

# Marketing audit report on e-cofueling's exploration in malaysia assignment

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USQ MBA MARKETING MANAGEMENT ??? MKT 5000 A Marketing Audit Report on E-Cofueling Team Details| Name| USQ ID No. | No of words: 2, 167 words

**EXECUTIVE SUMMARY** The Marketing Audit report evaluates E-Cofueling's strategy to expand into the Malaysian market. Based on the PESTEL analysis, it was noted that the Malaysian market is able to adopt E-Cofueling's Technology based on the following favourable factors: \* establishment of strong framework of 'green' policies by the Malaysian Government. \* corporations are generally becoming more aware of the sustainable initiatives. workforce in Malaysia is capable to adapt and execute technical jobs. \* increased 'green' awareness among the general public. However, the PORTER's 5 Forces Analysis indicates that the Malaysian market would be a highly competitive due to the nature of E-Cofueling technology which is penetrating into an established market that relies on Fossil fuel technology and government backed Biodiesel technology. E-Cofueling's success highly relies on 3 key stakeholders which are the Government of Malaysia, Vehicle Manufacturers and Users of Diesel Vehicles.

All 3 stakeholders has high interest in the E-Cofueling technology and equally powerful in influencing the success of the new technology. The marketing audit concluded that E-Cofueling's ability to penetrate the Malaysian market would not be straightforward. Cost remains as one of the strong denominating factor. However, as the Government and people of Malaysia bocomes more aware of the need for a sustainable solution thus Malaysia is worth to be explored further. **TABLE OF CONTENTS** \* 1. PURPOSE OF REPORT1 2. SCOPE OF REPORT1 3. LIMITATION1 4. OVERVIEW OF COMPANY1 4. 1General Info1 . 2Product2 4. 3Price2 4. 4Promotion2 4. 5Place2 4.

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REPORT This report highlights the findings from the marketing audit conducted to evaluate E-Cofueling's strategy to expand into the Malaysian market and use the experience as a stepping stone to venture into South East Asia markets.

SCOPE OF REPORT The findings in this report are derived from various marketing analysis such as PESTEL, the 5 forces analysis, SWOT and other reliable marketing tools. The results of the Marketing Audit would greatly assist in Phase 2. LIMITATION The review was limited to secondary data available to the general public. The review team had no access to E-Cofueling's key management and internal company data. Due to geographical limitation, site visits and customer interviews were not assessed. OVERVIEW OF COMPANY 4. 1 General Info

E-Cofueling is an Australian start-up company that develops and commercialises the Ethanol E-Cofueling technology. E-Cofueling's initiative was recognised by the Australian government through the awarding of the Commercialisation Australia grant in 2009 for development of the separate ethanol delivery system for diesel engines. E-Cofueling positions itself as a technology based 'Green' consulting firm. As part of their positioning statement, E-Cofueling focuses on environmental friendly initiatives rather than solely evaluating the financial returns. . 2 Product E-Cofueling is a marketer of services. As such, E-Cofueling's product is their 'technology' consulting services provided for transfer of knowledge to the local corporations. 4. 3 Price Due to the nature of E-Cofueling's business model which is consulting, there is no fixed price on their services. As typical consulting business relationship, pricing of their services and the final product would be negotiated accordingly based on the client's need. 4. 4 Promotion E-Cofueling relies heavily on their achievement in Australia.

Australian government's recognition greatly assists E-Cofueling to obtain satisfactory awareness among Malaysian Government and large corporation in Malaysia. E-Cofueling also uses its website to promote their technology and specialisation. 4. 5 Place E-Cofueling has readily available consultants and engineers who could be placed at the client's facility to facilitate seamless transfer of knowledge in realising the new technology efficiently. The client would also have full access to all patented design by E-Cofueling inclusive of testing and verification data at E-Cofueling's labs in Australia. 4. Positioning E-Cofueling as a company with a sustainability mind-set differentiates itself from other research companies by working on a more

sustainable solution using renewable energy source such as Ethanol. PESTEL ANALYSIS Factors| Advantage| Disadvantage| Political| \* Launching of National Green Technology Policy in 2009. \* Establishment of Green Technology Financing Scheme for companies that supply and utilise green technology. \* Pioneer status with tax exemption of 100% of statutory income for 10 years (PricewaterhouseCoopers, 2010)| \* Intensity to launch nationalised B5 initiative using PalmOil. Hoh, 2011)| Economical| \* Malaysian Government eliminates Diesel subsidy for 9 categories of commercial application. (Chieh, 2011) \* Total Industry growth of Motor Vehicles estimated at 2% per annum until 2015 (Hoh, 2011) \* Import duty and sales tax exemption on equipment used to generate energy from renewable source. (PricewaterhouseCoopers, 2010)| \* Fossil fuel is heavily subsidised by Government. (Hoh, 2011) \* Higher CPO pricing causing cost of biodiesel| Sociological| \* Increased awareness on Sustainability Initiatives among Corporations in Malaysia. (Bursa Malaysia Berhad) \* Increased awareness on green initiatives among general public due to changes in policy (i. e. no plastic bag day) (Chan, 2011)| \* Heavy reliance to Fossil fuel (Hoh, 2011)| Technological| \* Increased awareness in promoting/acquiring new technology. (Malaysian Technology Development Corporation, 2011) \* Favorable Technical workforce to support deployment of new technologies. (MSC Malaysia) | \* Government encourages the use of hybrid cars by recently eliminating import duty and reducing excise duty by 50% (Tun Abdul Razak, 2010)| Environmental| \* Malaysian temperature has been increasing between 0. 5oC ??? 1. oC partly due to emission of smog from diesel vehicles (Tangang , 20007) \* Heighten green awareness,

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Malaysian citizen voices their protest on establishment that could harm the environment (Sarah-Jane, 2011)| \* Destruction of rain forest to oil palm plantation to sustain incremental demand to support alternative fuel (Reinhardt, Rettenmaier, ; Gartner, 2007)| Legal| \* Emission legislation for diesel fuelled vehicles is included in Environmental Act 1974 (Act 127) \* Emission of smoke and gaseous pollutants from Motor Vehicle exhaust is controlled under the Environmental Quality (Control of Emissions from Diesel Engine) Regulations 1996. | | It is apparent that the Malaysian Government has established a strong framework revolving around strong ' green' policies. The economic factors are also favourable with the elimination of government subsidy on fossil fuel for 9 types of commercial applications and the healthy growth of the motor vehicles sales. In addition to that, corporations are also generally becoming more aware of the sustainable initiative through the policy implemented by the Kuala Lumpur Stock Exchange for Public Listed companies. It was also noticed that Malaysian's awareness on acquiring new technologies has improved significantly.

Besides that, the workforce in Malaysian is also capable to adapt and execute technical jobs which are generally needed for a successful deployment of E-Cofueling's technology. The increase in temperature in Malaysia is one of the direct environmental damage caused by increased use of fossil fuel. With the increased ' green' awareness among the general public, initiative to reduce air pollutants would become a necessity.

Legislation has also been crafted to govern the emission from diesel vehicles. Based on the PESTEL analysis, it was noted that the Malaysian market has quite a significant favourable factors that could assist E-

Cofueling to be successful in deploying their technology in Malaysia. 5

FORCES ANALYSIS (PORTER) Particulars| Degree of Threat on E-Cofueling| 6.

1| Threat of new market entrants| 1| 6. 2| Threat of substitute products and

services| 5| 6. 3| Bargaining power of Customers| 4| 6. 4| Bargaining Power

of suppliers| 3| 6. 5| Rivalry among the existing competitor| 5| | Total| 18|

Rating: 1 very low ??? 5 very high 6. 1 Threat of New Entrance The initial

threat is low with rating of 1(one). This is because E-Cofueling's technology is

unique and they would be the only player in the Malaysian market. 6. 2

Threat of substitute products and services The threat is high with rating of 5

(Five). These are because there are numbers of substitute threats in the

market for E-Cofueling.

The existing threat of substitute for the products is the fossil fuel technology

which a preferred solution due to availability of heavy subsidies fossil fuel by

the government. Secondly, Malaysia also accounts for 39% of the world palm

oil production and 44% of the world export. (Malaysia Palm Oil Council) The

government has been aggressively promoting the Bio-Palm oil technology in

Malaysia and the government may regulate to have at least 5% of palm oil

produce to be used by local biofuel industry instead of export. (Reuters,

2008) Besides that, the government has recently eliminated import duty and

reduced excise duty by 50% for hybrid cars.

As such, the Hybrid technology poses significant threat too. (Tan, 2010) 6. 3

Bargaining power of Customers The main customers for diesel vehicles are

commercial users who are more focussed to the cost of transportation rather

than 'caring' for the environment. They would play a much more prominent

role in deciding if E-Cofueling's solution is economically viable. As such, the threat is rated high with rating of 4 (four). 6. 4 Bargaining power of Suppliers The threat is rated medium with rating of 3 (three). The Malaysian government has been a strong advocate in their own Biodiesel technology. As such, significant funds have been invested in promoting the Biodiesel technology.

Due to that, the existing supply of palm oil to be converted to biodiesel is only to the adapters of government back biodiesel technology. The suppliers could decide to only supply to government backed biodiesel technology or limit their supply to plants utilising E-Cofueling technology. 6. 5 Rivalry among existing firm The threat is high with rating of 5 (Five). It is clear that the main threat would be from Malaysian Government's supported bio-diesel producers. The government backed bio-diesel producers could also dominate the supply of the raw material. 6. 5 Conclusion Based on PORTER's 5 Forces Analysis, it could be concluded that the threat is eminent with a scoring of 18 out of 25.

However, this is expected due to the nature of E-Cofueling technology which is penetrating into an established market that relies on Fossil fuel technology and government backed Biodiesel technology. Stakeholder Analysis | INTEREST| POWER| | HIGH| LOW| | HIGH| Key Players \* Government of Malaysia \* Vehicle Manufacturers \* User of Diesel Vehicles| Keep Satisfied \* User of Fossil Fuel (Retail customers)| | LOW| Keep Informed- Green NGO's| Minimum Effort (monitor) \* Not a fuel user | Based on the Stakeholder analysis conducted, following are the categories of the stakeholders: 7. 1 Key



Player (High Interest with High Power) It is noted that the following are key stakeholders for the success of E-Cofueling technology deployment in Malaysia:

- \* Government of Malaysia As the main supporter of the Biodiesel initiative, the Government of Malaysia has high interest on the E-Cofueling's technology. The Government is also powerful to implement policies that could influence the success of the E-Cofueling's technology.
- \* Vehicle manufacturers \* Based on the direction by the Government of Malaysia, vehicle manufacturers must be able to deploy the suitable technology thus they would have high interest on E-Cofueling's technology. Vehicle Manufacturers as the proprietor of the vehicle design is powerful in making the decision to adapt E-Cofueling's technology.
- \* Users of Diesel Vehicles \* User of Diesel Vehicles creates the demand for the E-Cofueling Technology. They would have high interest in adapting the new technology. As the main user of the technology they considerably have high power in deciding the success of the E-Cofueling's technology.

7. 2 Keep Informed (High Interest with Low Power) Non-Governmental Organisation (NGO) that strongly advocates environmental concerns would have high interest on E-Cofueling's technology. However, due to their limited involvement in using the technology causes them to have low power in influencing the technology deployment.

7. 3 Keep Satisfied (High Power with Low Interest) Most of the consumers that are using fossil fuel technology have high power to change to E-Cofueling's technology.

However, the consumers of fossil fuel technology might not subscribe to the 'green' cause hence they would have low interest to change to the E-

Cofueling's technology which is economically no better than the fossil fuel technology. 7. 4 Minimum Effort (Low Power with Low Interest) These are group of people that do not use fuel in their daily operation. Most of the users are using the public transports as the mean of moving around.

Competitor Analysis No. | Key Attributes| E-Cofueling Technology| Malaysian Government's Biodiesel Technology| Fossil Fuel Technology| 1| Brand Reputation| 1| 4| 5| 2| Quality| 3| 4| 5| 3| Reliability| 4| 3| 5| 4| Convenience| 3| 3| 5| Rating: 1= Very Low; 2= Low; 3= Neutral; 4= High; 5= Very High 8.

## 1 General introduction

E-Cofueling technology faces 2 main competitor in Malaysia which is Malaysian backed biodiesel technology and fossil fuel technology. E-Cofueling would be penetrating Malaysian market with its technology and partnership with a local company. 8. 2 Brand Reputation E-Cofueling being new to the market would have a brand deficit compared to the fossil fuel players which consist of many globally established brand name and the Malaysian Government backed biodiesel has the support from the government machinery in communicating the values of the product to the general public. 8. 3 Quality The long existence of the fossil fuel technology greatly assists it in building a strong reputation on the quality.

The Malaysian Government backed biodiesel fuel technology would also be perceived as a high-quality product due to the strong support from the Government. E-Cofueling's quality is backed by its wide range of technology validation. 8. 4 Reliability The fossil fuel technology is also the most reliable since its presence in the Malaysian market for the longest time. Existingly,

regionalisation is possible for E-Cofueling's technology solution. This is because each of the regional governments would be interested to introduce the technology domestically which would be easier to be implemented as a private entity. 8. 5 Convenience Fossil fuel technology has been available for a very long time in Malaysia hence it is deemed as most convenient technology for commercialisation.

However, both the existing Biodiesel technology backed by the Malaysian Government and E-Cofueling's technology are new to the market and would need further training and development before it could achieve similar convenience as fossil fuel technology. As such, both Malaysian Government Biodiesel Technology and E-Cofueling Technology has been rated 3 in comparison to fossil fuel at rating 5. Customer Analysis 9. 1 Government The Malaysian Government who is in the forefront of developing Biodiesel would be the most relevant party to adopt the technology from E-Cofueling. 9. 2 Vehicle Manufacturers The technology from E-Cofueling could assist the car manufacturers to develop cars that would be able to run on biodiesel more efficiently. This would assist the Car Manufacturers to meet the growing demand of the much more 'green' customers. SWOT Analysis Weaknesses New technology from Australia \* Low brand recognition \* Higher price for bio-fuel Weaknesses \* New technology from Australia \* Low brand recognition \* Higher price for bio-fuel Strengths \* Advance technology ??? increase performance and reduced emission. \* Well recognized by Australian government with grant funding. \* Tested and proven to be reliable technology. Strengths \* Advance technology ??? increase performance and reduced emission. \* Well recognized by Australian government with grant

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funding. \* Tested and proven to be reliable technology. Threats \* Government further subsidies fossil fuel. \* Fossil fuel technology has stronger working capital. Malaysian Government legislates the use of Malaysian Government backed Biodiesel. Threats \* Government further subsidies fossil fuel. \* Fossil fuel technology has stronger working capital. \* Malaysian Government legislates the use of Malaysian Government backed Biodiesel. Opportunities \* Increment of sales of diesel automobiles in Malaysia. \* Government and Car Manufacturers who subscribe to green technology \* Good Government relationship between Malaysia and Australia Opportunities \* Increment of sales of diesel automobiles in Malaysia. \* Government and Car Manufacturers who subscribe to green technology \* Good Government relationship between Malaysia and Australia 10.

### 1Strengths

E-Cofueling technology's strength relies on the recognition it manage to obtain from the Australian Government. The Australian Government has awarded E-Cofueling with a grant funding. (Department of Innovation, Industry, Science and Research. – Australian Government). Besides that, the technology used also managed to increase the horsepower and torque of the engine as well as a reducing the emissions resulting in cleaner tailpipe exhaust. The E-Cofueling technology has also gone through rigorous laboratory, bench and actual field test to substantiate the reliability of the technology. 10. 2Weakness E-Cofueling's technology is also susceptible to several weaknesses.

The primary weakness would be it being at an infancy stage with strong Australian influence thus might not be able to reach the aspiration of the local consumer in Malaysia. As a Technology Consultant, E-Cofueling's brand name is not recognised in the local market thus it could hamper the possibility of gaining enough confidence from the government or corporate customers. The end-pricing of fossil fuel which is heavily subsidised is also a challenge in convincing customers to adopt the E-Cofueling technology since Biofuel are projected to have a higher cost that is tied to the pricing of Crude-Palm-Oil (CPO). 10. 3Opportunities The Malaysian car industry is projected to grow at 2% per annum which provides a great opportunity to be tapped by clients of E-Cofueling's technology.

Government and Car Manufacturers who is strongly into the green initiative possess a strong opportunity to be tapped by E-Cofueling. The good inter-government relationship between Australia and Malaysia provides an opportunity to influence governmental decision on E-Cofueling's technology. 10. 4Threats E-Cofueling faces threats from possibilities of government increasing subsidies to fossil fuels which would further erode the business case for bio-diesel which would impact the viability of local partners in appointing E-Cofueling as the technological consultant. In addition to that, E-Cofueling would also need to face the threat from existing Fossil Fuel technology that holds stronger capital to influence the market.

The Malaysian government could enforce a legislature that mandates the use of Malaysia Government backed biodiesel which could prevent the introduction of E-Cofueling's technology. TOWS Analysis | S - STRENGTH \*

Advance technology \* Recognized by Australian Government \* Tested in Australia. | W - WEAKNESSES \* Australian new technology. \* New brand name in Malaysia \* Higher price for bio-fuel compared to fossil fuel | O - OPPORTUNITIES \* Increment of sales of diesel vehicles \* Increased green awareness among Malaysians. \* Good Government relationship between Malaysia and Australia | SO - STRATEGIES1-Establish tie-ups with Car Manufacturer. - Leverage Australia ??? Malaysia relationship to gain Malaysian Government's recognition | WO - STRATEGIES1-More test to be conducted in Malaysia to promote more confidence in consumer2-Joint-venture with establish local companies or government link company (GLC) establish brand name | T - THREATS \* Government further subsidies fossil fuel. \* Existing substitutes have stronger capitals, brands and marketing ; promotion funding. \* Malaysian Government legislates the use of Malaysian Government backed Biodiesel. | ST - STRATEGIES1- Lobby for general legislation on usage of bio-fuel with Australian government's support 2-Promote technological benefits through NGOs and Government media thus affordable with limited budget. | WT - STRATEGIES1-Tie-up with Malaysian Government supported Biodiesel producers to prevent impact from government legislation. |

Based on the TOWS analysis, it is apparent that E-Cofueling's strength in advance technology and endorsement from the Australian Government could assist it to seize the opportunities from the increase in sales of diesel vehicles, better green awareness and good inter-country relationship. The strength also assists in eliminating the weakness by focusing in establishing tie-up with local organisations. Overall Conclusion The marketing audit

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concluded that E-Cofueling's ability to penetrate the Malaysian market would not be straightforward. Cost remains as one of the strong denominating factor. However, as the Government and people of Malaysia are becoming more aware of the need for a sustainable ' green' solution thus Malaysia is worth to be explored further. Bibliography Bursa Malaysia Berhad. (n. d. ). Bursa Malaysia Sustainability Portal.

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