

Universiti Teknologi MARA

**Marketing of NGV in Malaysia:  
With Particular Reference in Johor Bahru**

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## **Abstract**

Malaysia is blessed with the vast natural gas reserve and with the available technology this gas is used as a viable alternative to petrol. Despite the early introduction of NGV, motorists in general are not very keen to explore the opportunity simply because of lack of knowledge on the subject, wrong technical perception, lack of marketing promotion and no serious efforts on the part of the authority to promote NGV. Knowing all the concerns of the motorists as well as the limitation of the product we should be able to formulate a strategy on how to increase the use of NGV in Malaysia thus reducing the dependency on the petrol.

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background

The rise of petrol price as the major source of fuel has burnt holes in many people's pockets. It affects live especially the lower income group and those who have a lot of travel mileage daily. With the current price of RM 1.92 per litre, one can only expect the price to hike more for the coming years.

NGV is one of the alternative sources of fuel. NGV is a vehicle that uses compressed natural gas (CNG) or, less commonly, liquified natural gas (LNG)) as a clean alternative to other automobile fuels. Worldwide, there are roughly 4 million NGVs as of 2004, with the largest number of NGVs in Argentina, Brazil, and Pakistan. They are also popular in Italy and Germany.

To kick start the project in Malaysia, Petronas NGV gave RM1,500 subsidy for 3000 taxi vehicles making their cost to pay only 50%, 50% absorbed by Petronas but it did not attract a lot of user. While existing petrol-powered vehicles may be converted to CNG, an increasing number of vehicles worldwide are being manufactured to run on CNG. For example, in Klang Valley, taxis had converted their cars to NGV, greatly reducing the cost of operation.

However, NGV refill stations are not yet widely available, so cab drivers need to wait in long queues to refill. It may take sometime for Petronas to build more NGV stations, yet more stations are being built gradually. What the public do not know is that the cost of building a small NGV refilling centre is equal to building a proper Petronas Station. This is exclusive of RM millions to spend on infrastructure. The Government is encouraging NGV usage but lack of backing support. That's why Petronas NGV's growth is considered slow.