

Marketing plan external and internal environment.

Business



EXECUTIVE SUMMARY There is little or no doubt that India today has emerged as a powerhouse in the automotive industry. Tata Nano, the world's cheapest car is sold in its native country for approximately Rs 1-lakh (\$2, 198). Tata Nano is manufactured entirely in India by Tata Motor Limited. When the Nano was launched in March 2009, it accomplished Tata Group Chairman Ratan Tata's vision of making a " people's car".

The aim was to produce a car that is safe and affordable to almost everyone in India. Since launching, it has generated so much interest in India and the rest of the world. By May 2009, it had received a total of 206, 000 orders. But the question is what made the Nano to be priced so low? To respond to the question we need a quick analysis of the aftermath of reforms introduced by the newly elected government of India in 1991. In 1991, the newly elected government in India embarked on a radical revamp of the economy as a necessary step to address the country's balance-of-payments crisis.

One of the many reforms it initiated was a liberalization drive to target foreign investment and attract trade. Following this initiative, in 1993 the government announced a drastic reduction in import duty on automobile components. These measures significantly acted as a catalyst to stimulate the economy and eventually catapulted India's automotive industry to the enviable height it enjoys today. In addition to the aforementioned, Tata Motor in response to the Chairman's vision of a safe, cheap, and affordable car decided to keep things simple by re-inventing a new car. This was to be achieved by making things a whole new way and at the same time taking into consideration important variables throughout the design and manufacture process.

The car parts were designed to be smaller and lighter. Regulatory and safety requirements of the domestic market were a given. Above all, the performance targets defined by the minimum amount that a customer would accept for a car must be met. By assembling a team of experts together mainly within the organization, and with vital input from Mr. Ratan Tata, the Tata Group Chairman; the dream of a “people’s car” was realized. There are three types of Tata Nano currently available; Tata Nano, Tata Nano CX, Tata Nano LX.

The Nano cars will be distributed through its appointed distribution centres. The Nano will be sold to the public through its distribution centres and orders can be made via its website. SITUATION ANALYSIS * THE EXTERNAL ENVIRONMENT Political, Legal, and Regulatory Issues The Indian government’s persistent changes in policy guidelines and regulations has continued to impact the automotive industry negatively vis-a-vis their plans and investment decisions. This is a major setback as companies will require consistent and coherent policies and guidelines from the government in order for them to formulate a working plan. To forestall such negative impact the government has embarked on a ten-year Automotive Mission Plan(AMP). This will put in place a future plan of action and remove obstacles to fair competition.

This will enable needed infrastructure to be setup to counter any likely constraint on the growth of the sector. In addition to this measure, government have also announced a tax break for industry investments that exceeds \$225, 000 and a further 100% tax deductions of export profits, and a 50% deductions on foreign-exchange earnings. To help reduce the cost of

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power and fuel consumption by the automobile manufacturer, government is encouraging captive power generation. This will ensure a steady and reliable power source and reduce their overheads. Economic Growth and Stability

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