



Vodus Insights

COVID 19 : Impact on Malaysia's Automotive Sector

Vodus Insights Report

COVID19 : IMPACT ON MALAYSIA'S AUTOMOTIVE SECTOR

June 2020



Research Objectives

Major economic sectors were shutdown due to the COVID-19 pandemic. It is imperative that we understand the pandemic's impact on the nation's automotive sector, which can be challenging for manufacturers to withstand and recover from.

The main focus of this study is to measure and understand the automotive market demand among Malaysian adults during the MCO (Movement Control Order) period to determine the pandemic's impact towards the sector. This study measures the 'intention to buy' a new car among current Malaysian car owners with a budget of RM 200K and below in the next 3 months.

This market demand insights can be used to forecast the future demand in the automotive sector to optimize the supply and demand of cars to minimize losses.

This study also measures the demographic profiles of

prospective buyers of various car models which can help automotive brands to identify their low hanging fruits and strategize a successful [Insights-Driven Marketing](#) campaign .

Some car models are excluded as they are not intended for the target market of this study.

Research objectives of this study:

1. Measure the 'intention to buy' a new car worth RM 200K or below, among current Malaysian car owners, in the next 3 months.
2. Ascertaining future demand for car brand/ model.
3. Profiling the prospective buyers of various car brands/ model.

Research Methodology

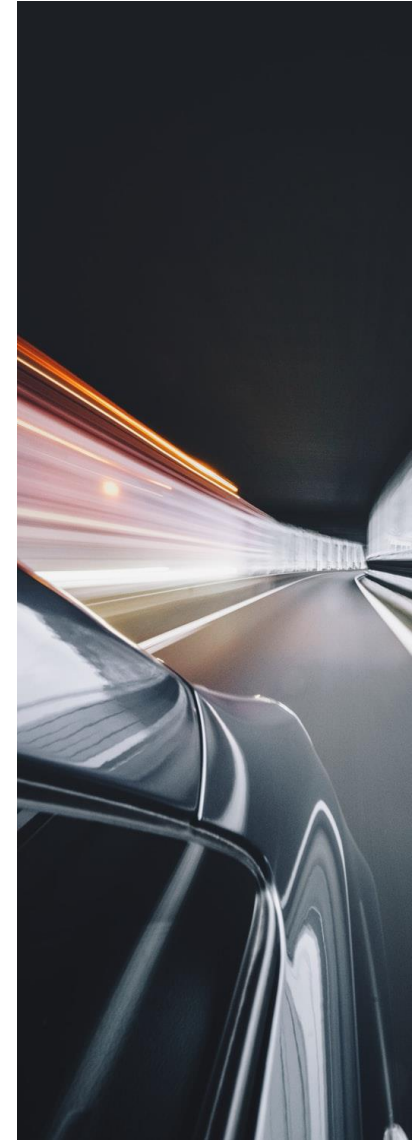
This report is based on a sample of 24,568 Malaysian adults stratified to represent the Malaysian adult population profile. The data collection was gathered via Vodus Media Network partners websites and portals consisting of Media Prima, Astro, Star Media Group and Sin Chew and covers the Peninsular and East Malaysia

This is an online methodology which uses low disruption survey method pioneered by Vodus.

The fieldwork is done during the MCO period (April – May 2020).

The target group for this study is as follows:

- Must be 18 years old and above
- Must intend to buy a car in next 3 months
- Must intend to buy a car worth RM 200K or below
- Currently must own a car



Survey Questionnaire

The questionnaire is designed to capture the holistic view of the market from the target respondents' perspective. This is to ensure that the information collected could be analyzed and turned into meaningful insights.

Here are the questions that we ask each of the respondents:

1. How likely are you to buy a car in the next 3 months?
2. What is your planned budget for the car?
3. Do you currently own a car personally?
4. Which brand of car would you consider buying?
5. Which model would you consider buying?

Data Treatment: Post-stratification

To ensure that our sample is demographically representative of the Malaysian population (without demographic bias), post-stratification data treatment is applied to our sample.

Post-stratification is applied by adding weights to each demographic characteristics in our sample to ensure that our resulting sample is in accordance to the Malaysian population census.

Our sample is post-stratified according to the following demographics: Age, Gender, Race and State.





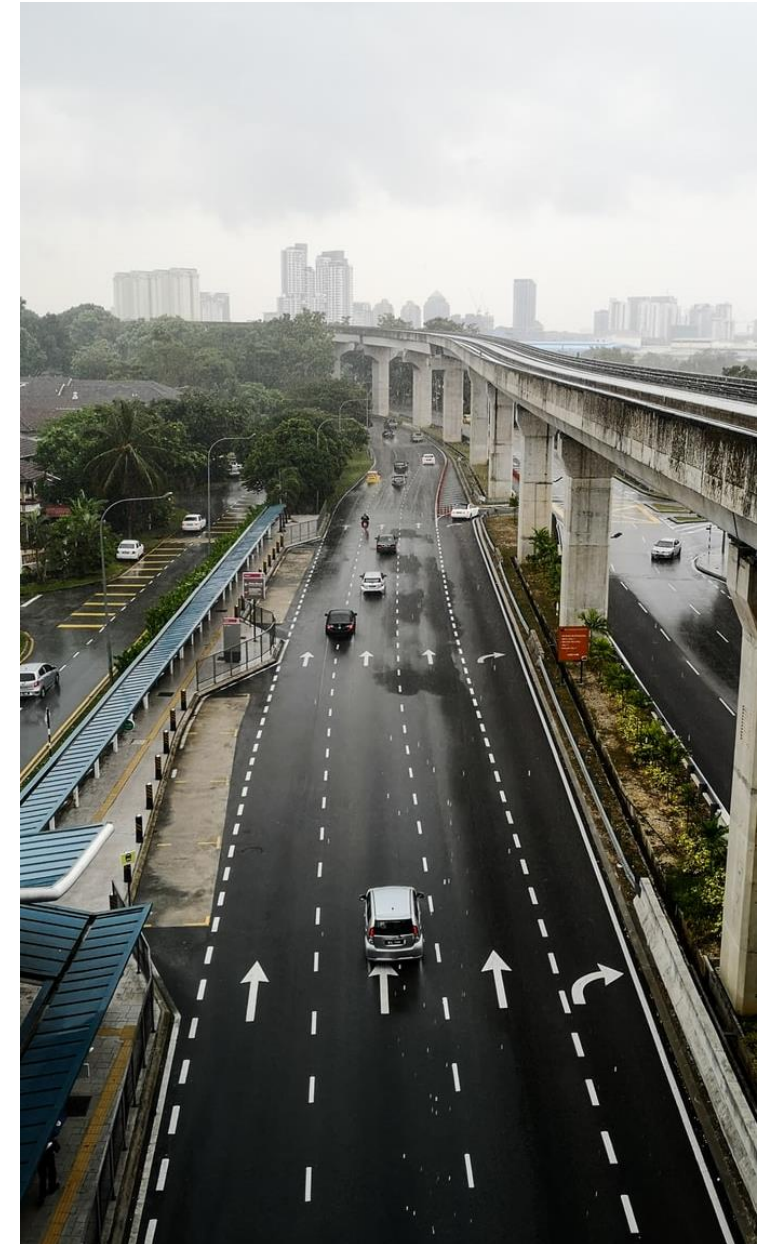
2020 ▼

Sector Earnings

is forecasted by MIDF
to contract (FY)

51%

despite contraction
in 2009 @ 18%



Current impact on the automotive businesses

Compulsory closure in operation with almost zero revenue

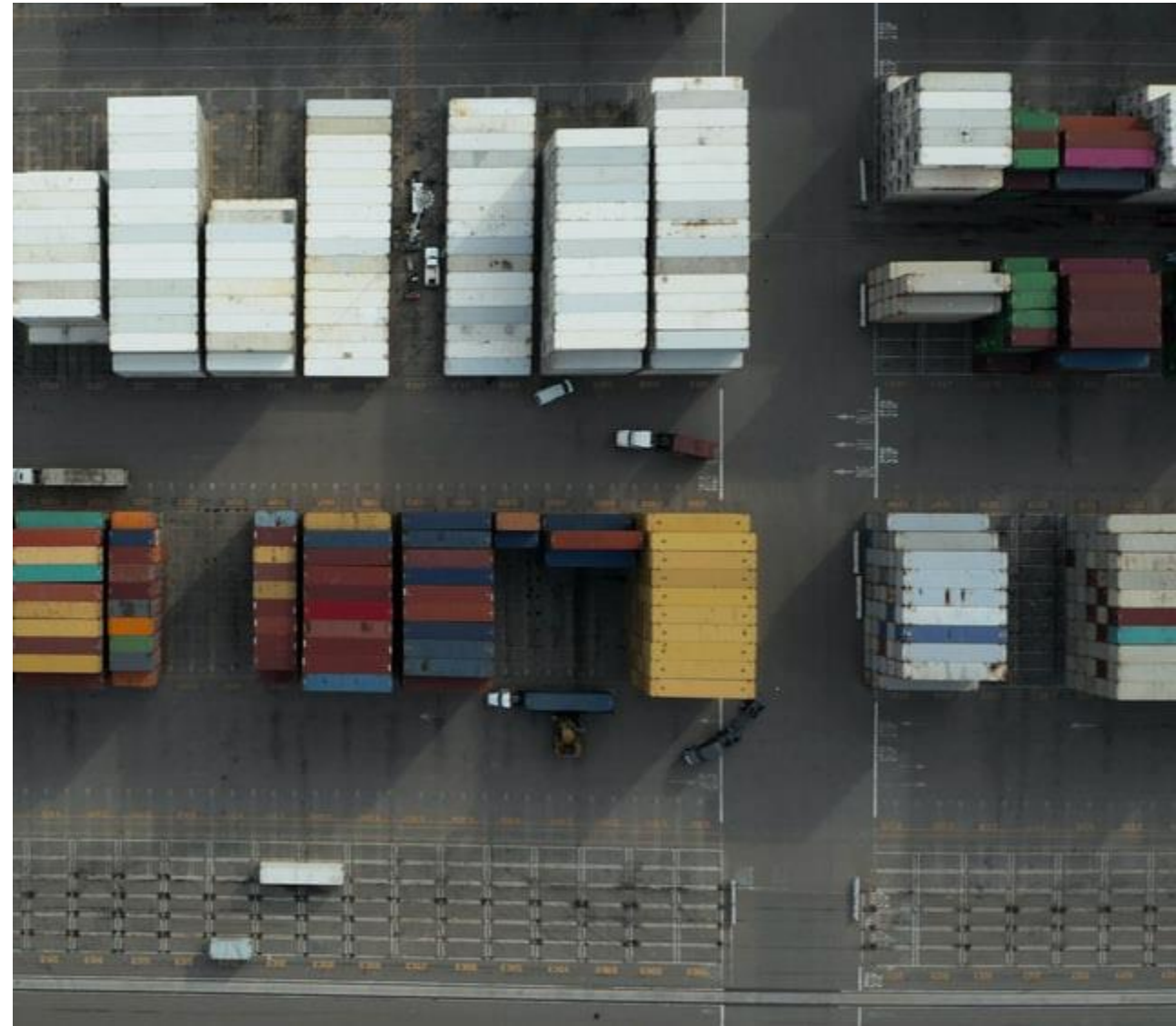
Most auto shows, walk-in sales, delivery and maintenance services are hampered by the nationwide MCO

High inventory levels and extensive operating expenses

Additional cost including loan repayments while committing to high operation cost such as overhead expenses

Negative economic growth outlook and weak Ringgit Malaysia

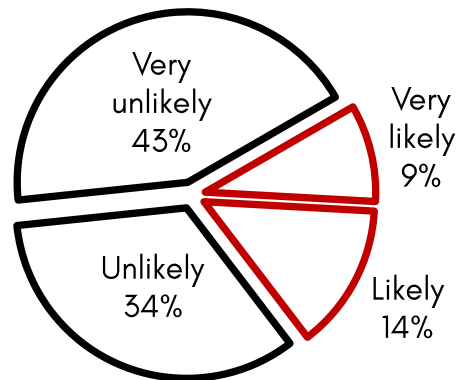
On the verge of recession , investors are turning to safe-haven currencies due to concerns over the spread of Covid-19



Source: <https://www.carsifu.my/news/covid-19-jump-start-for-malaysian-auto-industry-after-mco-is-lifted>
<https://www.thestar.com.my/business/business-news/2020/03/18/ringgit-weaker-at-open-as-investors-look-for-safe-havens>

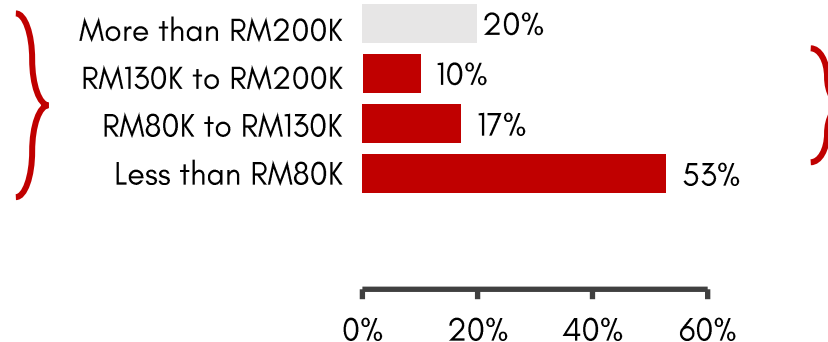
A closer look into the automotive market demand

Uncertainty in the economy as well as financial instability during the MCO period have led to only 20% of market demand among Malaysian adults to purchase or own a car



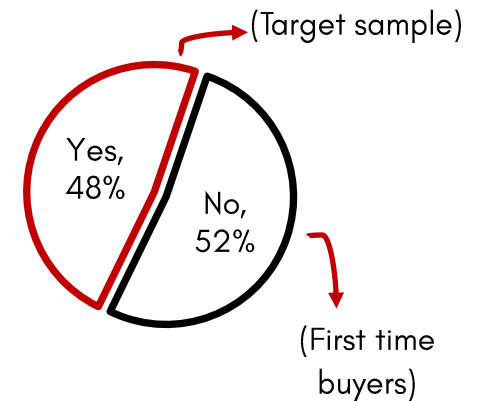
Likelihood of buying a car in next 3 months
Base: Total n=24,568

23% of the total respondents in this survey responded positively to market demand in the automotive market, however 80% of that percentage have a budget of RM 200k and below. This shows that demand for



Budget for the new car?
Base: Total n=8,220

affordable car has a lot of potential despite the current economic uncertainty.



Do they currently own a car?
Base: Intenders with Less than RM200K budget
n=3,624

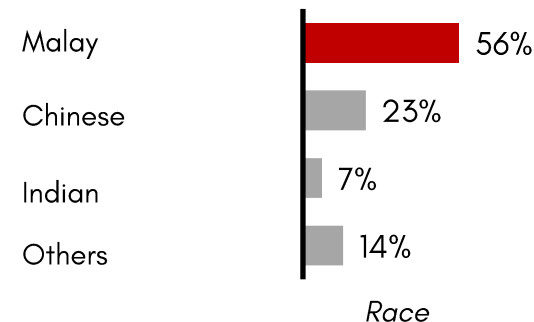
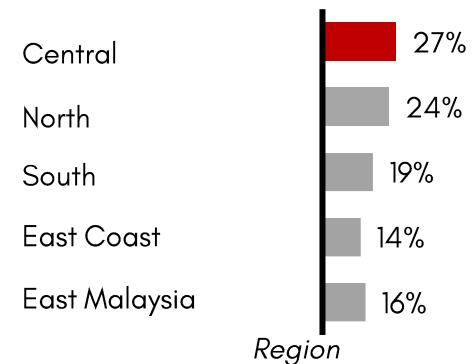
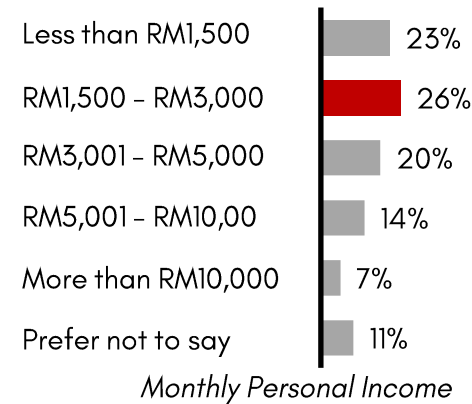
In terms of car ownership, there is little difference between first time car buyers and existing car owners.

Prospective car buyers: who are they?

Financial stability is seen as one of the factors that affects the purchasing decision of a person when buying a car. Personal monthly income below RM3000 has the highest percentage, indicating a preference for a low cost/affordable car.

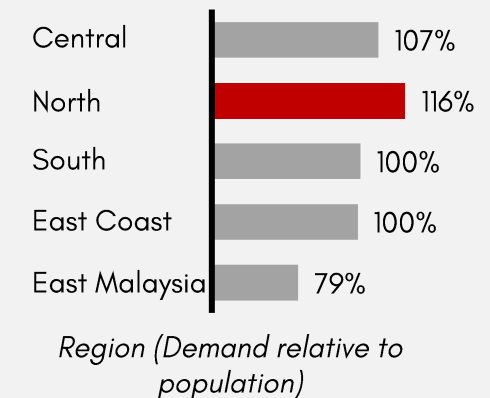


Gender disparities is noticeable in the purchase intention but could be a result of different future life goals between men and women. In summary, only 35% females intend to buy a car as compared with 65% of male prospective buyers.



When the market demand breakdown is compared relative to the population, Northern region shows a strongest relative demand, followed by Central region.

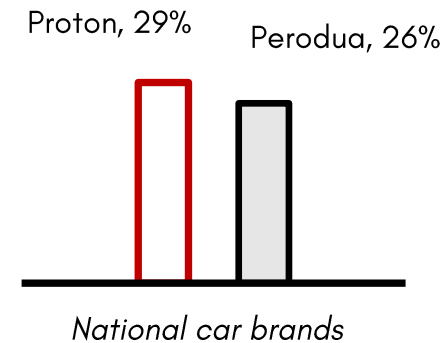
East Malaysia has the lowest relative demand among the regions.



Base: Intenders with Less than RM200K budget
n=1,746

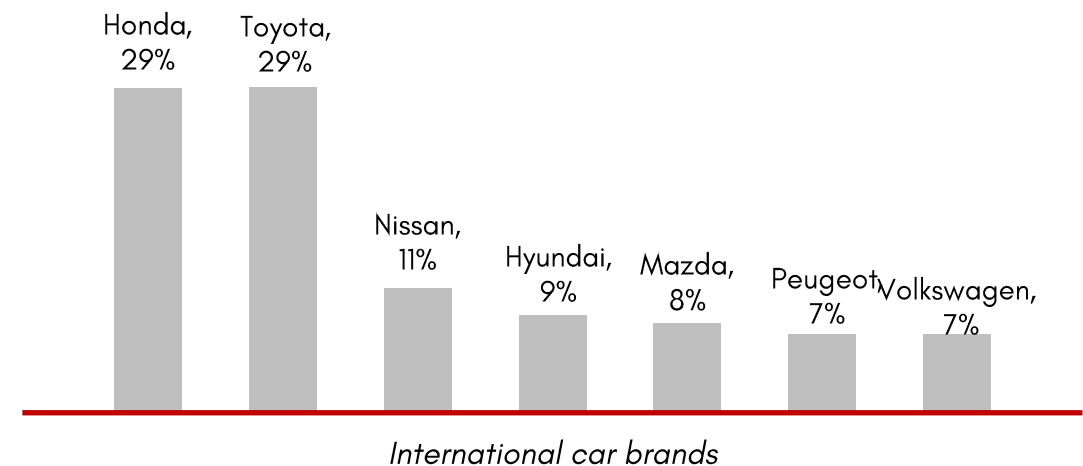
Patriotism in buying a car

First established in 1983 and 1992 respectively, both *PROTON* and *PERODUA* have successfully launched various segmentation of car models and is proven to be the best choices for consumers in terms of affordability. This can be reflected in their sales. 5,676 units of Proton were sold in May, accounting 23.3 per cent of the total industry volume in that month*



Among the intenders who are not first time car buyers, Proton is slightly more popular than Perodua.

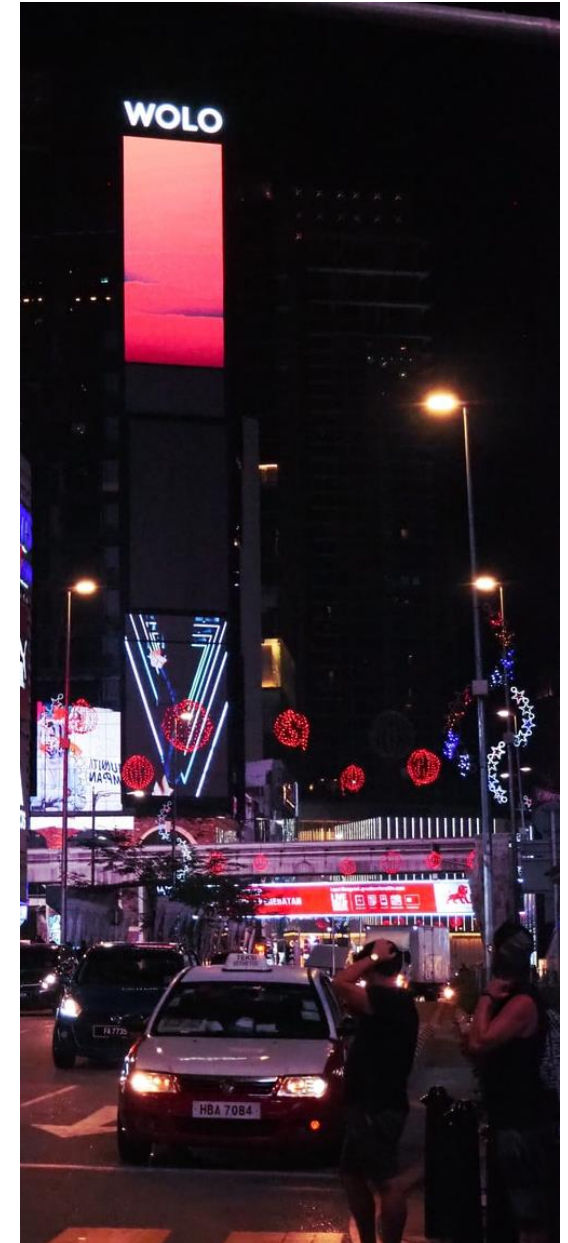
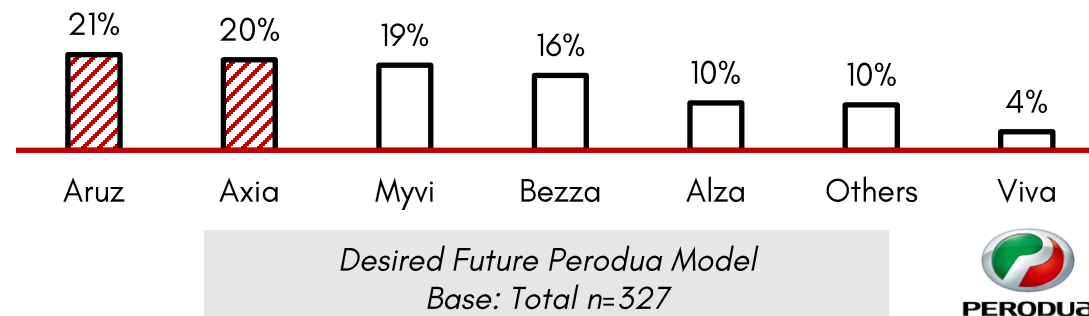
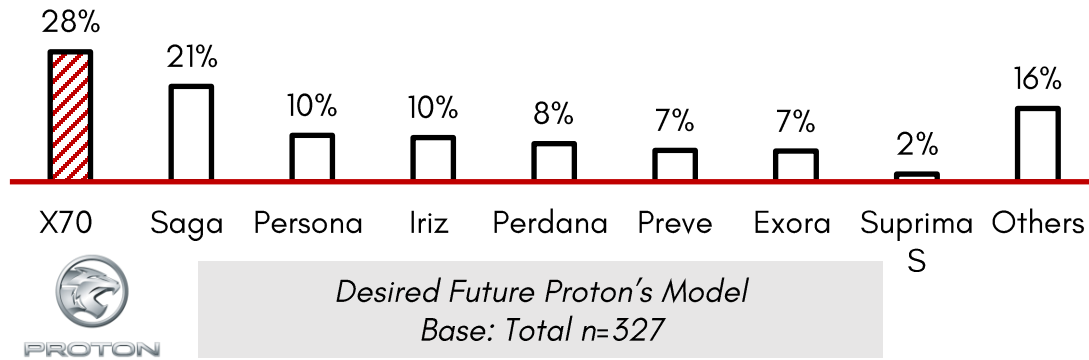
Among the prospective international car buyers, Japanese players like *Honda* and *Toyota* are the most desired car brands.



National brands' outlook

Despite the various newer range of car models, Saga remains a popular choice among Proton's prospective sedan car buyers. However, among Proton's portfolio, the highest demand is seen for its X70 SUV.

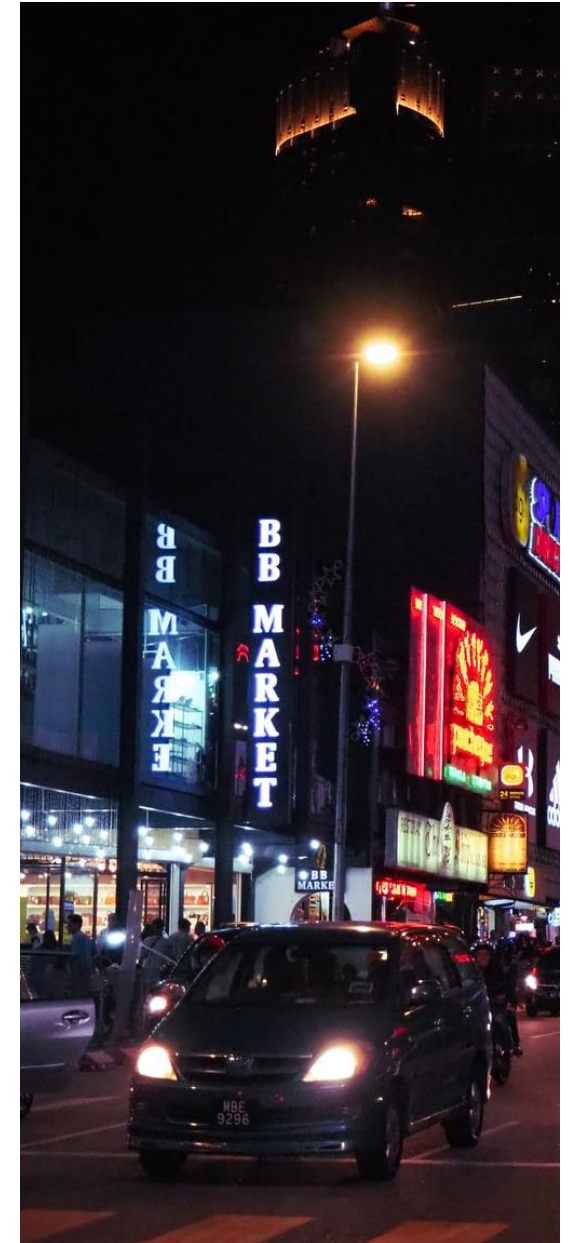
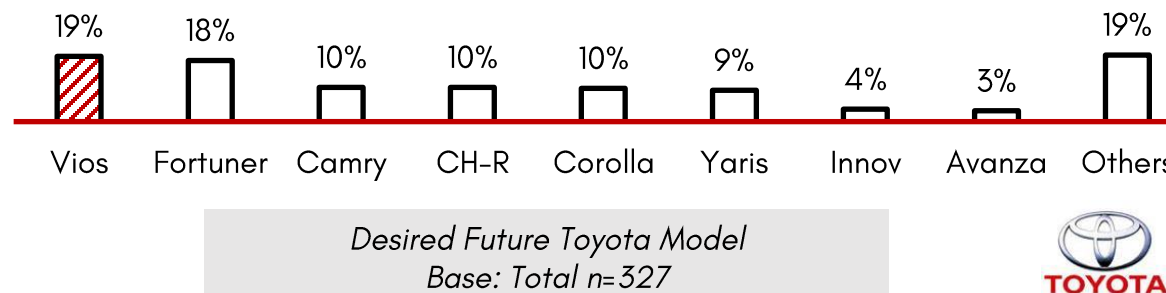
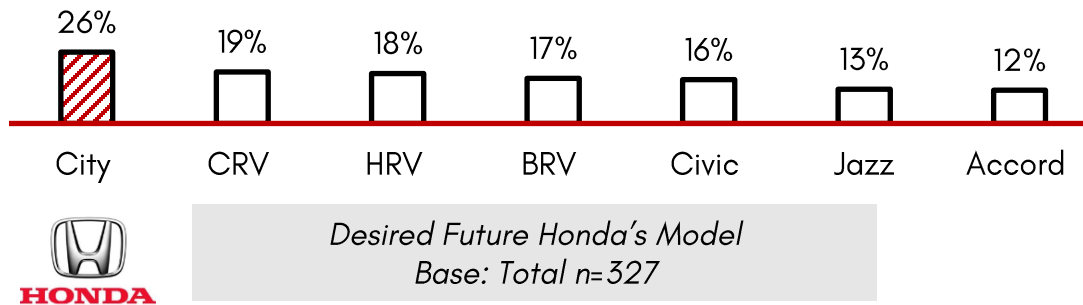
As for Perodua, their most in demand models are Aruz, Axia and Myvi with 21%, 20% and 19% respectively.



International brands' outlook

Among Japanese car brands, Honda and Toyota emerge as top 2 brands that caught the interest of Malaysian prospective car buyers. Demand for Honda City is the highest among Honda's portfolio while its other models showed a relatively uniform demand.

In the case of Toyota, its Vios received the highest demand among Malaysians prospective car buyers. From the data collected, it is clear that although Sedan is the dominant preference in the market, there is a growing demand for SUV/MPV.



Audience persona: *Proton*

Affordability as Proton's strong pillars in Malaysian automotive market

As a mature brand in Malaysia, Proton is deemed to have established its own loyal fanbase. The demand is boosted when Proton introduced their new SUV model X70 and revamped their older models. The main attribute that defines the brand's growth is still its price components that offers affordable cars that target users with less than RM5000 monthly income.

They attract prospective buyers evenly from all age groups and have a peak age group of 20 - 30 years old.

Base: Future desired brand Proton =327

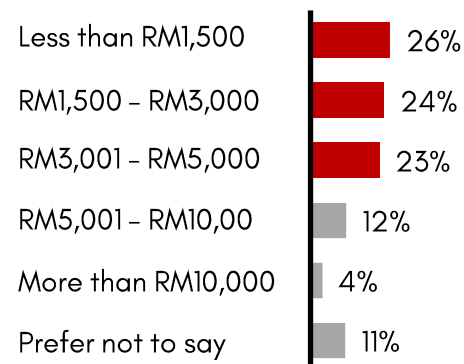


Males,
65%

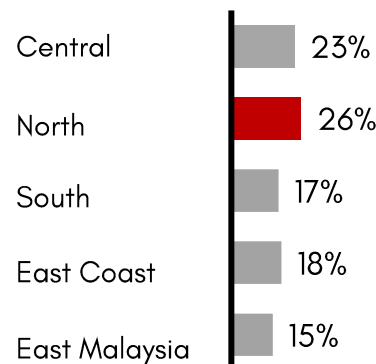


Females,
35%

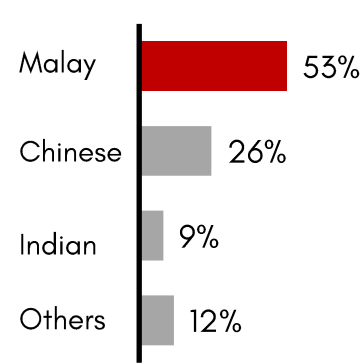
Gender



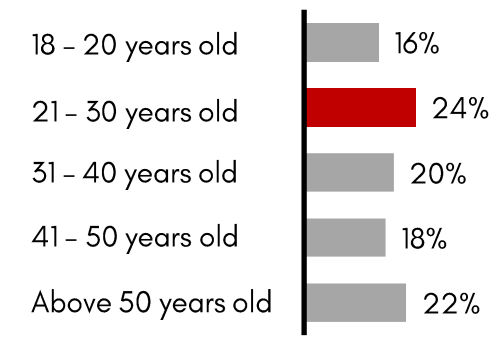
Monthly Personal Income



Region



Race



Age



Audience persona: Perodua

Multipurpose yet compact

Perusahaan Otomobil Kedua or better known as Perodua is yet another national car brand that has seen growth in demand. Their compact and sporty car design is proven to be desirable mainly in the Malay market. Their innovative thinking in designing models that suit the preference of the market but still maintain the affordable choice for its users.

Similar to Proton, they attract prospective buyers across all age groups and have a peak age group of 31 – 40 years old.

Base: Future desired brand Perodua =324

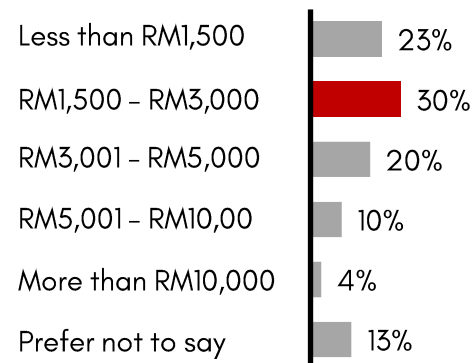


Males,
62%

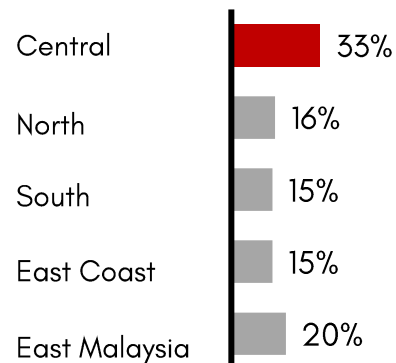


Females,
38%

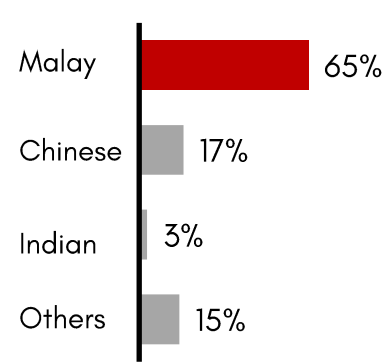
Gender



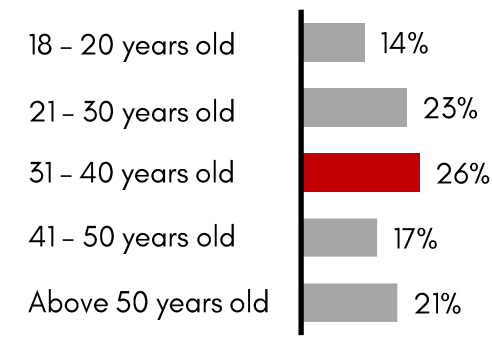
Monthly Personal Income



Region



Race



Age



PERODUA

Audience persona: *Honda*

Branding power in definition of market demand

Their long-standing presence in Malaysia has made Honda a household brand among Malaysians. Honda's current and future users mostly comprised of users with higher monthly personal income due to their higher price range and it being an old established brand.



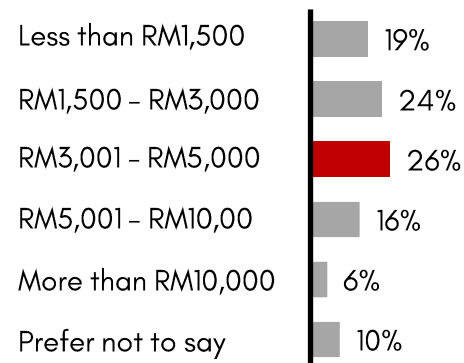
Males,
64%



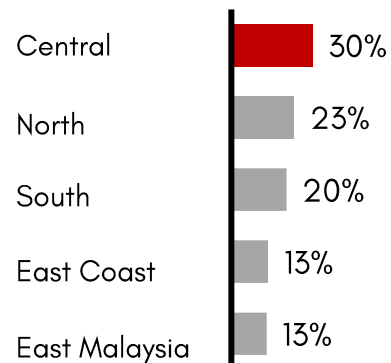
Females,
36%

Gender

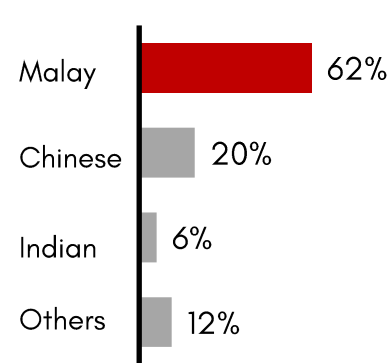
Base: Future desired brand Honda =304



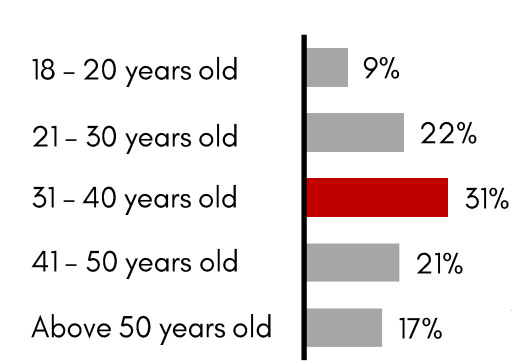
Monthly Personal Income



Region



Race



Age



Audience persona: Toyota

Toyota – “Let’s go places” and growing in Malaysia

Among 316 prospective Toyota car buyers surveyed, the desire to own a Toyota car is seen to be highest among 31 to 40 years old group. This can be due to the preference of a ‘family car’ or the higher purchasing power of Toyota’s purchasers.

Nevertheless, Toyota’s audience profile is considered strong in general, encompassing a wide range of prospective buyers.



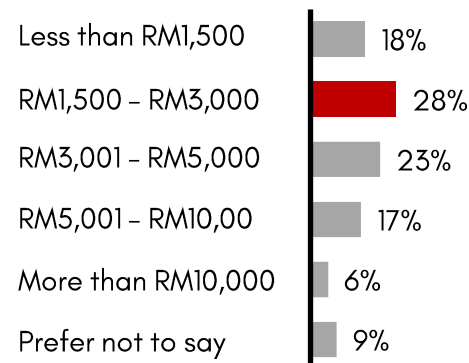
Males,
73%



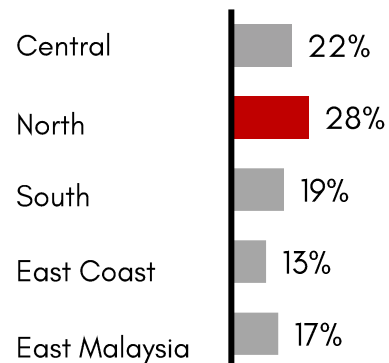
Females,
27%

Gender

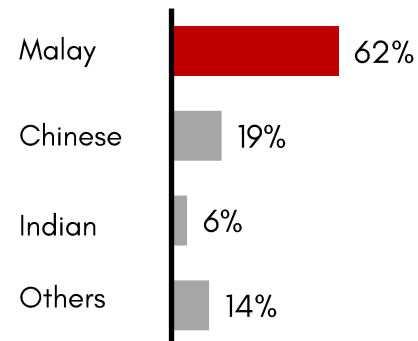
Base: Future desired brand Toyota =316



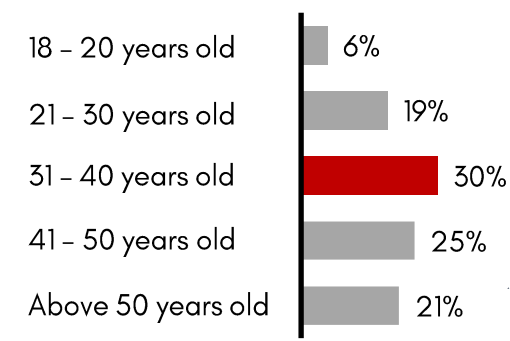
Monthly Personal Income



Region



Race



Age



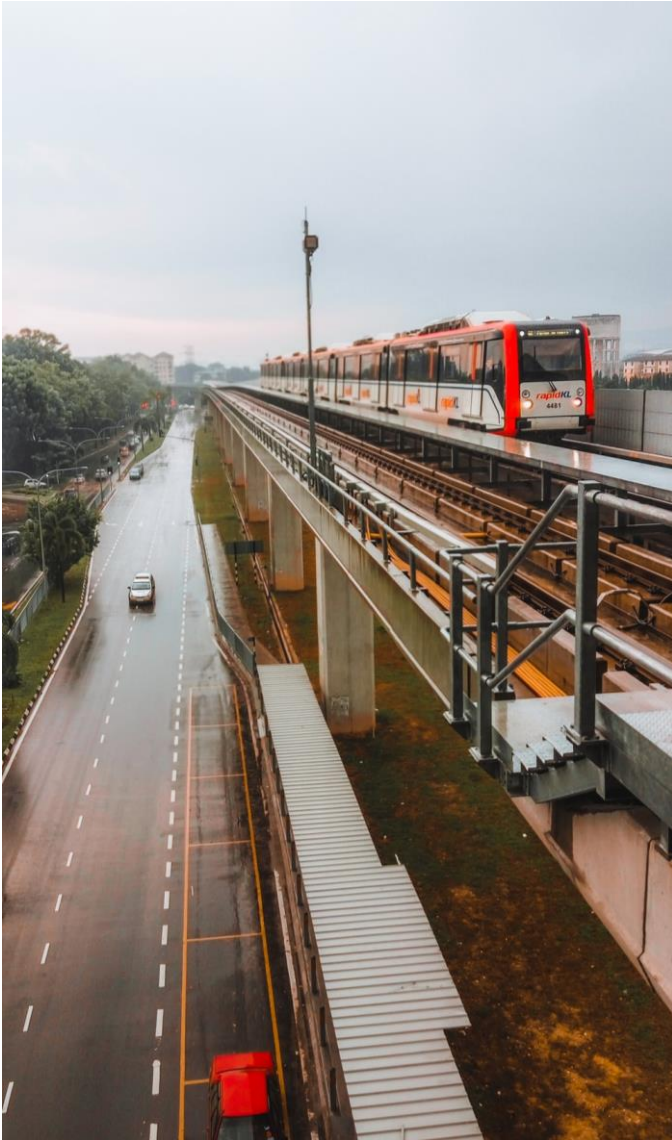
Conclusion

Even though the recovery of Malaysian automotive industry is expected to be slow after the MCO period, this research shows that there is still demand in the market.

As the sector recovers from post-MCO period, it is more important than ever to have reliable market insights to identify and understand their prospective buyers and launch a successful [insights-driven marketing](#) campaign to attract these buyers.

Economic uncertainty continues to persist given the resurgence of Covid-19 cases seen in many countries such as the United States, Brazil, India and China. In Malaysia, weakened post-MCO consumer sentiment is expected until a clear.

Thus, it is important for car manufacturers in Malaysia to monitor the market demand and plan strategically to capture the market as and when the market recovers.





Want to learn more about us ?

Vodus pioneers the “answer one-question at a time” survey methodology that enables **17 million Malaysians** to be surveyed across the online media network of the largest media conglomerates in Malaysia (Astro, Media Prima, Sin Chew, The Star, Kwong Wah) to obtain market insights that are faster, more representative, accurate and cost effective.

For more information please visit:
<https://vodus.com>

OUR SOLUTIONS

By having vast amount of market data on Malaysian consumers, we are in prime position to help businesses grow and gain market share through our [solutions](#):

Insights Solutions:

1. Instant Insights (*Consumer U&A, market validation*)
2. Brand Health Tracker

Insights Driven Marketing Solutions:

1. Construct audience persona of your target market
2. Ad Creative Impact Test
3. Brand lift survey

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