

# Company background – khind holdings berhad essay sample

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KHIND Holdings Berhad is a Malaysia-based corporation that engaged in investment holding and provision of management services. From a humble beginning of 1961, KHIND founded by Cheng King Fa, started a traditional family business, manufacture small electrical accessories and lamps in Sekinchan. (KHIND, 2010) Until today, as the growth of KHIND multiplied, KHIND product portfolio been expanded include fans, home appliances, kitchen appliances, lightning appliances. (KHINDonline, n. d. )

KHIND's brand name has been recognize locally since Khind-Mistal sdn. Bhd.'s marketing general manager, Albert Tan has a good marketing strategy by using “ customer push effect” which attract customer by doing sales and promotion soon changed the scenario to “ customers pull effect”. Albert Tan transform the brand known as safe, compatible and value-in-pricing good. KHIND now also involved in e-commerce marketing such as Lazada, Groupon, 11street. (TheSundaydaily, 2016) KHIND operates in the manufacturing, trading and services and investment holding through twelve subsidiaries.

The trading and services segment includes KHIND Customer Service Sdn. Bhd., which provides general repair and rework services and renting of commercial properties. (Hong, n. d. ) KHIND provides customer good after sales support to build long term relationship, keep those customer back to you and grow their profits. KHIND manufacturing operates with Khind, Mistral, Honeywell, Ariston, Relite and Swisher. Khind-Mistral Industries Sdn. Bhd. (KMI), which is engaged in the manufacture and and sale of electrical

home appliances and wiring accessories. KMI is a company listed in Bursa Malaysia, it provides strong financial backbone to company's growth.

(KHIND, 2015) The regional office in Dubai acts as an on-the-ground marketing to understand the needs of the customer in different region. This has helps to contribute an estimate of 30% to the international revenue. Other than that, the Dubai regional office continues to strengthen their market in the Middle East region and are able to assist in the exploration of new market in Africa countries. Lastly, KHIND has also taken the steps of what many other companies are doing, which is outsourcing their manufacturing capabilities.

By outsourcing, they have managed to expand their range of products beyond small electrical appliances such as multi-door refrigerator, plasma television. Through this, they have expanded their market and are able to compete with not only the local brand, but also the multinational brand. Pensonic Holdings Berhad, founded by Dato Chew Weng Khak, started a selling electrical appliances business in the small shop in Penang in 1965. Pensonic is the combination of " Penang" and " sonic" both words which means sound of Penang.

(Pensonic, 2017) The means of Sound of Penang take benefits as the brand name is familiar by local customer and it might able to gain more customers to support their products. Besides that, Pensonic believe that good image marketing could increase sales. It could impact other to purchase it products. Reputation can be a key differentiator as people are more attracted to a

business with good reputation. A company with high growth rate need skilled workers to work with it. Pensonic employ many skilled employees to help the company grow in a short period. With skilled employees, Pensonic able to provide top grade product to customer.

For example, a skilled employee will make sure the product pass through various safety test before it goes to packaging stage. Skilled employee may also have more ideas to solve the internal problem of the company. Pensonic has formed a Research and Development (R&D) team which consist of qualified engineers and technician. The aim is to produce new products and to provide enhancement on the existing products and services. This is due to customer expectation changes very fast, improvement and new technology is needed in order to meet their satisfaction level.

For instance, a wide range of light-emitting diode (LED) products has been exported to the world as a result of RM20 million which has been invested in development of LED. Next, R&D Pensonic do a lot of research to develop the external appearance of products to satisfy different requirements from different customer. It helps to build good design for every product of Pensonic. Price for the products of Pensonic is affordable for customer. Lower and medium income range will choose Pensonic as the price is not that high compare with others.

Lastly, regarding to annual report of Pensonic 2015, it shows that revenue increased from 2015 to 2016, which is RM 385, 503, 122 and RM 386, 258, 254. (Pensonic, n. d. ) This had shown the growth of RM 755, 132 or 0. 95%.

Weaknesses KHIND is a Malaysia-based company, since it is established in oversea, KHIND is qualified to pay double taxation deduction on the expenses. KHIND had been positioned as middle market brand. Some customers seek for premium quality products will look for other competitor instead of KHIND. External appearance of KHIND did not have luxurious looking.

KHIND spends less in Research and Development and did not buy new technology often. When a company allocate less amount of budget in R&D, their product tends to be left-out in the market. While playing tail-catching with other brand, they risk the chance of soon be forgotten by the customer. To conclude, we have seen many companies benefitted from investing in R&D such as Microsoft, although spending in R&D might not reflect the company's performance, but it does play a significant role. Compare with other competitor, Pensonic may lack of making advertisement.

Lack of advertisement may cause your brand name out of mainstream in public so some customer will feel that Pensonic is a new brand. It made customer loss of confident on Pensonic products. Therefore, customer will end up choose other brand products. It might pull down your sales, generate a lower profit than others. Besides that, Pensonic invests a lot in R&D department such as buy new technologies so Pensonic could spearhead in sales and product innovation compare to competitors. Next, people perceived Pensonic as low qualities appliances.

(Shafareedz, 2014) People perception that paying a higher value of money to a product will results in higher quality of the product. As this perception will affect people feel that Pensonic is a “ cheap” brand, with “ cheap” quality. People who want to enjoy luxury lifestyle are willing to pay more to certain brand instead of Pensonic. Pensonic may also has weakness in limitation of product style. For instance, Pensonic manufacture business refrigerator only, it did not sell house refrigerator. The sales of Pensonic may decrease if customer want to buy home refrigerator. Lastly, Pensonic less appearance in television.

In this age of technological advance, TV is a powerful tool of being a feature on air to enhance reputation, credibility rapidly. Brand awareness of Pensonic is lower than competitors because of less appearance in television. Opportunity KHIND exports in 60 countries currently, the most important market place is Middle East. United Arab Emirates controls 50 percent of KHIND’s exports market. Other Middle-Eastern markets include Saudi Arabia, Yemen, Kuwait, Oman and Bahrain, while its African markets include Kenya, Libya, Morocco and Mauritius. So, KHIND is capitalizing ASEAN Free Trade Area to make their exports wider.

(KHIND, 2017) Besides that, due to government support to Electric and Electronic (E&E) to compete in global market to create opportunity of growth in country. E&E sectors in Malaysia is growing, it would create more new market place. Through this, KHIND could meets new customer to purchase in its company and make profit. By investing high in R&D department, Pensonic tends to deliver good quality product to customer to meet their satisfaction.

Pensonic has a mission which is “ Quality is our priority”. Pensonic pays higher attention on R&D department, Pensonic can focus on products innovation to expand products and services.

Pensonic produces more style in products to breakthrough products limitation in style. Through this, the new creative external appearance of products could awareness the customer to the brand name of Pensonic. New products can increase more customers because Pensonic has more products to choose. Next, Pensonic has employed a lot of skilled employees, they may have more ideas to create more sales in Pensonic. Example, marketing department created Pensonic a good image, this can help to increase more demand to Pensonic since customer will choose a good image company.

Besides that, Pensonic had created promotion and events like warehouse sales to make profit. This also help to exposure brand name to public to make customer have confident on Pensonic. Threats Price war means a fierce competition in which retailers reduce prices in an attempt to increase their share of the market. Pensonic faces price war, so Pensonic has been forced to reduce price to compete with other brand so that it would not loss customer. Besides that, consumers will choose to go for big international brand first.

Big international brand gives consumers more confident on their products since they do a lot of advertising compared to Pensonic. This will cause Pensonic to decrease their sales. Pensonic faces a lot of competitors such as LG, Panasonic, etc. Hence, Pensonic needs to come out with creative ideas to

produce new products to attract new customer and keep loyalty of customer. Competitors who are selling same category products which is low cost products will make customer go to competitors' products if they found out competitors' product is lower cost after comparison. KHIND