

Module : Introduction to Innovation Management
[ACPA7005]

Research Proposal on

Nanovista - An Innovative mobility solution by TATA

Course : MSc Industry 4.0 Advanced Manufacturing

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Abstract

This report states the world most cheapest car innovation is manufactured in India by the biggest automotive company TATA Motors. The date on which it was launched was 30 March 2009. The research shows the innovation created by TATA by developing and designing a car which brought into the market at a very low price so that a normal middle-class family can afford for their mobility to live a better and safe life. The team working on this project took 5 years to research and develop & the company with its supplier work hard to reduce the manufacturing cost without affecting the safety factor with the quality standard of each and every component like the steering system, wheels and gears etc. Tata motors have created a fantastic new segment with this innovation in the market. The high demand for the product was challenging and was a bit concern to fulfilling the requirement. Due to this low margin, the company would take a long time to complete the project. This report shows the discussion on the challenges faced by the Tata Nano. (Tata Aspirations)

Introduction

Tata Motors Limited (TML), a \$42 billion organization. it is the India largest company in manufacturing of cars , defense buses, trucks, heavy vehicles and defense vehicle. Incorporated in India in the year 1945, Tata Motors is a part of the over \$100 billion Tata Group founded by Jamsetji Tata in 1868. Recognized for its world-class quality, originality, engineering and design excellence, the Company is on the path of shaping the future of mobility in India. Sustainability and the spirit of ‘giving back to society’ is our guiding philosophy and good corporate citizenship is strongly embedded in our DNA. With a large global footprint, the Company has consolidated its position as the Tata Motors Group through mergers and acquisitions. It has a network of 76 subsidiaries in India and internationally, which provide a host of engineering and automotive solutions. Its Some of the world’s most iconic brands, including Jaguar Land Rover in the UK and Tata Daewoo in South Korea form part of the automotive operations of the Group. (Company profile)

Jaguar Land Rover (JLR) is a car manufacturer and well known for its design and range of luxury vehicles in Britain. The two iconic models in JLR include SUV and the land rower. Tata Motors acquired JLR in 2008. JLR has four principal automotive manufacturing facilities in various parts of the world. Tata motors have a plant in Pune (India) that has the facility to build an assembly line for the JLR cars. the truck division is also one of the largest assy lines in Pune. The joint ventures of tata manufacturing plant in china and building relationship with the magnastyre in Austria. Jaguar Land Rover is known for its hallmark quality and excellence, strong global distribution network, path-breaking product development, and engineering capabilities. (Introducing Tata Motors)

Objective

This report shows the objective which need to be consider. To comprehend the positioning strategy adopted by Tata Nano in India , To get an idea that hoe the company is overcoming the problem. To understand the rationale behind the repositioning of Tata Nano. To knowhow TATA Nano became a profitable company and India one of the best company. To determine the reasons for the strategy of re positioning adopted by the company. The development of Tata nano was an innovation in low price tag without compromising safety and standard. Also the benchmark of this innovation was Maruti 800 which an product of automobile company MARUTI.

Literature Review

As per the company report the product NANO came on the Indian roads in the year 2009 and declared as the cheapest car in the worlds by replacing its competitor form the company maruti udyog. Its was declared as the and mentioned that in India buying a car is dream of every person. every body wants to be safe on the roads and like to fulfill their family needs. This segment has bought a smile on the middle class family. even thought in India 2 wheeler are the most preferable vehicle , this innovative product had made them to fulfill there dream in the same price as that of 2 wheeler. This report will shows the journey of Tata to NANO which is called " People cars" & there reviews with challenges faced to bring this product to the market. (Literture review).

There are many article published in the news paper about its manufacturing process , design, costing analysis and the customer reviews. The major competitor in Indian market is Bajaj and other electric vehicle manufacturing companies.

In recent years this NANO has gain high potential in the Indian market and one available in number of variants like , CNG , Petrol and one they are into electrics. (NANO EV)

Overview of the product

TATA motors usefully launched their truck in 2005 & began to develop the affordable car. The purchase prices of this car were bought down to lower as they can sustain. Actually, this car is manufactured for the people's cause, helping famililys to fulfill their dreams and have safety on the roads. it's better to use a car especially when you are with kids instead of using 2 wheeler in such traffic. They reduce the price of non-essential features. This car was announced as the cheapest car in the world. TATA looked for the price of 1 Lakh rupees. which comes around 1000 GBP.

In 2017 the first person to purchase the Tata NAN Oat was a price of 1 lakh in India. Now the cost has been revised due to the increased material cost. the first day or to TATA had 5500 bookings and keep on increasing. (First Customer)

Company Vision & Mission

If we see the vision of the company which states that highest performance organization and it is of the top 3 commercial vehicle manufacturers in the global market.

Mission :

Tata motors provide innovative transport solutions with the passion for cherishing our life. Delivering Future Innovation Envisaged its growth plan for the next three financial years.

SWOT Analysis

SWOT analysis includes analysis of strengths, weaknesses, and opportunities, It mainly trusts and does the investigation internally and externally and treaty investigation as positive or negative.

Strengths

- Tata Nano is available at a very low affordable price.
- Due to its compact design it's easy to drive in the traffic comparison tool. Nano is with zero maintenance or let's say min as compared to other competitors.
- The income is increasing per capita and capability. Going to launch the CNG version to attract people and increase this segment in Europe and other parts of the world.

Placing Strategy

In order to provide lure to the middle-class family range, It was announced that a manufacturing plant would be placed at singed, west Bengal due to the local appositio process of distribution being systematic and structured. The process consists of manufacturing plants to dealers and then to consumers. The company is using and maintaining the best showrooms ad dealership to have full customer satisfaction. TATA nano can able to buy a Tata nano from any dealer directly. The customer has to visit either the sales office or any organized event and make a booking. Tata nano has a website of its own where consumers can get detailed information about the product. It is also possible to book a Nano car through the internet at the company's official website. Bookings via the telephone are also possible nowadays.

Pricing Strategy

TATA Nano is clearly and transparently using the penetration policy the project nano was created and signed as an alternative for the bike (2-wheeler) which is at the price range of 100,000 INR. After odorant the vehicle it took a couple of months to get it manufactured. By this time many its in the market for the raw material prize.

It's going to increase the price to 200,000 Rs is priced at INR 2.1 lakhs. which will be 2 lacs. As it is catering to the middle-class section of the community, it has maintained a reasonable pricing policy for its product. The car has been able to achieve low and realistic prices by minimizing costs and cutting on TATA Nano is clearly and transparently using the penetration

policy the project nano was created and signed as an alternative for the bike (2-wheeler) which is at the price range of 100,000 INR. after the great success the car price has been increased to 2 lakhs. By this time many its in the market the raw material prize and other iFE uni price increases.

It's going to increase the price to 200,000 Rs is priced at INR 2.1 lakhs. which will be 2 lacs. As it is catering to the middle-class section of the community, it has maintained a reasonable pricing policy for its product. The car has been achieved great demand & decided to make a product as required and allot to every family without any profit as a noble cause. As tata wants to get this facility in every part of rural and the urban market.

TATA Nano is clearly and transparently using the penetration policy the project nano was created and signed as an alternative for the bike (2-wheeler) which is at the price range of 100,000 INR. After ordering the vehicle it took a couple of months to get it manufactured and get into the market. By this time many its in the market the raw material prize and other IFE uni price increases. Many people received this vehicle with great benefits like a zero finance scheme. (Tata Finance)

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Competitive force and its model

"Five Forces that Shape Strategy", Michael Porter observed five forces that have significant impact on a firm's profitability in its industry. These five forces analysis today in business world is also known as -Porter Five Forces Analysis. The Porter Five Forces are as mentioned below.

1. Threat of New Entrants
2. Bargaining Power of Suppliers
3. Bargaining Power of Buyers
4. Threat from Substitute Products
5. Competition amongst the other industry.

Porter Five Forces is analysis looking the strategy framework of the company working system , majorly used to measure this parameter. Porter Five Forces focuses on - how Tata Motors Limited can build a sustainable competitive advantage in Auto Manufacturers- Major industry. Major industry but also can explore profitable opportunities in whole Consumer Goods sector.

Threats of New Entrants

New entrants in Auto Manufacturers - Major brings innovation is a new way of doing the work and put pressure on the company by lowering there price , reducing cost and new value suggestion.. Tata Motors Limited has overcome this barriers and faced the challenges with effective solution to build there product and maintain the sustainability.

Bargaining Power of Suppliers

All most all the companies in the Auto Manufacturers - Major industry buy their raw things like material from the approved supplier and ask for the discount and get there margins. the supplier in this sector like consumer goods do the negotiation and set specific value by comaparing it with other auto manufacturer. The overall impact of higher supplier bargaining power lower the profitability.

Bargaining Power of Buyers

Buyers are often a person who is very demanding . He always wants the thing in lower cost without compromising the quality of the product. This puts pressure on Tata motors profitability for the long run. The smaller and more powerful the customer base is of Tata Motors Limited the higher the demanding/ bargaining power of the customers and higher their ability for seeking the more discounts and offers

Driving force of the company

For a Tata Nano company they are the largest industrial company in India. Therefore they have a large market in India country. Now they produce a new product. And they want to launch their product to Europe. If they launch their products to Europe theymay need to know Europe's environmental issues because they can't control theMacro-Environment such as political-legal factors, Economic environment, Socialcultural environment, technological environment and natural environment.

Political legal factors ,
Economic environment,
Social-cultural environment,
Technological environment

Every organization, whether its profit-based or not, it has a fundamental driving force. As Tregoe and Zimmerman put it, the driving force is the "primary determiner of the scope of future products and markets." One way to view the driving force is as the source of a company's strength and competitive advantage

Rival Companies

As automobile industry is one of the largest industries in the world, there are many companies which are into car manufacturing and those are well established in every part of the world. There are many competitors with the same product with almost the same specification compared to other company products. TATA is manufacturing mid segment cars. The same segment is also manufactured by other companies as stated below.

Maruti

This is the top competitor as this company has vehicles with less power and cheapest among the other cars. Company has head quarter in New Delhi (India). This has many segments and one of the competitors for TATA motors. It has established in year 1981 and the first production was Maruti 800. This company is rich in innovation and producing best automobile for the roads in India. (Maruti Ltd)

Hyundai

This company is an automobile company which is very popular automotive manufacturing company across the world. It has headquartered in South Korea. It shows high quality automobile products and also provides great service for their million of customers.

Hyundai motor company acknowledges the importance of automobile and focuses to produce automobiles for a lifetime companion of the customer. They focus on three main features in their design, simple, creative and 6 million units. Their vehicles are sold in many parts of the world almost 193 countries through their 5,000 showrooms caring. It is the world's 35th valuable brand and has an annual manufacturing turnover about 1. and dealers. It is the largest exporter of cars from the Asian market. (Hyundai Company)

Volkswagen

Volkswagen is an automotive manufacturing company recognized globally is headquartered in Germany. Their business operations is mainly focusing on the design and development of various automobiles like : cars , engines and machinery.

It also provides financial services. Its product line contains 12 brands, SEAT, SKODA, Audi, Volkswagen passenger car, Bentley, Ducati, Porsche, Lamborghini, Scania, and Bugatti. They are seen in almost 150 countries. This company produces about 10 million vehicles per year. (VW)

Toyota

Toyota is a Japanese multinational automotive manufacturing company headquartered in Japan. It develops vehicles in an innovative way to meet the requirements of the market. Toyota emphasis on research on vehicles that gives more focus on vehicles and can be motor-powered by a variety of other fuels and vehicles for automated driving Their various product categories include hybrids, cars, SUVs, and 4WDs. It is the motor company in the world with respect to the revenue. It produces about 10 million year. The main strength of this company is the huge human power across the world (Toyota)

Suggestion & Conclusion

The product NANO from the TATA company is a world-recognized innovation in manufacturing a product for a noble cause without any profit margin and low cost. Many families are now safe on the roads which have been seen in the surveys conducted by the company. This car can provide high mileage and low emission, as they are into electric manufacturing variants. Customers are seeking lots of information before buying the product. This company had many challenges which they have overcome to bring this product successfully.

There was much criticism that it's impossible to make such a cheap car with all quality std. TATA has also taken care of driving school for those who don't know much about driving. The marketing strategy was through word of mouth. Later noticed a few issues with the electric system within the car but it was resolved very quickly in all the models accordingly. The noise issue was also captured and resolved. We can conclude that there were many challenges to developing this product but TATA has done it well and satisfied their customer with this great innovative product. In addition, the company should include an automated safety system and communication in their higher variant which will change the outlook of people toward NANO.

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