

**A STUDY ON THE MARKETING PRACTICES ADOPTED BY  
SMALL AND MEDIUM ENTERPRISES OF AUTOMOTIVE  
INDUSTRY IN MALAYSIA**



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## **ABSTRACT**

*This study tries to investigate the marketing practices adopted by SMEs of automotive industry in Malaysia. The scope of this study is focused on automotive industry because it is one of the industries in the country that are developing rapidly. This is especially emphasized when the global market is talking about AFTA which is nearing us soon. Specifically the objective of this study is to look at the way SMEs of automotive industry perform their marketing practices. Besides that, factors involved in their formulation of marketing strategies were also identified. Primary data were the main instrument used to collect data with regards to the purpose of this research. From the total population, the researchers had managed to collect about 10% as their sample. The response rate was a bit small but it is expected to indicate the marketing practices performed by the SMEs. A simple frequency analysis was used to analyze those data in order to answer the objectives. It can be said that the marketing practices adopted by these SMEs are rather moderate. Most of the products offered were purely tangible products and they brand them under manufacturer's brand. As for pricing element, the companies aim towards getting return on their investment. They do practice credit sale with a 2 months of payment period. Most of the companies distribute their products direct to their users. This is because according to them, cost is the main factor that influenced their distribution decision. The companies prefer to display their products as their way of attracting customers to buy their products. Since their products are tangible products and cost is a factor to these companies, display is probably a cheaper and quicker way to attract customers. Of all the promotional method available that are personal selling, sales promotion, advertising and public relation, these SMEs mostly adopted personal selling as their main promotional method. There were 7 sub variables that this research had focused on. This is because those variables are considered as the most important variables used to develop a company's product strategy. Those sub variables are product quality, product features, product variety, product style/design, product brand name, product packaging and product services and*

### 1.1 Background of the Study

Over the years, new small to medium sized enterprises had and keeps on coming in. Most governments in many countries have recognized small and medium enterprises (SMEs) as significant and played a vital role in the economic growth. More specifically, under the context of contributing to the economic growth, these small and medium scaled enterprises create more job opportunities and wealth.

Today, it is rather acknowledged that small to medium sized businesses have their own characteristics that affect their way of doing business, which largely determines their positions, in between larger firms in the industry. Recognizing the increasing role played by the SMEs in contributing to the country's wealth, it is important for SMEs to operate effectively in the external environment. In doing so, they had to be able to adopt effective marketing practices to ensure success of their companies.

In Malaysia, the government is firmly committed to the promotion of SMEs. Many government agencies and programs have established to help the enterprises with special emphasis to assist Bumiputera owned SMEs. Examples of government departments and agencies dealing with SMEs are the Ministry of Entrepreneur Development, Ministry of National and Rural Development, National Productivity Centre (NPC), Majlis Amanah Rakyat (MARA), Bank