

# Tata ace case study solution

Business



Also, two wheelers, passenger cars and Subs were also used for freight transport. Non motorized vehicle sector included bullock carts, bicycle rickshaw, horse drawn carnage's, and manual pull carts.

The size of the non motorized section was large but undocumented. After many successful years, In India commercial vehicle Industry Is going through a bad patch due to following reasons- Economic slowdown Delay in infrastructure facilities I. E. -Roads Medium and high commercial vehicle Industry has seen significant slowdown while LLC industry Is still experiencing Roth.

To overcome the slowdown Memos have started Investing In more research In technology, design, innovation, increasing the reach and increasing the standard of aftertastes service instead of investing in expansion of output facilities.

Some International Memos like Daimler (Brat Benz MAN motors, EVE motors and Shania are Investing and expanding In India. International Memos are calibrating and designing their products according to local product demands and they are looking forward to make India as their export hub. Global scenario- China, India and Russia are one of the emerging markets for commercial vehicle Industry.

Demand In sharp in these emerging markets. Demand In North America and Western Europe is declining.

Global truck manufacturers are now developing products according to local demand in emerging markets. In 2006, Western Europe accounted for about

10 percent of all commercial vehicle sales worldwide. In 2010, the figure had fallen to around 7 percent. The fall was even greater In North America, where the share of worldwide commercial vehicle registrations fell from about 50 percent in 2006 to around 32 percent in 2010. Market share losses of the saturated markets contrast with strong market share gains in the emerging markets.

In particular, China sharply increased its global market share In 2009 by about 10 percent to 28 percent, replacing the US as the largest commercial vehicle market, due largely to governmental support initiatives.

By 2010, Chinese global market share had already grown to 30 percent. India enjoyed similar although less spectacular growth. Nearly one in two commercial vehicles sold worldwide. Following are the top 5 countries for the commercial vehicle industry- China United states of America Japan Brazil Germany 2.

What do you understand by HCI, MAC, ; LLC and Why it makes sense to argue LLC segment for long term survival? LLC- \* Light commercial vehicles are commercial vehicles having gross vehicle weight of not more than 3. 5 tones \* They carry loads less than 7.

5 tones. \* These vehicles are smaller in size and have smaller engines. Thus, better fuel efficiency. \* E. G-3 wheeler auto rickshaws, Data Ace, Pigging Ape. MAC- \* Medium Commercial Vehicles are commercial vehicles having gross vehicle weight 3.

-6 tones \* They are capable of carrying loads from 7.5 to 16 tones. \* These vehicles are medium in size and are used for carrying goods to cities nearby. E. G. -Tempo, Minibus.

H C. V.- \* Heavy Commercial Vehicles are commercial vehicles having gross vehicle weight above 6 tones. \* These vehicles are capable of carrying goods or loads of more than 16 tones. \* These kind of vehicles are bigger in size and are used for carrying heavy goods. \* E.

G-Trucks, Buses. While M; HCI industry is experiencing decrease in sales, demand for Less is increasing.

This segment has exhibited a consistent growth rate of over 20% in the past 5 years. \* This can be attributed to the fact that there was a gap in the requirements of the customers and what was actually available in the market. \* This is especially true in the case of last mile transportation sector which the LLC segment primarily caters to. \* Thus, there is more demand for Less in rural and small town markets in India where the roads are narrower and it is almost impossible to use M/HCI for \* Off late due to the growth of better highway systems between transportation.

Ajar cities and secondary road networks has resulted in a rise in demand for Less \* With the construction of an all-weather tertiary road network connecting rural towns, demand for LLC is on the rise. Less are cheaper in price and many people can afford it. \* Less are economical to run therefore it is preferred choice for First Time Users as it gives attractive earning opportunities. Thus, we can conclude that LLC industry will grow in near

future and demand for Less will keep on increasing. Thus, it makes sense to target LLC industry for long term survival.

. What was the key insight Data Motors executive got from the extensive market ; consumer research exercise they conducted for India? Through the extensive market ; consumer research exercise, Data Motors executives concluded that: \* A three-wheeled product, even with the Data Motors brand name would not generate much additional demand in the market. \* Interviewees were looking for a vehicle that offered price, fuel efficiency and invulnerability of a three wheeler but with the safety, durability, additional payload, and comfort of a four-wheeled truck.

Ideally, the customer wanted a scaled-down version of Tat's four-ton 407 truck. \* Customers also viewed four wheelers as a higher-status vehicle. \* The team realized that in addition to the business case, there was a personal motivation for purchasing this sort of vehicle.

Being a three wheeler driver was not a desirable occupation due to issues regarding safety, low income levels and uncertain hours. \* Three-wheeler operators had few options available to them, and even those who were willing to pay more additional features had no better alternatives.

Interviewees were not able or not willing to pay more for the Ace than they would pay for a three wheeler. Above that price the demand would fall off precipitously. Therefore the potential customers basically had three types of needs: \* The stated needs: Customers wanted a last-mile distribution icicle.

\* The real needs: It should have low maintenance costs, higher driver safety and better driving comfort. \* The unstated needs: Social status the potential customers associated with owning a four wheeler truck.

This helped Data Motors identify the latent demand for smaller vehicles on feeder routes for the hub-spoke type of arrangement. This also kept the channel open for creative remarking. The major players in AWE industry in India were: \* Piggings \* Force Motors \* Maidenhair & Maidenhair(M&M) 4.

What was the concept of Data Ace and how it was suppose to overcome all the robbers of existing AWE or less than 1 Ton LLC segment? Data Motors offers the most comprehensive range of commercial, passenger and multi-utility vehicles and has continuously evolved, adding value to its product.

Recognizing the need to transport goods speedily, conveniently and in a cost effective manner with comfort, style and ease of maintenance, Data Motors developed the Data Ace. Data Ace was a new revolution in transport, which changed the competitive landscape of the small commercial vehicle segment. Key features of Data Ace: \* Versatility - Conveniently used in urban as well as rural areas. Savings - Low operating costs. \* Style - Car-like interiors and numerous accessories.

\* Performance - ICC engine delivering power[[email protected](#)]\* Comfort - Several big and small features. Safety-Designed and manufactured using high strength steel. Prior to the launch of the Ace, the small load transport segment was served by the three wheelers which were noisy, unsafe, and slow and could overturn when carrying large payloads. The problems associated with the existing AWE or less than 1 Ton LLC segment are as

follows: \* A three-wheeled product, even with the Tata Motors brand name would be a vehicle that offered price, fuel efficiency and invulnerability of a three wheeler but with the safety, durability, additional payload, and comfort of a four-wheeled truck.

Ideally, the customer wanted a scaled-down version of Tata's four-ton 407 truck.

\* Customers also viewed four wheelers as a higher-status vehicle. \* The team realized that in addition to the business case, there was a personal motivation for purchasing this sort of vehicle. \* Being a three wheeler driver was not a desirable occupation due to issues regarding safety, low income levels and uncertain ours. \* Three-wheeler operators had few options available to them, and even those who were willing to pay more additional features had no better alternatives. Interviewees were not able or not willing to pay more for the Ace than they would pay for a three wheeler. Above that price the demand would fall off precipitously.

Ace overcame all the problems of existing AWE or less than 1 Ton Alignment in the following ways: \* Unlike other commercial vehicles, the Ace, with its compact size and shorter turning radius, could maneuver through Indian's narrow urban streets and cost-effectively transport small loads to villages and towns in rural areas. Ace costs 50% less than any other four-wheeled commercial vehicle in India and was significantly cheaper than pickup trucks with similar payload capacities found in international markets. \* The Ace was created keeping 'feel good' factor as an important parameter. Thus Ace created Indian transportation entrepreneurs and also motivated people to

enter the workforce. 5. How did Data Motors went about segmenting the marketing LLC by using both Functional and Customer Segmentation and which segments they were planning to argue for Data Ace?

**Functional Market Segmentation** The transportation market can be segmented based on the functional needs of different customers.

- \* Vehicles carrying high load - This segment typically consisted of vehicles such as pickup trucks that transported loads of 2500 kilograms traveling 300 kilometers
- \* Vacant Segment- This segment consisted of Ace's core market which were the customers looking to transport 750 to 1000 kilograms over a distance of 100 to 200 kilometers
- \* Vehicles carrying low load - This segment consisted of Manual rickshaws and carts that transported loads weighing less than 75 kilograms.

**Customer Market Segmentation** Customer Market Segmentation was done within the functional marker segments wherein the customers could be further segmented into 4 groups (estimated percentage of the market) :

- \* Performance Sensitive Customers (7%) \* Interested in Status, Brand Image and Speed \* Willing to pay higher price for better features \* Currently using cars or large Subs to haul goods
- \* Balanced Perspective Customers(25%) \* Wanted Return on Investment \* Mainly Owner-Entrepreneurs \* Wanted comfort and convenience features \* Forced to purchaser wheelers as other products were above budget

- \* Sensitive Customers(55%) \* ROI \* Not interested in non-monetary purchase considerations \* Included fleet owners/operators and some individual owners



\* Acquisition- price-constrained Customers (13%) \* Lacked credit \* No financial means to purchase even slightly expensive vehicle