

# Environment factors assignment



**ASSIGN  
BUSTER**

Perusahaan Otomobil Kedua Berhad (Perodua) For this given assignment, I have chosen Perusahaan Otomobil Kedua Berhad or Second Automobile Manufacturer Limited Corporation as the organization of my choice. This organization is more widely known as Perodua. Perodua first emerge to the market on 1993 and is Malaysia's second automobile manufacturer after Proton. Its first car is the Perodua Kancil, launched on 1994. It mainly manufactures small compact cars at very affordable prices and therefore does not really compete with Proton in the same market.

It is not only available in the Malaysian market, it is exported to countries such as United Kingdom, Mauritius, Brunei, Sri Lanka, Cyprus, Malta, Egypt, Nigeria, Senegal, Lebanon, Qatar, Saudi Arabia, Syria, Nepal and Fiji in small numbers by local dealers. Perodua does not actually produce any in house designs or engineering for the main components (i. e engine, transmission). All Perodua cars are badge engineered from Daihatsu. Daihatsu used to own a majority stake in Perodua. In 2004, the Toyota Avanza started being assembled by Perodua in their factory in Rawang for the Malaysian market.

Perodua's target markets are teenagers, low income earners, small families and lower-middle class consumers. Now with the increase of fuel prices, it had managed to come up with cars that are fuel efficient. Therefore, it targets those who are concern with fuel consumption of the car. In order to reach out to its customers, it has to cope with the business environmental factors that consist of actors and forces outside marketing that affect its ability to develop and maintain successful relationship with its target customers. Business environment however is divided into two types. They are microenvironment and macroenvironment.

By definition, microenvironment includes forces close to the company that affect its ability to serve its customers and macroenvironment are larger societal forces that affect the microenvironment. First, I will elaborate on the microenvironmental factors. There are six forces altogether. The company's internal environment, suppliers, intermediaries, customers, competitors and publics are the six forces. The company itself plays the most important role of all the six. This is because for the marketing people to carry out their marketing plan, they need the approval and support from the top management of Perodua.

Then, they will need the financial support to make those plans successful. But, before all of that, they will need the help of the R department to do research on customers' needs and wants before planning how to market the product. As I have said earlier about the price of petrol has escalated, therefore, Perodua came up with Viva, a fuel efficient car to combat those fuel consumption miseries in customers. After that, as the orders are received, the marketing department will have to pass the number of orders to the manufacturing department. Then, it will also need to correspond with the accounting department on the sales made.

Next, we have the second factor which is the customers. Customers are very important to a business. Without customers there will not be sales and profit. Without that, the company might not be able to survive. What is the use of having a business if there are no customers? The customer markets are sort to five types. The business markets are one of it. This market buys a company's product and uses it to assist in its own production or business.

This market gives big sales to Perodua as they usually buy in bulk. For example, driving schools buy Kancil and Myvi to train their students.

The reason why driving schools buy Perodua products is because of its low cost and low maintenance. The main customer market of Perodua is the reseller markets. Since Perodua is a manufacturing company that manufactures cars, it will need dealers to help sell out the cars. This is where the resellers come into position. Their main role is to buy the freshly assembled cars and sell it to consumer markets at a price that produces profit. Consumer market is one of the customer markets. Consumer markets are people who buy the cars for personal usage. People like you and I are included into consumer markets.

There are also the government markets who buy in bulk. In Malaysia, the government buys Perodua Kancil for police to use it for go around neighbourhoods to ensure there are no suspicious activity going on. As I have stated earlier, Perodua has exported its cars to many other countries including United Kingdom. Third, suppliers play a major role in a manufacturing company like Perodua. Perodua gets its supplies from various suppliers. It is best to stay in a good relationship with a supplier. This is so that they deliver their product promptly and on time.

If they are not punctual in their delivery then the whole production might be stalled due to missing parts in the cars. In order to stay in a good relationship, Perodua will have to pay their suppliers on time and stay loyal to the supplier. Alike to suppliers, Perodua also need to stay in a good relationship with their marketing intermediaries like resellers because they

are the ones who help Perodua to promote their cars and sell them. The two major resellers of Perodua are Autowangi and Autobinee. Basing on feedbacks from customers, they provide the best customer service and have good efficiency.

This is why Perodua needs to stay in a good relationship with them as they might be able to increase sales and profit for Perodua. In order for Perodua to stay strong in the market, it will need to beat the other manufacturers. Recently, proton launched a new car, Savvy, to compete against the ever popular Myvi and Kelisa of Perodua. Not only that, for the past few years, other brands such as Hyundai launched their compact car, Atos and also iTen, Chevrolet's Aveo and China's Chery. All these brands are Perodua's competitor as they produce the same type of compact cars.

Despite all that, Perodua still emerge as the best selling car company in Malaysia. Why is this so? This is because of the technology they use in cars. Making the cars more fuel efficient and they are also one of the companies that give out the best customer services. Their efficiency in satisfying customers' needs has made them the best. The last factor is groups of people that perceive itself of having an interest in a company's ability to achieve its objectives. They are known as the publics. Overall, generally there are seven types of publics. But the top three that affects a company the most are the ones that I will elaborate more on.

First is the media public. They are the ones that will make or break a company because they are the ones the people of the country trust the most. They provide information to the community and keep them updated on

the latest news. Perodua advertise their cars in the news paper and even the media. Every day you read the newspaper, you will come across an advertisement on Viva and how good the fuel consumption is. This is what gets the publics' attention. But if one day Viva is said to be dangerous because one of their parts is not approved by the quality control, I am pretty sure, the sales will drop drastically.

Next stop, citizen action publics. These are the institutions that helps safeguard the welfare and also the interest of the public. For example, the Consumers Association of Penang helps do research and test products that are available in the market. After that they will write up a review on the product. That is not the only ones, weekly there are people who do review on cars in the Star Newspaper. They are to inform and give information to those who are interested in buying the car. This will help them make a better decision. The government publics are those who work with the government or either the government itself.

How does it affect the company? Taxation on car parts and also the quality control as required by the government. Since Perodua does not produce the own engines, when imported to the country, it will be taxed. This will cause an increase in the whole manufacturing cost. In order for Perodua to minimise the cost and maximise profits, I suggest Perodua should come up with the skills needed to manufacture their own engines. They could sponsor their engineers to overseas and acquire the knowledge needed. The quality required by the government is not actually a bad thing.

It helps reduce the problems that may arise if the quality is bad. For instance, if Perodua's sealing is not waterproof enough then there will be complaints from the buyers. This will then affect the company negatively. Then the other four are the financial, local, general and internal publics. Financial publics can hinder a company's ability to obtain funds affecting the level of credit a company has. Local publics are neighbourhood and community organizations and will also question a company's impact on the local area and the level of responsibility of their actions.

The general public can greatly affect the company as any change in their attitude, whether positive or negative, can cause sales to go up or down because the general public is often the company's customer base. And finally, the internal publics include all those who are employed within the company and deal with the organization and construction of the company's product. Basically there are six macroenvironment forces that will be discussed in depth. The demographic factor studies the populations in terms of size, age, gender, race and many other more.

It is important for Perodua to take into account of this factor because they have to operate with the society. They will need to satisfy needs of the people. Single bachelors would prefer a sportier looking car such as Myvi and Kenari. Young teenagers who have just passed the driving exam would go for a Kelisa or Kancil for easier manoeuvring. Sole traders who need a bigger space for loading of stocks might be interested in the Rusa. Perodua produced all ranges of cars to serve all the markets available. Next we have the economic forces that will affect the consumer purchasing power and spending patterns.

As the economic of the country fluctuates up and down, it will affect the business. When the economy is in a bad shape, the purchasing power reduces greatly and consumers will only spend on necessities. As for Perodua, a car may not be a necessity to many because there are motorcycles and also public transport. Moreover, now with a higher fuel price, it has caused all the auto sales of the country to decrease. Perodua may not be as badly affected by this as the other manufacturers because Perodua has their own fuel efficiency technology and has implemented it in their latest car, the Viva.

Natural resources that are needed as inputs by marketers or that can affect the marketing activities are known as the natural forces. The main concern of this factor is the increased scarcity of raw materials and also the increase of air pollution. Increased pollution will not only affect the production directly but also indirectly. For instance, the citizen action publics will make complaints of the company if any of the Perodua cars cause more air pollution or is a danger to the public. And also with the increased scarcity of raw materials, it gets harder for a company to produce its roducts. Not only that, cost of production will increase as well. Government intervention is also a part of natural forces. As the government intervention increases, it may affect the natural flow of a certain business or either benefits the company. For example, when the government intervned and imposed import taxes on foreign cars, the production of Perodua increased as it is much more affordable to purchase a Malaysian made car. The technological environment is perhaps one of the fastest changing factors in the macroenvironment.



This includes all developments from antibiotics and surgery to nuclear missiles and chemical weapons to automobiles and credit cards. As these markets develop it can create new markets and new uses for products. It also requires a company to stay ahead of others and update their own technology as it becomes outdated. They must stay informed of trends so they can be part of the next big thing, rather than becoming outdated and suffering the consequences financially. Perodua that is partially owned by Daihatsu, uses technology from Toyota and also Daihatsu itself.

The technology acquired from Toyota is the DVVT engine, known as VVTI in Toyota. This engine is used in Myvi and also Kembara. Both this models have a capacity of only 1300cc. When this technology is implemented into those cars, it produced the same horsepower as a 1500cc Honda Jazz. The technology Perodua acquired from Daihatsu is the fuel consumption technology. Less fuel is consumed and high horsepower has made Perodua Myvi one of Perodua's star products. The political environment includes all laws, government agencies, and groups that influence or limit other organizations and individuals within a society.

It is important for marketers to be aware of these restrictions as they can be complex. Some products are regulated by both state and federal laws. There are even restrictions for some products as to who the target market may be, for example, cigarettes should not be marketed to younger children. There are also many restrictions on subliminal messages and monopolies. As laws and regulations change often, this is a very important aspect for a marketer to monitor. The laws and regulation for cars in Malaysia is that the cars must have a seat belt for each passenger.

For example, if a car is a 7-seater car, then there must be seven seat belts in the car. Then, the windows of the cars must not be too darkly tinted. There is a certain level of darkness allowed for the car window tints. Those are only a couple of small rules. The more complex law on cars is that all cars must be inspected thoroughly by PUSPAKOM before it can be used on the road. The final factor of the six macroenvironmental forces is the cultural forces, which consists of institutions and basic values and beliefs of a group of people.

The values can also be further categorized into core beliefs, which passed on from generation to generation and very difficult to change, and secondary beliefs, which tend to be easier to influence. For example, if A, a new customer of Perodua finds the car is of good quality and smooth driving, he will spread the news to his friends and then his friends might consider buying the car. This is can be applied to the same situation where a customer had some bad experience driving a product of Perodua. It is important for a marketer to acknowledge the entire marketing environment and be proactive about it.

Actions must be taken to tackle all the factors. When this is done, it makes marketing must easier and much more efficient and effective. Not only that, it is also important to place equal emphasis on both macro and micro environment. Reference: •<http://en.wikipedia.org/wiki/Perodua> •[http://en.wikipedia.org/wiki/Market\\_environment](http://en.wikipedia.org/wiki/Market_environment) •[http://www.atimes.com/atimes/Southeast\\_Asia/EH26Ae01.html](http://www.atimes.com/atimes/Southeast_Asia/EH26Ae01.html) •<http://freeweelee.wordpress.com/2008/06/09/malaysias-new-rear-seatbelt-law-purely-for-rakyats-safety-or/> •<http://paultan.org/archives/2005/04/23/perodua-myvi/> •<http://news.msn.com/article.aspx?cp-documentid=1689154>

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