

Case Study on the Internationalisation of Tata Nano GenX to Australia¹

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The assignment is based on the case of Tata Motors, and the internationalisation of the Tata Nano GenX to Australia.

Tata Motors is India's largest indigenous motor company established in 1945. They are a \$35 billion organisation and are currently represented in 125 countries of the world, with about 80,000 employees, having sold nearly 1,000,000 cars over their history and having around 8,400 sales and service points internationally (Tata Motors, 2021). One of Tata Motors' recent focus has been on providing electric solutions to the car industry and improving the in-car connectivity solutions (Tata Motors, 2021).

The Tata Nano was originally launched in 2008, claiming to be the world's cheapest car being valued at ₹1,00,000 or \$2,500 at the time of the launch (Patel, 2015). The idea for this car came about as Ratan Tata (the former Chairman of Tata Group) was sitting in his car, and saw an entire family of a mother, father and two young children travelling on one motorbike. He thought that it would be great if Tata Motors could offer a family like this a car to travel in, at an affordable price similar to that of the motorbike. Hence, the concept of the Tata Nano was born in this manner.

To offer such a low-priced product, it was important for Tata Motors to keep their costs low. As a result, Tata Motors engaged in several cost-cutting activities, including reducing the amount of steel used in construction, relying on low-cost Indian labour; the car had no air-conditioning, power steering, power windows, airbags or any other modern creature comforts that would generally be offered in cars of today. The other cost cuttings were achieved through only have one windscreen wiper, only three lug nuts per wheel and no external fuel cap, among others.

Unfortunately, several problems with the launch of the Tata Nano, such as extended delivery times and safety issues, meant that the car was unsuccessful in the Indian market. For example, the launch of the Tata Nano was impacted by the last-minute switching of the factory from Singur, Bengal to Gujarat instead, after certain community members started protesting about the forced acquisition of their land. In addition, there were reports of a number of fires associated with the Tata Nano, although Tata argued that it did not have anything to do with the design of the car. In general, the car was viewed by some as “a poor man’s car” (Daily News, 2012) and the “Nano became rather infamous as the ‘cheapest car’ that few wanted to associate with” (Mirajgaonkar, 2015).

In 2015, Tata Motors relaunched the Tata Nano GenX (Patel, 2015) in the Indian market with a raft of features and enhancements. For example, the GenX has the option for automatic gear shift or transmission, electric power steering, air conditioning and Bluetooth radios. Customers can also choose a variety of colours and alloy wheels. Other improvements included a larger boot space, good inner soundproofing to keep the noise out, a larger fuel tank, digital clock, trip meter and fuel consumption display (Patel, 2015).

Tata Motors have international ambitions for the car, with some interest in the Australian market. Given that the concept or idea of the product has its merits; to offer a low-cost car to the Indian and international markets, your task is to develop an entry strategy in the Australian market for the Tata Nano GenX.

¹ The case is based on publicly available information. The internationalisation of this product to Australia is purely hypothetical. It does not represent what the company Tata Motors are planning to do.

References

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