

Emperor International Journal of Management

ISSN: 2583-1267

Mayas Publication®

www.mayas.info

Volume- III

Issue-IV

April-2023

Standard 2000 – India’s Forgotten Luxury Car

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Abstract

The Standard 2000 was one of India’s most ambitious attempts to manufacture a luxury car, which failed to capture the imagination of the Indian consumer. Produced by the Standard Motors Company in the 1980s, the car was meant to challenge the dominance of international luxury car makers like Mercedes-Benz, Toyota, and Honda in the Indian market. Despite its high aspirations, the Standard 2000’s failure remains one of the most significant stories of missed opportunities in the Indian automotive sector. This case study delves into the rise and fall of the Standard 2000, exploring the strategic mistakes, market dynamics, and key lessons for the Indian automobile industry.

Company Background

Standard Motors was a prominent automobile manufacturer in India, established in 1948. It was known for producing a variety of vehicles, including the Standard Herald, which was quite popular in the 1960s and 1970s. The company was based in Chennai, Tamil Nadu, and had a reputation for manufacturing cars that catered to the middle-class segment of the market. However, by the 1980s, the company began to face increased competition and market saturation.

In the early 1980s, Standard Motors attempted to elevate its brand image by producing a luxury car — the **Standard 2000**, also known as the **Standard 2000 Sigma**. This car was expected to position itself in the Indian luxury car market, competing against well-established brands like **Mercedes-Benz**, **Ford**, and **Ambassador**.

Development of the Standard 2000

In the early 1980s, Standard Motors aimed to break the monotony of their middle-class cars by introducing a luxury sedan. The Standard 2000 was designed to be a **premium car**, with many innovative features that set it apart from the regular cars produced by Indian manufacturers at the time. The company had grand visions of competing with the global carmakers entering India's growing automotive market.

Key Features of the Standard 2000:

- **Engine and Performance:** The Standard 2000 came equipped with a 1995cc petrol engine, capable of producing around 94 horsepower, a significant improvement over the typical engine specifications of other cars produced in India during that era.
- **Design:** It featured a modern (for its time) body style, with sleek lines, an elegant grille, and a well-designed dashboard.
- **Interior:** The car was marketed as being spacious and equipped with luxury features like leather upholstery, wooden dashboard panels, and high-end electronics.
- **Technology:** It was one of the first cars in India to feature power windows, air conditioning, and other features that were uncommon in many Indian vehicles of the period.

Target Market

The Standard 2000 was positioned as a **luxury vehicle** aimed at the upper-middle-class and affluent segments of the Indian market. The target audience included business owners, professionals, and government officials, who aspired to own a luxury vehicle but were hesitant about the high cost of imported cars like Mercedes-Benz and Toyota.

Challenges Faced by Standard Motors

Despite the promising features of the Standard 2000, the car failed to make a significant impact in the market. Several factors contributed to the failure of the Standard 2000, which ultimately led to the downfall of the brand itself.

1. Lack of Brand Recognition and Trust

Standard Motors had established itself as a manufacturer of **economy cars** but had limited experience in the luxury segment. The company was primarily known for producing vehicles like the **Standard Herald**, which were popular among middle-class families, but it lacked the prestige and recognition that a brand like **Mercedes-Benz** or **Ambassador** had built over the years.

When Standard Motors launched the 2000, it faced an uphill battle in convincing Indian consumers to accept a local luxury brand. Luxury buyers in India were

inclined to choose internationally recognized brands that guaranteed higher levels of reliability, performance, and prestige.

2. Quality Control and Reliability Issues

Another significant issue that affected the Standard 2000 was **poor quality control** and **reliability problems**. Despite being marketed as a luxury car, many Standard 2000 owners complained about the **build quality** of the car, including engine malfunctions and problems with other components. The car was prone to mechanical failures, which made it less appealing to buyers who were expecting a reliable luxury vehicle.

Luxury car buyers are highly discerning, expecting flawless performance and durability. The Standard 2000 could not meet these expectations, leading to a loss of customer confidence.

3. Poor After-Sales Service

While Standard Motors attempted to provide after-sales service, it failed to establish a robust service network to meet the needs of luxury car owners. Unlike international luxury car manufacturers like **Mercedes-Benz** and **BMW**, who had well-established service networks in India, Standard Motors could not provide the same level of after-sales support. The lack of efficient service centers and readily available spare parts made the car less attractive to potential buyers.

4. Marketing and Positioning Issues

The Standard 2000's marketing was also a major issue. While the car was marketed as a **luxury vehicle**, the messaging failed to effectively communicate its value proposition to its target market. Standard Motors, being a company with a reputation for producing more affordable vehicles, struggled to convince customers that they were now capable of producing a high-end luxury car.

Additionally, the launch timing was unfortunate. The Indian market was beginning to witness the opening up of the economy in the 1990s, which led to a surge in the number of foreign brands entering the market. Cars like **Maruti Suzuki**, **Ford**, and **Toyota** were quickly becoming popular in the mid-1990s, while the Standard 2000 could not create a lasting impression.

5. The Economic Environment

The 1980s and early 1990s were times of economic uncertainty for India. The country's economy was still largely closed, and a middle-class consumer was highly cost-conscious. The luxury car market was not yet as developed as it is today, and there were very few buyers for high-end cars. The Standard 2000 was priced at a premium, making it unaffordable for the average Indian family. In addition, India's market for luxury goods was still emerging, and many consumers preferred imported cars for their perceived superiority.

The End of Standard 2000

By the early 1990s, the Indian automotive industry began undergoing significant changes, with the government introducing economic reforms and reducing trade barriers. The growth of the domestic market and the entry of foreign automobile manufacturers into India made it increasingly difficult for Standard Motors to sustain its operations.

The **Standard 2000**, which had already faced setbacks due to its poor reputation, could not cope with the rising competition from global brands. The company failed to scale its operations, and the car was eventually discontinued. The collapse of Standard Motors followed soon after, and the company ceased to be a major player in the Indian automotive sector.

Lessons Learned

The failure of the Standard 2000 offers several important lessons for businesses in the automotive industry, particularly for those attempting to enter the luxury car market.

1. Importance of Brand Positioning

- The Standard 2000 failed to establish itself as a luxury brand. A clear, consistent brand image is essential for success in the luxury segment. Standard Motors could not shake off its reputation as a maker of budget cars, and this hurt its efforts to break into the high-end car market.

2. Focus on Quality and Reliability

- Consumers in the luxury segment demand high quality and reliability. The Standard 2000 suffered due to its lack of durability and frequent mechanical issues. Brands must invest in superior engineering and quality control to meet the expectations of luxury buyers.

3. Effective After-Sales Service

- Luxury car buyers expect top-notch after-sales service, including access to service centers, warranties, and readily available spare parts. The absence of an efficient service network undermined the value proposition of the Standard 2000.

4. Timing and Market Conditions

- The launch of any product must be aligned with the market's maturity and consumer demand. In the case of the Standard 2000, the car was launched at a time when foreign luxury car manufacturers were beginning to enter India, which made it harder for the local brand to compete.

5. Adaptability to Market Changes

- The failure of the Standard 2000 also highlights the need for companies to adapt quickly to changing market conditions. Standard Motors could not anticipate the impact of the liberalization of the Indian economy, which allowed foreign carmakers to dominate the premium vehicle market.

CONCLUSION

The Standard 2000 is a poignant reminder of how an ambitious project can fail when strategic execution does not meet market expectations. Despite its premium positioning and innovative features, the car could not overcome challenges like poor brand recognition, quality issues, and ineffective marketing.

The rise and fall of Standard Motors serve as a lesson in the importance of understanding consumer preferences, building a strong brand identity, and ensuring reliability in the highly competitive automotive market.

Questions and Answers

1. What were the key factors that contributed to the failure of the Standard 2000?
2. How did the economic environment of India affect the success of the Standard 2000?
3. What lessons can be drawn from the failure of Standard 2000?
4. How could Standard Motors have repositioned the Standard 2000 to make it more successful?