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This case tracks Tata Nano, one of the favourite projects of Ratan Tata, Chairman of the \$100 Billion Tata Group of India. Conceptualized initially as the people's car by Tata Motors, it was unveiled in the prestigious Delhi Auto Expo in 2008. It was the first ₹100,000 car globally, showcasing India's design, manufacturing and technological ability. It was launched in 2009 to upgrade the aspirational middle-class two-wheeler customers to a safer transportation option of a car. The immediate response from the media and the market was tremendous, and the company collected advance deposits from interested customers. Amid some media reports of engine fires, the initial sales spike ebbed quite rapidly. By 2010, it dropped significantly below the normal expectations of the company. In the next four years, the company made multiple attempts to address the product features and brand imagery to stem the declining sales. Such initiatives included redefining the target market, the value proposition, positioning and consumer communications. However, by 2015, the situation was even more challenging, and the management pondered on what all possibly went wrong and decided the way forward for Tata Nano.

EVOLUTION OF THE TATA NANO BRAND Immediately after the launch, some analysts pointed to the perception of cheap car or poor man's car as a problem area for the Nano brand. In 2010, amid falling sales, the company attempted to correct this by a high decibel mass media campaign, portraying Nano as an aspirational car for the lower middle-class families, which offered 'comfort at an affordable price'. The company deliberated and attempted to rework the product and brand to the elusive target audience. The top management articulated the company's challenges and realizations during their various media interviews. Karl Slym, Managing Director of Tata Motors, said, '[s]cooter drivers weren't attracted because others don't think I'm buying a car, they think I'm buying something between a two-wheeler and a car. Anyone who had a car didn't want to buy it, because it was supposed to be a two-wheeler replacement'. Ratan Tata commented, '[i]t became termed as the cheapest car by the public and, I am sorry to say, by ourselves, not by me, but the company when it was marketing it. I think that is unfortunate'. Despite persistent and significant efforts, the sales continued to decline steadily. The most audacious attempt to revitalize the brand and target the vibrant youth of India was in the 2013 launch of Nano Twist. An improved model with electric power steering, alloy wheels, swanky interiors, spoilers with graphic designs was made available with multiple personalization kits. The price tag of ₹236,000 brought Nano closer to market leader Maruti's Alto 800, priced at ₹245,000. Its failure to boost sales almost relegated Nano to history books as a marketing failure in 2015.

MANAGERIAL INFERENCES THAT MAY BE DERIVED In essence, the company was trying to make a car for the average family man who was a two-wheeler buyer. They were trying to solve their functional needs of a safer and more comfortable ride with an aspirational product category, which was beyond the customer's financial capability. Thus, the company wanted to offer something aspirational that was affordable at the same time. Therefore, the affordable, aspirational product was an inherent contradiction in Tata Nano's core value proposition to the target market. This contradiction possibly led to many compromises made in every stage of product development and marketing. The company, to its credit, accepted the challenge and worked relentlessly to come up with a viable product design, manufacturing it to meet the necessary specifications and continuously evolving its marketing programmes to win the acceptance of the market. The possible reasons for the failures are detailed in the following. The Problem of the Target Market Tata Group was in passenger cars and

commercial vehicles for many decades. It had a good understanding of the transportation needs of the market. However, they had no direct experience of their initial target segment of two-wheeler customers. The basic assumption was that Tata Nano solved their functional need of safe transportation and aspiration of becoming a car owner, which was possibly correct. However, in practice, Nano was functionally a transportation solution, but the car for this customer segment had to meet their aspirational requirement. The idea of a cheap car doused the aspirational element of the Nano appeal completely. What is important to note that, for this customer, even ₹100,000 was still a very big price tag, which they could not afford to meet only their safe transportation need. By 2015, the company had made many attempts to move away from this target segment and focused on the youth with a costlier, feature-packed offer. It is ample testimony that their initial choice of the target market was not working out. The problem was different now, which prevented acceptance in the redefined target market. The core product did not offer the required functional benefits, and the past brand image of 'cheap car' took the sheen away from the stylish and cool image which the brand desperately wanted to project. The net takeaway would be that aspiration of a consumer is possibly not moderated by their current possession or financial constraints. When the two-wheeler consumer was considering buying an aspirational car, their expectation is not benchmarked against a two-wheeler but a car. The Problem with the Product The product brief would have given the details of the target consumer and their expectation based on their current product usage, along with a target price. Since this was meant to be a low priced product, the development team would have resorted to value engineering and focused on the product's core benefits, delivering the basic product and some elements of the expected product. Consequently, Tata Nano initially lacked the features available in the augmented and potential product, which their intended consumers expected. Hence, the price was still quite high for the potential consumer compared to what they were using (two-wheeler); but the product was far lesser than what were their current references available in the market (four-wheelers). Thus, an expectation mismatch and Tata Nano possibly did not appeal to a sufficient number of two-wheeler owners. The incidences of engine fires reported in the media did even more damage, possibly raising question marks on the core benefit and basic product of Tata Nano. More importantly, the fire was a serious safety concern, which was diametrically opposite of the safety being promised by a Tata Nano over the two-wheeler. Thus, the credibility of the main product proposition was at stake. The Problem with Pricing Nano offered better features than existing two-wheelers, while it offered a better price compared to other four-wheelers. Similarly, Nano offered lesser features than existing four-wheelers while offering higher prices than two-wheelers. In a high price, high involvement product category, this diluted the wow factor for the consumer. The consistently low sales figures indicated that the unbelievably low price point was not attractive enough to convince a large section of the target consumers to shell out their hard-earned ₹100,000. Positioning Problem Nano was a basic, economical car, which offered much better safety and comfort than a two-wheeler, at a price point, which the existing two-wheeler owners could arrange to possess their first car. Possibly, the broad thought behind the Tata Nano project was quite good. However, communicating it as a great offer to the two-wheeler consumers was a big challenge. From the consumer's frame of reference, either the product was better than a two-wheeler. Still, it was significantly costlier, or Nano was a very basic car that was quite economical. If they used a motorcycle or a scooter as a reference, the jump in price was steep; hence, Nano used cars' reference price for comparison. This was consistent

because the vehicle was an aspirational product for the target consumer. However, the challenge was that the comparison was with available cars in the market, which were costlier, but had features and benefits that were much better than what Nano offered. So the product was perceived as a poor man's car, which completely diluted the very important aspirational appeal of Nano. The company needed to incorporate the aspiration angle to the positioning, inducing the two-wheeler consumers to own a car. But these complicated things further and created undesirable confusion and doubt in the minds of the target segment. Thus, the positioning challenge was that Tata Nano had two contradictory reference points for consumers. The company could not reconcile the two contradictory positions. The attempts at repositioning, if at all, only ended up further muddling up the positioning. CONCLUSION Overall, the future of the Nano brand was in serious question. Neither the product met the aspirational needs of the target consumers nor the brand had a clear reference point to establish its value proposition. It is difficult to give up a project that had seen a significant investment in resources, and people's hard work and emotions were involved. But, given the circumstances, that is possibly the best way forward for Tata Nano. • Tata failed to attract Indian consumers significantly due to the early cases of the Nano bursting into flames. Because of this, the impression of the automobile being hazardous due to the compromise in quality for slicing the cost was one of the major reasons why Tata Nano failed.