



**UNIVERSITI TEKNOLOGI MARA**

**APPLIED BUSINESS PROJECTS (MBA 795):  
WHY SALES OF PROTON DECLINED?**

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## EXECUTIVE SUMMARY

The Malaysian automotive industry and car market had grown to a stage where it had gained recognition and the participation of principals directly from Germany, Japan and the United States. With the entry of more renowned foreign-made cars into the Malaysian market, automotive companies need to promote their brands more aggressively, as it is the key to gaining sales turnover and market share in an increasingly competitive environment.

The purpose of this research was to highlight the declination in the sales of Proton cars for the past few years and to determine the factors contributing to the declination. As an established carmaker, Proton is a full-fledged car manufacturer with the capabilities to design, invent, engineer and build their own cars and engines. They have become less dependent on others but still do not have the vast resources of some of the global players. Being a national car, Proton's performance in sales for the past few years has been discouraging.

From the research conducted we also examined some theoretical considerations such as SWOT Analysis, PEST Analysis, Porter's Five Forces Model and the Value Chain Model, which are relevant and useful for the study. This is particularly important for the car manufacture to have a good framework and concept in reviewing a situation, planning for strategic directions and marketing proposition. Apart from that, customer satisfaction will also represents a profitable competitive strategy.

This study is important to highlight the factors contributing to the declination in Proton's sales for the past five years. However, it can be derived that the study will also need to look into the feedback of the respondents on Proton cars to recommend on the action plans to increase Proton sales. It is hoped and intended, that this research project could help Proton to improve on their quality in all areas, including reputation and finally, boost up their sales in the near future.

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# CHAPTER 1

## 1.0 INTRODUCTION

This chapter provides the background and rationale for the study. It also gives details of the significant information about the development and performance of Proton as the Malaysian national car, the issues and problems that led to this research.

### 1.1 Brief Historical Background

Proton Holdings Berhad is short for Perusahaan Otomobil Nasional, is Malaysia's first car manufacturer initiated by the then-Malaysia's Prime Minister, Tun Mahathir Mohamad. Proton has come a long way since its inception in 1983. Proton is entrusted by the Government with the responsibility to develop the nation's automotive industry. Proton is listed on the Bursa Malaysia and is now controlled by Khazanah Nasional Bhd, the government's investment arm, which holds a 42.7% stake in the company.

Proton has transformed itself from being a mere assembler with its first car rolling-out in July 1985, into a full-fledged car manufacturer that it is today. Proton has produced cars and continued to develop and re-invent itself to meet the challenges of the increasing competitive market conditions both in Malaysia and in the international area. Proton has put in place strategies that enhanced its position in the industry by acquiring advance technologies and developing the requisite capabilities. Today, Proton has the capabilities to design, invent, engineer and build their own cars and engines.

Based on the technology and parts from Mitsubishi Motors, production of the first model, the Proton Saga, began in September 1985 at its first manufacturing plant in Shah Alam, Selangor. Initially, the components of the car were entirely manufactured by Mitsubishi but slowly local parts were being used as technologies were transferred and skills were gained. Proton rolled out its first vehicles in 1985 and the 100,000<sup>th</sup> Proton Saga was produced in January 1989.