

CASE STUDIES in Marketing Management

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Tata Nano

- A modern age 21 st century " People Car"
- Launched in 2009
- At a price Rs 1 Lakh only
- Positioned as People's Car
- First time, the sale of such a lowest priced car in the history of automobile industry of the world
- Right price, and attractive price that the middle class wanted
- Gained the attention of the world undoubtedly.

Marketing Mix (4 Ps) of Tata Nano

- Right product
- Right Price
- Right Promotion
- Right Distribution
- Very High Expectations from the public because the product is from Tata brand.
- Got its own huge publicity as Tata Nano became the talk of the town everywhere.

Value Proposition

- Value = Benefits minus Costs
- Utilitarian value of Tata Nano is ok.
- Functional value of Tata Nano is ok.
- In India , a car is a necessity for a family more than two people and it is also a luxury or status symbol for the rich class.
- For the middle class-status- conscious people, the Nano car did not align with their expectations , though functional need is ok.

Tata Nano Car's Impressive Features

- Small fuel-efficient engine
- Enough room to seat four adults abreast with ease
- High ground clearance
- Sturdy and robust enough for long journeys

Value of Nano car

- The benefits of a product include *the functional benefits* and also *the emotional benefits*
- *The functional benefits are ok*
- *But the emotional benefits are low due to the **perception** of the people about the car as the CHEAPEST CAR (*Against the actual position of PEOPLE'S CAR*)*

Analysis

- Functional need was satisfied
- But emotional need (an appreciation from others that I purchased the best product) was not fulfilled. (Oh! You bought the cheapest car?)
- Does the social status of a person really decline after purchase of the Tata Nano car? Or is it just a perception of people?

What went wrong with Nano car?

- The concept of value must be understood carefully. The marketer must know the **difference** between what is the value inside the product? and what is perceived by the customer?

Ratan tata, 28 november 2013, CNBC Interview

- "It (Tata Nano) became termed as a 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"

Questions

- Do you call it a failure while positioning the product effectively and efficiently?
- What do you think regarding the actual value proposition that Tata Nano car is a PEOPLE'S CAR?
- Do you agree that the way product was perceived was different from the way the product was designed? Why?
- What do you think ?, "Will positioning affect marketing mix anyway? How?"

Questions

- Do you think low involvement products have same emotional appeal as the high involvement products? Why?
- In spite of the fact that there is no competition for Tata Nano car at the low entry level, is it still possible that emotional appeal alone becomes the root cause of failure of the product?
- How many target segments do you find in automobile industry?
- Was the safety factor (of a car compared to that of two wheelers) dominated by status appeal?

Strategic Shortcomings

- There was a lack of a correct strategy for a product like this. Firstly, Tata motors couldn't reach out to its target market since their dealer network was situated only in the urban areas while thw target market was situated in towns and villages. Their target market was not familiar with the car buying experience and the company was not able to bridge the gap unfortunately.

Strategic Shortcomings

- This situation was further worsened when the project faced an 18 month delay as the production unit had to be shifted from Singur, West Bengal state to Sanand, Gujarath state.
- The Tata Nano was marked as the " **ONE LAKH RUPEE CAR**" BUT AFTER SOME TIME Tata was not able to keep up with that price and on-road price (for a base variant Tata Nano) started to come around **2.59 lakhs** which defeated their marketing campaign for the car. (At that higher price , the customer perceived value of 1 lakh rupees was defeated.)

Customer's Perception

- The word "Cheap" did not go down well with potential buyers
- The cheapest car in the world positioning didn't work well in favor of Nano as it immediately gained a reputation of a cheap car amongs the consumers who don't want to get associated with a low-end car especially in the urban sector.
- The competitor was second hand or used cars . To avoid being associated with a cheap car , the status conscious segment of middle class customers went for a used car than buying a Tata Nano.

Technical issues

- The Tata Nano car faced technical issues in its production run which ultimately contributed to its failure
- During the first two years , several Tata Nano cars were reported to catch fire due to faulty wiring.
- Tata Nano had poor ride comfort and stability issues due to the light weight body.

- Tata focussed on making the car as affordable as possible, so much so that it influenced the use of cheap and inadequate materials which resulted in a very poor built quality.
- Tata Nano failed to be the innovative car though it aspired to be so.
- It is still one of the biggest tragedies in the history of the Indian Automobile Industry.

Case Study of Honda Activa

- Launched in 2001
- One of the top selling 2 wheelers in Indian market which crossed one crore sales mark
- Sensing the opportunity: Honda understood that there is a large growing middle class in India
- The middle class segment has transportation needs to be fulfilled.

Sensing the Opportunity

- Transportation need for all family members.
- Indians prefer manageable size scooter
- Traffic congestions in cities is rising.
- Limited parking space in traditional shopping areas (vegetables markets etc)
- Low maintenance costs and comparable fuel economy (wrt motor cycles etc)
- Attractive to both male and female segments.

- Easy handling (Engine design well suited to for Indian roads , gearless vehicle) button start.
- Fuel economy (with eco technology), 65 Km per litre.
- Optimum weight (of the vehicle 100 KGs , suitable to female segment)
- Smaller size compared to motor cycle
- Good space for storage(space below the seat and a storage box at front portion)
- Anti-theft locking
- Competitive pricing

Understanding the needs of customer is the key to success

- Honda understood the trends in society
- The needs of customers
- their consumption environment
- Their transportation needs
- Therefore Honda came out with features in their product that suited to the target market.

4Ps

- Product features met the needs of the customers
- Price was reasonable as the running costs and maintenance costs are minimized by the Honda eco features
- The features were better highlighted in promotional activities successfully.
- The positioning was good.
- Good service network

- The product benefits are more than the cost which the customers have to pay. So the value that is created by the product is very high in the customer's perception.
- Successful in creating value, communicating the value and delivering the value to the end consumers effectively and efficiently.