

# Swot analysis of proton edar sdn bhd



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The SWOT analysis is a valuable step in your situational analysis. SWOT analysis could be identified as a strategic planning method in evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or the company. It involves specifying the objective of the business venture or project and also by identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

The primary purpose of the SWOT analysis here is Proton-Edar Sdn Bhd to identify and assign each significant factor, positive and negative, to one of the four categories, allowing Proton-Edar Sdn Bhd to take an objective look at the business. The SWOT analysis will also be a useful tool in developing and confirming goals plus marketing strategy.

## **Strengths**

Proton ties with other ASEAN markets which are strengthening at all the times through ASEAN Free Trade Area (AFTA) induced tariff reductions, which will provide advantages for carmakers basing themselves in Malaysia. The market continues to attract investment from major carmakers, with General Motors (GM) forming a tie-up with DRB-HICOM Bhd in August 2007 and its subsidiaries include Perusahaan Otomobil Nasional Sdn. Bhd and Lotus Advance Technologies Sdn. Bhd.

Proton has received a lots of award concerning about their product and organization. This awards bringing the synergy on the corporate and product image. Few of it is:

April 2008 : Reader's Digest Trusted Brand 2008 Gold Award for Car Category

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July 2008 : Asian Auto – VCA Auto Industry Awards 2008 – Best People’s Car Award for PROTON Saga

Proton Saga and Proton Exora at the 2010 Frost Award

Sullivan Malaysia Excellence Awards 2010

Reader’s Digest Trusted Brand 2006 – Gold Award for Car Category.

Reader’s Digest Super Brand 2005 – Gold Award for Car Category.

Merdeka Millennium Endurance Race 2005 – 1st place Overall and Class ‘ O’ Winner.

Malaysian Rally Championship 2005 – Overall class Winner P10 Category.

Malaysia Best Brand Award.

National Creativity & Innovation Award 2004.

Proton WAJA – 4.5 stars out of 5 star rating for being the Most Economical and

Greenest Sedan in Australia.

Proton Edar stress on the elevation of the automotive eco-system saw the strengthening of the vendor base and dealer system. These explanation initiatives enabled Proton together with vendors and dealers to deliver improved quality of service and be more competitive.

Proton will continue to strengthen itself in all aspects to operational, and corporate to better equip it in the years ahead. As a Government Linked

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Company, Proton is secured in term of financial capabilities. It will adopt a three-pronged thrust namely development of market-driven products, focus on high growth regional markets and a production strategy that achieves economies of scale.

## **Weaknesses**

The national industry is in decline, with Proton losing market leadership for the first time in 2006 (albeit to fellow national producer Perodua).

In contrast, Proton reported a loss of RM75 million in the October – December quarter last year. It is exceeded in market value by Oriental Holdings Bhd (RM2. 3 billion) and DRB-HICOM Bhd (RM1. 4 billion), both of which are diversified motor-based groups.

After that, the existing quality issue can affecting brand image caused by active service units such as political interference by Tun Porsche on vendor selection, appointment of top management and design. Plant utilization low can also inability to retain and cultivate talent, inability to introduce real new models, no economies of scale, inability to penetrate export markets, inability to satisfy customers' needs, no sense urgency, corporate governance and complete numbness of developments in the auto industry. Funds shrinkage can influence result in Proton inability to introduce new models.

The failure by Proton to find a foreign partner is a warning signal that it is no longer a competitive and economically viable entity with current market situation and questionable management decisions that causes Proton to lose money when other finds profits.

## **Opportunities**

The entry of Danish vehicle tuner Kleeman could provide a boost for the premium vehicle segment. Proton's export plans could help to offset its declining domestic influence and improve its global performance.

Faced with declining domestic sales and uncertainty regarding a strategic partnership, Malaysia's Proton has set its sights overseas. The company is evaluating a plan to build a production plant in Egypt, which would act as a gateway to Africa and West Asia and boost the carmaker's exports. Proton already sells its Gen. 2 and Savvy models in African markets, such as Egypt and South Africa, confirming that a market for the company's models already exists. According to Proton Managing Director Syed Zainal Abidin Syed Mohamed Tahir, Egypt provides a large market but could also act as a base to countries such as Saudi Arabia and Sudan.

The new Proton Exora is the ninth addition to Proton's range of cars and among the current model variances, the most saleable are the Proton Saga and Proton Persona, given the quality and price of the new Proton Exora, Proton is confident it would be well received and increase Proton's average car sales of the year by at least 30 per cent by the end of the year 2010.

Talks with Indian distributors are underway but no concrete arrangements have been made. Elsewhere in Asia, Proton has also appointed a Thai distributor. Phranakorn Auto Sales will initially sell Proton models in 20 dealerships, with the network due to double within four years.

## **Threats**

Malaysia's trade dispute with Thailand over non-trade barriers in the automotive industry could hamper the export projects of major carmakers. Burgeoning capacity levels of around 700,000 units could result in a supply glut. Thailand's 'Detroit of Asia' strategy threatens other manufacturing bases in the region.

Other than, Proton and Perodua has been at each other's heels since December 2006 when Perodua outsold Proton in monthly sales by 99 cars. Perodua's lead was short lived when Proton outsold Perodua the following month by 550 cars. In February, Perodua outsold Proton again, beating Proton monthly sales figures by 763 units. This time however, the Malaysian Automotive Association reports that Perodua's monthly sales have topped Proton by a massive 4,284 units, making it have a market share of 44% (13,574 units) as opposed to Proton's 30.35% is 9,290 units. For every Proton Savvy sold by Proton, Perodua sold Perodua Myvi. The Myvi has proven to be a stunning success.

## **Treats**

Malaysia's trade dispute with Thailand

Competitor

Losses

## **Opportunity**

Technological advances

New target market

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New distribution places

Appointment of distributor in different country

## **Weaknesses**

The national industry is in decline

Affected brand image

Weak quality

Inability to introduce new models

## **Strengths**

Ties with other ASEAN markets

Distribution channel

Cost saving

Production quality

Management

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**POSITIVE NEGATIVE**

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