

A Study on Impact of Blue Ocean strategy adopted by TATA motors with special reference to Tata Nano

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Abstract: The automotive industry in India is one of the larger markets in the world and had previously been one of the fastest growing globally, but is now seeing flat or negative growth rates. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world, with an annual production of more than 3.9 million units in 2011. In such a scenario, businesses are expanding their market share by embracing the Blue Ocean strategy. As a result of this the existing paradigms of doing business are changing as existing businesses are attempting to build unassailable value innovations to create new customer specific products that will give them a share of the market that they would in the process create for them. And Tata Nano and Tata Ace are two products that have successfully employed the Blue Ocean strategy and have created a new market that was not tapped so far by the competition.

Keywords: Blue Ocean Strategy, Automobile Industry, Red Ocean Strategy.

1. INTRODUCTION

The main aim of Blue Ocean Strategy ("BOS") is not to out-perform the competition in the existing industry, but to create a new market space to make the competition irrelevant. This study looks at Tata motors' core and successful products and services, and identifies and discusses those that have successfully implemented the BOS and at the same time looks to explore new markets and new demand as created by the Indian auto major to go in for a product diversification that differentiated their product/service offerings in the market.

STATEMENT OF THE PROBLEM

In this murky world of cutthroat competition that is rendering the Red Ocean bloodier the Blue Ocean Strategy is the lone plausible solution. But finding the Blue Ocean in itself is a problem. No other auto companies could hit upon this novel idea before the Tata Motors. Their Nano is in effect the product for the Blue Ocean – the vast pool of two-wheeler users who could upgrade to a four-wheeler like Nano. But before they could rewrite their growth story they had to overcome the problem of identifying the Blue Ocean. To identify the Blue Ocean is a problem in itself that the research will help elaborate on.

OBJECTIVES OF THE STUDY

To judge how blue ocean strategy has improved TATA motors performance.

To know the customer level of expectation and satisfaction

To find out which income and occupational segment consumes the technology in a major proportion.

To know the effectiveness of blue ocean strategy in the development of TATA NANO.

To know the customer perception about TATA NANO.

SCOPE OF THE STUDY

The study focus on how the blue strategy implemented by TATA motors' for their TATA NANO.

2. RESEARCH METHODOLOGY

Type of research: The type of research used for this study is descriptive research.

Data collection:

Primary data: This is called first hand data which the information are collected directly from respondent through questionnaire and interview.

Secondary data: This is second hand data. It is the collection of data through internet and scholarly articles.

Population:

The sample population is all the customers in Ernakulum district which is 443

Sample size: Sample size of the study is 100

Sampling technique: Sampling design used here is convenience sampling.

Tools for analysis: Statistical tools used for the study are tables, diagrams, charts. **Tool for statistical analysis:** Percentage method

Limitation of the study:

1. The information provided by the customers may be subject to bias.
2. The level of co-operation by the customers was not very high.

3. ANALYSIS OF DATA

Table 1.1: The personal vehicles that the customers had before purchasing NANO

Items	Percentage
Two wheeler	64
Four wheeler	19
None	17
Total	100

Table 1.2: The customers source of information about NANO

Items	Percentage
Social media	24
Self-assessment of product	19
Friends and neighbours	13
Television and other media	21
Family	7
Total	100

Table 1.3: Is Tata Nano's marketing policy better than its competitors;

Items	Percentage
Definitely yes	12
Yes	16
No	9
Definitely no	3
Can't say	60
Total	100

Table 1.4: The most appealing feature of TATA NANO

Items	Percentage
Better mileage	14
Affordable	54
More compact	8
Brand image	11
None of these	13
Total	100

Table 1.5: The response to the question whether the customers want to upgrade their vehicle to the next level.

Items	Percentage
Definitely yes	9
Yes	11
No	53
Definitely no	13
Not for the time being	14
Total	100

Table 1.6: The deciding factor in finalising the deal of the vehicle

Items	Percentage
Exchange value	13
Test drives	19
easy finance option	14
Affordability	54
Total	100

Table 1.7: The reason for purchase of the vehicle

Items	Percentage
Personal requirement	43
Business	35
Both	22
Total	100

Table 1.8: Satisfaction level of TATA NANO

Items	Percentage
Not at all satisfied	17
Partially satisfied	32
Fully satisfied	49
Can't say	2
Total	100

4. CONCLUSION AND RECOMMENDATIONS

Introduction

This final chapter is based on the findings and analysis of the different findings that have been acquired during the entire research process and the literary evidence related to the topic and the derivations that have been obtained from the data analysis chapter will be highlighted in this section which will help the researcher establish the important finding of the entire research process.

Any research is basically considered incomplete whenever following does not conclude the research a particular set of aspects being fulfilled and followed in the establishment of a highlighting the outcomes of the research process. This particular chapter will take the reader back to the different important points that have been focused and worked upon in the entire research process and would be a summary of the research work.

The first part of the conclusions and recommendation chapter would be involved in the linking of the findings of the research with the research objectives that have been established in the beginning of the entire research process. Any research is basically formulated with the establishment of a certain set of research objectives and the research process itself is based around these particular objectives.

The second part of this chapter would be helpful in the academic and industry scenario as this would be particularly helpful in providing research based recommendations to the organisations and the industry in general and therefore would be focused on in this chapter.

All research processes are characterised by certain limitations and this particular research have not been an exception to this fact and the same would be highlighted along with implications and the impact of the same that have been related to the research. Different limitations have different implications on the outcome of a research and how the same are related to this particular research would be mentioned in this chapter.

Last, but not the least, there would be mention of the fact that there is always the possibility of more research in the related field and what would be the role of this particular research work with the different avenues of more research highlighted in the same. Linking with research objectives.

Linking the findings of the research process with the established research objectives would help in drafting a more effective research based outcomes and recommendations in concluding the conclusions and recommendations chapter of the research process.

This particular research was based on the Blue Ocean strategy that has been adopted by the company Tata Motors and the research objectives had specified that the effectiveness of the strategy with respect to the marketing and business objectives of the company had to be evaluated in the real world scenario. The objective of the entire research process is to establish the effectiveness of the strategy adopted by the company in the industry and in turn, suggest any improvements in the same so that there is enhancement of the competitive position of the company in the industry.

As far as the outcomes of the research are concerned, the most important fact that have been established from both the critical literature review process is that the questions of the research process are developed and based on the Blue Ocean strategy and its effectiveness for the vehicle manufacturing company in the industry. Low cost and Product differentiation strategy implemented together do have any significant effect on the consumer mind over only Low cost strategy.

A critical analysis of the relevant literature review and the data analysis related to the chapter have led to the establishment of the fact that strategies which have been adopted towards product differentiation and incorporation of low costs in the company have indeed led to the enhancement of the company's competitive advantage in the market due to two important reasons. These have been established in the effective and efficient research process incorporating literature review and data analysis both of a qualitative and quantitative nature. One is the fact that in the prevalent market scenario, no other competitor is able to successfully implement the strategy of product differentiation, which is based on similar lines of operations and product development. The second fact that have been established is that even the pricing strategies that have adopted by the company has been able to provide the company the competitive advantage in the market whereby there are no such significant features present in similar vehicles that are manufactured and introduced in the market. The same has been considered by the consumers to be very important factors related to the features of a vehicle they would prefer to purchase.

Hence, the decision is to accept and establish Low cost and Product differentiation strategy implemented together do have any significant effect on the consumer mind over only Low cost strategy. Evidence and research based recommendations The purpose of a research process is not only to find out the outcomes of a particular research process related to a particular subject, an efficient research is also able to identify and highlight critical observations which are related to the topic of the study in the industry.

The ability to derive and highlight critical research based recommendations depends to a large extent on the research methodology, which should ideally include both the aspects of a quantitative and a qualitative data collection and analysis techniques. The research has incorporated both these aspects and special emphasis has been given on the derivation of the outcomes and at the same time there have been establishment of three main areas or aspects of suggestion to the company.

Adoption of a more effective strategy to derive maximum benefits

A more effective strategy needs to be adopted in order to derive maximum benefits from the blue ocean strategy that have been focused on by the company as from the quantitative analysis on the market it has been derived that there is a generalised opinion that there could be more effective marketing strategies to be used in the industry.

Creation of sustainable product differentiation. The reason why Tata Motors have been able to focus on and implement a Blue Ocean strategy in the market place is because it has focused on the aspect of creation of market differentiation mainly through the pricing strategies that have been formulated as a result of the technology incorporated. However, the company needs to realise that such strategies of differentiation are efficient to the company only when it can be sustainable in the industry.

The automobile industry being one of the most competitive industries in the world is characterised by product innovation and developments and it needs to be ensured that the differentiation is not recreated or surpassed by future technological developments, which might be developed by the competitors in the market. Patenting of technological and knowledge resources

A key recommendation to the company is to patent the technology and knowledge resources used in the company in the production of the competitively priced utility vehicles in the market which would enable the company to safeguard its key significant resources and at the same time prevent the same from being stolen or used by competing organisations without the consent of the company. Otherwise, it might lead to a scenario whereby the company's technology and knowledge resource are adopted and used by competitors, which will lead to the loss of the competitive position the company is in.

Limitations of the Research process

The research process has been characterised by several limitations that have led to the formation of obstacles in the effective derivation of evidence-based conclusions.

The first and foremost limitation to the research process has been because of time limitations which could have otherwise led to formulation of a more effective research process that could have focused on incorporating more theories and literary evidences in the literature review chapter. It would have led to identification and analysis of more relevant facts and information. Inclusion and analysis of the very relevant and important theories and frameworks that are applicable to the adoption of a blue ocean strategy could have led to a more in depth and detailed analysis of the literary evidences and facts.

The second most important limitation to the research process has been the fact that lesser number of participants could be included in the research process because of the difficulty faced by the participants in taking part in the research process. Deriving very important responses from the participants is an important factor especially in the qualitative data analysis as more participation and derivation of responses would have led to the establishment of more comprehensive evidence based research outcome.

Elimination of these two aspects could have led to the establishment of more concise and enhanced research outcomes.

Future Scope of research

Any effective research process is one, which lays the foundation for future researches on the same aspects relevant to the industry and the topic, which has been addressed by the research process. No research is considered to be complete if the findings and outcomes of the research process do not pave the way for future research related to one or more aspects or findings that have been highlighted in the research process. From the information and the literary evidences that have been

incorporated and presented in this research relevant to the research topic there are a few significant observations that have been found to be relevant and related to the development of automobiles in the industry and which have to be focused upon in the future in case any organisation plans to develop competitive advantage through incorporation of strategies related to product differentiation and pricing. From a researcher's point of view, the following areas have been identified that can lead to future research in the aspect of marketing in the automobile industry. The first important observation that have been in the research process is the fact that the marketing strategies of Tata Motors related to the launch of the vehicle Tata Motors in the market have been focused on the aspect of providing a contemporary vehicle to the customers in the market at cheaper and affordable prices than the competitors and their products. However, this fact itself gives rise to a future scope of research related to purchase behaviour of customers and how they associate value of a particular with the price of the product, which in this particular case is the price charged for an automobile vehicle. This lays the foundation of research to the fact that is it indeed only price of an automobile that plays an important decision maker regarding the buying of automobiles? It also lays the possibility of research in to the fact that if it was indeed that the pricing and product differentiation, which makes an automobile attractive in the market, how important, is the aspect of brand value in such cases?

These questions could very well be the scope of future research in the automobile industry

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