



ABASYN UNIVERSITY PESHAWAR
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INTRODUCTION

This case revolves around the Tata Nano, a project favored by Ratan Tata, Chairman of the Tata Group, a \$100 billion conglomerate in India. The Tata Nano was introduced by Tata Motors as the "people's car" and was unveiled at the prestigious Delhi Auto Expo in 2008. It was the world's first car priced at ₹100,000, showcasing India's design, manufacturing, and technological capabilities. The aim was to provide a safer transportation option for middle-class customers who typically used two-wheelers. Initially, the response from the media and the market was positive, with many advance deposits collected. However, reports of engine fires led to a decline in sales. Over the years, the company made several attempts to address the declining sales through product and brand changes.

EVOLUTION OF THE TATA NANO BRAND

After the launch, it was evident that the perception of the Nano as a cheap or "poor man's" car was a problem. In 2010, the company launched a high-profile advertising campaign to portray the Nano as an aspirational car for lower middle-class families, emphasizing its affordability and comfort. However, the company realized that the Nano was being seen as a step between a two-wheeler and a car, which deterred potential customers. The Nano also became associated with being the cheapest car, which was an unfortunate branding choice. Despite continuous efforts, sales continued to decline.

In 2013, the company made a bold attempt to revitalize the brand by launching the Nano Twist, an improved model with additional features and personalization options. The Nano Twist was priced closer to its competitor, Maruti's Alto 800, but it failed to boost sales. Ultimately, the Tata Nano became known as a marketing failure by 2015.

MANAGERIAL INFERENCES THAT MAY BE DERIVED

The company aimed to create an aspirational and affordable product for average families who were two-wheeler owners. However, the contradiction between offering an aspirational product and keeping it affordable posed a challenge. The target market, which consisted of two-wheeler owners, had financial constraints that made even ₹100,000 a high price for them. The Nano failed to meet their aspirational needs while still being cost-effective.

The product itself had shortcomings. As a low-priced car, the development team focused on delivering basic benefits, which resulted in a lack of features compared to existing four-wheelers. The Nano fell short of customers' expectations and failed to convince two-wheeler owners to switch to a car. Additionally, reports of engine fires raised serious safety concerns, undermining the core benefit promised by the Nano.

The pricing strategy also posed a problem. The Nano offered better features than two-wheelers at a better price than other cars. However, this diluted the appeal of the Nano, especially in a high-price, high-involvement product category. The extremely low price tag was not attractive enough to convince the target consumers to invest their hard-earned money.

The positioning of the Nano as a basic, economical car for two-wheeler owners created confusion and doubt among the target segment. The comparisons made between the Nano and other cars in the market made it

appear as a cheap alternative, undermining its aspirational appeal. The company struggled to reconcile the contradictory positions and failed to effectively communicate the value proposition of the Nano.

CONCLUSION

Overall, the future of the Nano brand was in serious doubt. The product did not meet the aspirational needs of the target consumers, and the brand lacked a clear reference point to establish its value proposition. Given the circumstances, it was necessary for Tata Nano to consider discontinuing the project, despite the significant investment and emotional attachment involved.

To summarize, the early cases of the Nano bursting into flames severely impacted its reputation and hindered its appeal to Indian consumers. The compromise in quality to reduce costs led to concerns about the car's safety, which was one of the main reasons for the failure of the Tata Nano.

The disadvantages of the Nano car are listed as follows: very ugly and low-quality interiors, uncomfortable seats similar to a three-wheeler, lack of a spare tire, and a small dashboard that doesn't provide sufficient protection in the event of a collision from the front.

Tata Nano failed to attract customers primarily because of early cases of the car catching fire. These incidents created the impression that the car was hazardous due to compromises made in quality to keep costs low. This perception of compromised quality and safety played a significant role in the failure of the Tata Nano.