



BMS INSTITUTE OF TECHNOLOGY & MGMT

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DEPARTMENT OF INFORMATION SCIENCE AND ENGINEERING

2. Failure to Attract Customers – A Case study on TATA NANO Car

Tata Nano is a compact vehicle that was produced and showcased by Indian automaker **Tata Motors**, principally in India, as a modest back-engined hatchback expected to speak to current riders of bikes and bikes — with a dispatch cost of Rs 1,00,000 or \$2500. Delays during the production line migration from Singur to Sanand, early cases of the Nano bursting into flames, the impression of the vehicle being perilous, and compromise in quality due to cost slicing are some of factors behind Tata's failure to attract Indians.

Tata Motors anticipated creation of 250,000 every year at dispatch. This didn't happen. Only 7591 were sold for the model year 2016-17. In 2017, Tata Motors said assembling would proceed because of Tata's passionate promise to the project. In 2018, Cyrus Mistry, previous Chairman of the Tata Group, called the Tata Nano a venture in progress with China, with a generation overhaul scheduled in May 2018.

Initial Effects of Tata Nano

A report by the Indian rating office CRISIL figured the Nano would extend the country's vehicle advertising by 65%, in any case, starting late 2012. However, deals in the initial two monetary years after the vehicle's divulging stayed unfaltering at around 70,000 units. Tata still proposed the ability to deliver the vehicle in a lot bigger amounts, somewhere in the range of 250,000 every year, if the need arise.

Marketing and Business Strategy of Tata Nano

India is an organization with a larger part of its populace dwelling as a low pay gathering. Purchasing a vehicle is still a fantasy for many families in India. In the year 2008, Ratan Tata reported the dispatch of its new vehicle, which would be a progressive item in the car division. He called it a 1 Lakh rupee vehicle and the same title was used for promotions.

The fantasy of a middle and even lower white collar class family unit to have their very own vehicle woke up with this declaration from Tata Motors. It was hailed to be cutting edge innovation and was commended by international media. An entirely unexpected story unfurled when the vehicle appeared on the streets.



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India Customer's Needs



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- Failure in marketing the vehicle was the main reason behind Tata Nano's Failure to attract



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customers.

Ratan Tata's flash for the Nano came when he saw groups of 3-4 individuals utilizing a motorbike for transportation. There are a great many bicycles in India and it has constantly presented wellbeing worries for the general population. In blend with the poor street conditions in India and conveying a full family on a bike, bikers are subjected to numerous mishaps.

His strategical view drove the concept of a low cost vehicle and chose that the 1 Lakh Rupee sticker price will be appealing to the objective market.

Strategic Plans

TATA Motors fundamentally segmented and focused on the following sections of the Indian population:

- ❑ The middle class- Fundamentally the lower white-collar class.
- ❑ Upper lower class- Normally the bike clients.
- ❑ Family with 3-4 individuals who have inconveniences while going on a 2-wheeler.

Why Tata Nano Failed?

Ratan Tata stayed faithful to his obligation and the Indian market saw Nano set on the streets in the long stretch of July 2009. At the start, the deals for the vehicle were high. It then began to decay on every month. There are a few reasons of failure which justify Tata Nano's downfall,

- ❑ TATA nano promotes itself as the least expensive vehicle.
- ❑ No one needs to drive the least expensive vehicle.
- ❑ Purchasing a vehicle is identified with economic well-being and distinction in the public arena.
- ❑ "Cheap" and "lakhtakia" used in Tata Nano's advertising for advancement and showcasing all over India disturbed its image.
- ❑ The engine was an issue.
- ❑ There was a buzz in the universal media, "What if Nano becomes successful? It would mean an end to the second-hand car market."

Problems with the Car

- ❑ Awful picture of the shoddy vehicle.
- ❑ Several cars caught fire. Thus, in spite of its low cost, people refrained from buying it.
- ❑ Media channels covering the news related to Tata Nano underestimated the vehicle. In any case, they were correct.