

Competitors of honda



Japanese car are getting more and more popular in these few decades. In 2007, Japan turned into the world's largest vehicle producer and became one of main players in international vehicle industry (Jeffrey Hays 2009). For instance, Honda, a well-known Japanese vehicle producer, it is also one of the best car sellers in Malaysia. Honda Malaysia Sdn Bhd was born in 15 November 2000 as a result of the formation of partnership between Honda Motor Co. Ltd. of Japan, DRB-HICOM Berhad and Oriental Holdings Berhad.

It produces a wide range of product besides car, motorcycles, automobiles, power products (such as motorboats), aircraft engines (HondaJet), humanoid robot (ASIMO), fuel cell vehicles and solar films. The company promised to deliver highest customer satisfaction to Malaysians than his rivals and holds the principles: i) Respect for the Individual ii) The Three Joys (Soichiro Honda 1951) iii) Maintaining a global viewpoint, we are dedicated to supplying products of the highest quality yet at a reasonable price for worldwide customer satisfaction.

The three joys were presented by Soichiro Honda, it consists of joy of buying, joy of selling and joy of creating. The Joy of buying belongs to the happiness of customers who bought product from Honda. Honda wishes their customer will be glad for buying their product. The joy of selling belongs to the reseller of Honda's product. Honda hopes the product they delivery is always in high quality which generates profit for the reseller. The last joy belongs to the engineer. Honda. It refers to the happiness of an engineer when he manufactures a product which is high quality and valuable to the society.

The three joys became motto of Honda since that. Honda Malaysia also strongly emphasizes its slogan " The power of dream" which signifies turning

dream to reality, a future with better technology and value. With a variety of car models, from the lower-priced City to the higher-priced Accord, Honda could attract people within all age groups and socioeconomic statuses. All potential buyers, regardless of their social class, represented Honda's target market. Now, Honda Malaysia is in the top 5 brand which has the most car sale in Malaysia. It is the winner for Putra brand award-silver since 2010, became one the most valuable brand in Malaysia.

Honda even is the highest in New Vehicle Sales Satisfaction for Malaysia Sales Satisfaction Index Study in 2011. Other achievements are Reader's Digest Trusted Brands, Asian Auto Fuel Efficiency Awards and etc. These dazzling performances above shows that Honda does try their best keep the promise made. On the other hand, Honda Malaysia does not like other businesses which only pay most concern on maximizing the profit from the public. As a member of the society, it contributes some of its profit to provide a better future for the next generation.

For example, Honda dream fund was launched to provide aids to underprivileged students and their families with a chance to fulfil their ambition. Meanwhile, Honda Malaysia is also putting great effort in preservation of the environment. It had launched a programme which aims to protect Sumatran rhinos from extinction. Business environment nowadays is changing rapidly. In order to sustain a business, it is very important to understand the market place and competitors. For Honda Malaysia, Toyota and Perodua are two of the competitors in Malaysia.

First, Toyota is a reputed Japanese vehicle manufacturer which is set up by Kiichiro Toyoda on 1953. It is also one of the world largest car makers in the

world. It produces wide range of car such as Van, MPVs, 4WD and etc. Toyota came into Malaysia on 1982, at that time it is named as Sejati Motor (joint venture between UMW Corporation Sdn Bhd and Toyota Motor Corporation). On 1987, Sejati Motor changed its name to UMW Toyota . Sdn. Bhd. It stated its mission as: i) achieve customer-first philosophy by delighting customer and manage good relationship with business partner. ii) Deliver world-class quality product that satisfies customer needs. iii) Contributes to society by preserving the environment and improve community services and etc. For Toyota, their slogan is “ moving forward”, it means continuous improvement. Today, Toyota Malaysia is the third car brand with most market share. Toyota and Honda has a lot of similarity, not only in terms of the place they originate but in terms market position for their product. They both are producing passengers' vehicle as their main product. Moreover, they both focus on medium five-seat car. The Toyota Vios was ranked no. 30 for the best selling car models on year to May 2012, 13846 units had sold (5. 9% market share). Meanwhile, Honda City was rank no. 18 with 1971 of units sold (0. 8% market share). Despite the mechanical aspect, both cars share similar feature. For example, Anti-lock braking system (ABS), dual airbags, body structure that reduce impact of crash and etc. In terms of specification, Honda City is more superior. However, Vios is 7 times more than City in sales volume. On the other hand, Toyota holds 17. 4% of market share in the first half of 2012 and Honda only gets 3. %. Why such a huge disparity does exist? It can be answer in two aspects. First, Toyota has cheaper selling price in general. Second, Toyota Malaysia was founded 13 years earlier than Honda. This would help Toyota get more loyal customer. Recently, both companies are putting more effort and attention in hybrid car. For example:

Toyota Prius and Honda Civic Hybrid. Due to the awareness of people about environmental issues, this new market is growing robustly. Based on the market share report above, Toyota holds 13 % of the market share and 5% for Honda.

In addition, statistical research made below shows that Toyota's market share has a declining trend, it dropped from 18% to 13%. These data are showing the gap between Toyota and Honda in term of competitiveness is getting smaller and smaller. The Perusahaan Otomobil Kedua Sdn Bhd(Perodua), the local car maker is one of the competitors of Honda Malaysia. It was established in 1993, a joint venture company between Malaysian and Japanese partners. UMW Corporation Sdn Bhd , the partners of Toyota Malaysia is also the largest shareholder of Perodua.

Their slogan is " building car, people first. " In other words, they meant to be customer-centred. Currently, Perodua surpassed the first national car manufacturer of Malaysia- Proton Holding limited and gets the most market share. Their main product is small-sized car such as Viva and Myvi. The Myvi of Perodua is the bestselling car in Malaysia especially on the year to May 2012. As local car makers such as Perodua is younger compare to those foreign car makers. To protect these infant industries, government give protection to them.

They get massive subsidies, tax cut in exportation and government impose higher tax rate on foreign car. Thus, Malaysia are one the countries which has the expensive car price. These protections will go on until they are able to catch up those foreign competitors. So, these benefits do help Perodua a lot to be competitive. The main reason that Perodua is the competitor of

Honda in Malaysia is the market share of cars in Malaysia, Perodua got the highest share in the market. As the figure shown, market share of Perodua in Malaysia is 35% year to august 2012.

Honda holds 5% in the market although Honda's automobile delivery higher quality of product than Perodua. According to the market research, the bestselling car model in Malaysia is Perodua Myvi, get share of 15.7% in the market in year to May 2012, 36920 units was sold. As mentioned, Honda City gets 0.8% of the market share. Due to the protection of government, Perodua is able to has a lower production cost. In order words, Perodua beats Honda in term of price. The selling price of Myvi start from RM 43,912.15, but for Honda City, it strat from RM85980.

City is nearly 2 times more expensive than Myvi. As Malaysia is still a developing country, its income per capita is about 9000++ USD. Hence, many youngsters would put local car brand as their first choice. As mentioned above, environment care is a critical issue now. People nowadays are more prefer hybrid car. So far, Honda had already introduced two hybrid cars model, Honda Civic Hybrid and Honda jazz Hybrid. In order to catch up the trend, Perodua started to develop their own hybrid car, Perodua Bezza. Perodua is showing their enthusiasm to become a world-class car maker.