Marketing strategies of reva marketing essay

The positioning statement will change accordingly. The target market is first identified by doing segmentation. Then not only in one or two cities but a gamut of cities across the whole of India are targeted. This is done by collaborating with the dealers across cities. The partnership with Mahindra Automotive Group will come in handy at this juncture, not only by leveraging the established trusted dealership network of Mahindra Automotive group, but also with the help of fresh infusion of funds in this cash strapped venture. Appropriate positioning the product across these cities can potentially maximize sales. In this marketing strategy, we shall also take into account the customer inertia that the car will face, not only because it is the first of its kind but also because it would be difficult to get people to change their style of driving from petrol cars to electric cars.

In the current national scenario anybody who is buying a car has two things in their mind, fuel prices and manoeuvrability. On a bigger sense carbon foot print they leave behind is also a concern. This is where REVA fits in. At 40 paisa/km it is far cheaper than any gasoline vehicle and they leave no carbon foot print. Electric and hybrid cars are the cars of the future. In a growing economy like India where purchasing power of people increases and awareness of going green is increasing a car like REVA as huge market. REVA is doing extremely well in UK and other European countries but its market performance is below expectation in India. This is mainly because of wrong segmentation, positioning and the prevailing image of car among public. It is one of the least advertised automobile in India. In current light of REVA being taken over by Mahindra & Mahindra, we expect there will be a

huge shift in the strategic positioning and making the brand REVA. This is where our brand choice becomes relevant.

In this project we are trying to come with a proper STP analysis and a market plan to make REVA a mass brand in India. This is the same path on which India’s biggest corporate house M&M is also working. M&M vision is to make REVA a mass brand and position it as an affordable vehicle. The rationale behind choosing REVA is it is very much industry relevant and it is more or less a live project.

The REVA Electric Car Company (RECC) was incorporated in 1995 as a joint venture between the Bangalore based Maini Group and AEVT Inc. of Irvindale, California, to manufacture eco-friendly, cost-effective electric vehicles for city mobility. The RECC is located at the Bommasandra Industrial Area, Bangalore. The company has an installed capacity of 5000 units and employees over 180 people. An advanced flexible assembly line production technology ensures high productivity at lower breakeven volumes. The Research and Development unit has DSRI recognition for further indigenization and development of next generation electric vehicles. With Mahindra Group taking controlling stake in the company, the completion of new plant and fresh fund infusion would accelerate the development pace of world class electric vehicles.

Customer

The lack of print and TV advertisements have left the company rely on early adopter reviews and word of mouth marketing. The news in media is also another form of exposure which the company relies upon in reaching to the

customers. The dismal sales of REVA show that the customer is not well informed to be coerced into the buying decision. The gender profile of the customers shows that 49% of current customers are women in urban centres. The demographic profiling provides no specific bias of any particular age group customers. The elderly has adopted the car due to the ease of driving to a large extent. The customers look at it as a second car rather than a primary car.

Collaborator

The controlling stake holding by Mahindra Group has given a new direction to the vision of RECC. The plan for small batch production schedules in collaboration with suppliers will have a cascading effect in the fortunes of company. The most important factor in the tie-up would be the showrooms and dealerships of Mahindra which can be accessed by REVA. This is instrumental in getting the relevant exposure in the absence of significant advertising campaigns. The internal R&D activities will get a boost with the establishment of a joint-venture by Mahindra and Nissan.

Competition

Currently there are no direct competitors for REVA in the electric vehicle segment. Players like Bajaj, Renault, and Toyota are planning to rollout electric cars in India. Comparing with other fuel based vehicles, Tata Nano and Maruti Alto can be considered as competitors in price bands.

The prospective competitors, both domestic and foreign are given below.

Domestic players

AJANTA GROUP

The Morbi-based world famous clock-maker Ajanta group is the new entrant in the small car sector. The company is planning to manufacture an electric car at its Samkhiyali unit in Kutch district and market it at a price lower than Rs 1-lakh Nano. The company is already into manufacturing electric scooters and bikes under the name ‘ Oreva’. The technology is almost similar and a major per cent of its parts can be produced in-house, which will give them an edge over the vehicle’s pricing.

TATA

Tata Company’s chairman, Ratan Tata, has, on two occasions talked about his company’s plans to develop an electric car. At the company’s annual meeting last year, he said that they were developing an electric car. In June 2009, at the Cornell Global Forum on Sustainable Global Enterprise, Tata suggested that his company’s electric car would be in the market by fall of 2009. Tata’s distribution network would give its electric car an immediate advantage. Mahindra & Mahindra is planning a four-seater electric car in 2010. Tara Tiny, an Electric Vehicle from India’s Tara International and China’s Aucma, plans to retail at Rs. 99, 000 -which is lower than even Tata Nano.

Foreign players

VOLKSWAGEN

Europe’s largest car manufacturer Volkswagen, is all set to launch the electric version of Volkswagen Polo. The Volkswagen Polo is the most

successful hatchback car in Europe and Volkswagen recently launched its “ Indian Version”. Volkswagen is all set to capture the market segment by launching not only Electric Polo, but a whole new range of electric cars. The German car maker is following a planned and meticulous strategy in India. They will be launching E-Golf sometime in 2013, which will then be followed by the launch of E-Jetta. Volkswagen also announced that the company has plans of launching an electric vehicle which is affordable for users from various segments. The key to an efficient electric car is a strong Lithium-ion battery, for which VW has collaborated with Japanese companies such as Toshiba & Sanyo. VW is also planning an LPG launch of its Polo which will have a 1. 4 Litre engine and will run on both petrol and LPG. Currently the Polo petrol version costs around Rs. 5 lakh to 7 lakhs. However we can expect the electric cars from Volkswagen to be priced competitively.

RENAULT

Renault already has an impressive lineup of existing Electric Vehicles, EVs selling in many countries, These EVs include – Kangoo (goods moving vehicle), Zoe (mid-sized sedan) and Twizy (two-seater concept car) which was also displayed at the Auto Expo 2010 at Delhi, India in January 2010. French auto major Renault is also looking at launching zero-emission electric vehicles in India by the middle of the decade. The company also plans to manufacture up to 500, 000 units of electric vehicles (EV) globally by 2014. The company will first bring cars to India. These will be completely built units (CBU) but may look at local assembly of manufacturing later. The company plans to introduce the car in the European market post 2012. All these Renault models will use lithium ion batteries. While Twizy has a single charge

mileage of 100 kilometres, Fluence and Kangoo will run up to 140-160 kilometres in a single charge. They are in discussions with the Delhi state government to finalize all details regarding special incentives for EVs, like tax benefits. The company is looking for tie-ups with local electricity authorities in India.