

Tata rebrands 'world's cheapest car' to boost sales

MUMBAI, INDIA: India's top vehicle manufacturer Tata Motors says it plans to reposition the Nano as a "smart city car" after its marketing pitch as the world's cheapest vehicle resulted in disappointing sales.



The Nano was launched in 2009 as a budget solution for millions of aspirational lower-middle class Indian families wanting to change from two- to four-wheel vehicles. But status-conscious consumers largely shunned the "cheap" tag.

"We are now focusing on increasing the features and the perceived value of the Nano with every subsequent model launch," Tata chairman Cyrus Mistry told shareholders at its annual meeting on Wednesday (21 August) in Mumbai.

"We are now focusing on making it a smart city car and targeting the young customers," he said.

The Press Trust of India (PTI) news agency reported that the jellybean-shaped Nano, which sold for around US\$2,200 when it was launched, saw sales drop by more than 27% in the year to March, and Tata's former chairman Ratan Tata admitted the car had an image problem.

New boss Mistry said added features will include power steering options, an improved interior and exterior and better fuel efficiency. He also said the company would launch the much-delayed compressed natural gas fuelled variant of the Nano this year.

Tata's dedicated Nano plant in the western state of Gujarat is currently running at less than half its capacity, according to the PTI report. Tata, which owns Jaguar and Land Rover, reported a 23% dive in net profit in the April to June quarter as higher sales for its British luxury brands failed to offset weak domestic demand.

Amid an economic slump, India's car market has recorded a fall in sales for an unprecedented nine consecutive months, with a slide of more than seven percent in July, data showed this month.

Mistry said Tata's Indian operations were affected by the slowdown in the domestic car sector, high interest rates and stagnation of industrial growth in sectors such as mining and infrastructure.

Source: AFP via I-net Bridge

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