



A STUDY ON PROTON  
& ITS CHALLENGES AFTER AFTA

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# TABLE OF CONTENTS

## CHAPTER TWO

### 2. LITERATURE REVIEW

	<u>PAGE</u>
ACKNOWLEDGEMENT	iv
LIABILITY DISCLAIMER	v
TABLE OF CONTENTS	vi
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xii
ABSTRACT	xiii

## CHAPTER ONE

<b>1. INTRODUCTION</b>	<b>1</b>
1.1 Background and History	1
1.1.1 Previous Research About Proton & AFTA	3
1.1.2 What is AFTA	5
1.1.3 AFTA and Its Challenges to Proton	6
1.1.4 Proton's Position In Automotive Industry	7
1.2 Significance of the Study	8
1.3 Problem Statement	9
1.4 Research Objectives	9
1.5 Research Question	10
1.6 Limitations	11
1.7 Definition of Terms	12

CHAPTER THREE

CHAPTER TWO

3. RESEARCH METHODOLOGY AND DESIGN 28

2. LITERATURE REVIEW 14

2.1 Generic Business Strategy For Industries 14

2.2 Cost Strategies 14

2.3 Differentiation Strategy 16

2.4 Product Differentiation 20

2.4.1 Form 20

2.4.2 Feature 21

2.4.3 Performance Quality 22

2.4.4 Conformance Quality 22

2.4.5 Durability 23

2.4.6 Reliability 24

2.4.7 Repairability 24

2.4.8 Style 25

2.4.9 Design 25

4.2 Findings and Results 60

## ABSTRACT

The objective of this study is to analyse the business response taken by the national automaker, Perusahaan Otomobil Nasional Berhad or PROTON in the face of regional market liberalization with the implementation of AFTA (Asean Free Trade Area) not only in Malaysia but also in the Asean region. The study encompasses Proton's initial growth, and market share which are mainly in the local market, and the eventual effects that affected Proton with the abolishment of the trade tariff. This also includes the various steps taken by Proton over several years, such as the investments in the technology for product, i.e. research and development (R & D), model varieties, and quality in preparation of AFTA.

The study explicates the evident of efforts from Proton itself to succeed in the automotive industry. Proton had responded positively to the implementation of AFTA by considering its limitations and had taken the necessary steps to overcome its weaknesses. AFTA had also provided greater opportunities for Proton to venture further into the exports market in the Asean region. Proton's new high-tech R & D (with Computer Aided Design (CAD)) had produced several new models of cars that had made in-roads to the Asean regional markets, notably to Thailand, Indonesia and Vietnam. Proton's success in the regional Asean market would enable Proton to penetrate further in the world markets to compliment its success in the U.K. and the Australian markets.