market leading cars on price and features, What Nano was is just a utility vehicle and in the segment where a person would be confused between a good bike or a Cheap Car.

(iii) Failed to understand the Targeted Use:

Indians wanted a car which would be spacious for his family, Nano failed here comprehensively. The space was just not enough for an average Indian family consisting of 5 members.

•Price:

Price should be fixed as per promised, Tata Nano promised to give the cars at 1 lac but then it raised its price from 1 lac to 1.2 lac and then 1.5 lac.

•Place:

It has neither speed nor power, nor build to handle highways and muddy roads. This car fails miserably while climbing highlands.

•Promotion:

Company promoted this product as a "Cheap car". This hurts the Ego of Indian middle class buyers.

•Inability to manage PR.

Everyone got to know of the incident where a Nano caught fire; no one got to know, how many Nanos are running beautifully. And as it stands, the targeted segment for the car were the first time buyers, who get easily thwarted by such news. Thus, managing PR is very important.

•Initial waiting period

Initial waiting period which was too high, making several customers go away empty handed when they could have potentially flooded the market.

#### 6. PROPOSED SOLUTIONS

• Make complete market analysis

They should Analyse the market based on the consumer expectations, need, requirement. Indian people buy cars to show off their status. Tata Motors should put some good features and improve Nano's looks.

• Redesign Nano's structure

In India the problem of rough roads is very hard tata nano have small wheels which are ment only for riding in good roads, so they should redesign the structure of car and put big wheels so that it could run smoothly on muddy roads.

• Try to remove the wrong impression of 'Cheap car'. (Repositioning strategy)

Indian people are very sensitive they buy cars to show off their success; here 'cheap car' was interpreted as 'cheap in quality'. Tata Motors should remove this wrong impression of tata Nano.

• Train the marketing team or hire more skilled marketing team.

When there was an accident that tata nano was burning, the marketing team of tata nano could not revolve that problem. So they should provide more training to the marketing team or hire more skilled marketing team.

• Integrated Marketing Communication tools.

To effectively use the Integrated Marketing Communication tools like Advertising, Promotion, Event marketing and sponsorship, Public Relations and publicity

#### 7. MANAGEMENT LESSONS LEARNED

From this case study I have learned that for any business marketing mix is very important, if you want to achieve your goals then you must focus carefully in all the marketing mix.

Tata Motors was providing Nano with good quality and at very reasonable price but due to various reasons it failed, the main reason behind its failure was its positioning in the market. 'The cheapest Car in the World' by this they mean cheap as in price but people took it as cheap as in quality.

We can learn from the failure of Nano that we must do all the marketing mix carefully.

## 8. CONCLUSION

That Tata Nano has good quality and at reasonable price but it failed due to various reasons and the major reason was its positioning. "World's cheapest car", this became the reason for its failure.

## REFERENCES

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