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## The Kembara drives Perodua

WITHIN TWO weeks of its launch by Prime Minister Datuk Seri Dr Mahathir Mohamad on Aug 24, the Kembara attracted 4,380 orders (as at Sept 7) from Perodua dealers all over Malaysia. Remarks Perusahaan Otomobil Kedua Sdn Bhd (Perodua) managing director Datuk Abdul Rahman Omar, 'Given the current economic environment, this is impressive and, indeed, beyond our expectations.'

Perodua had planned to produce only 600 units a month when it introduced the Kembara to the local market, but public response is huge. 'Demand for the Kembara exceeds supply,' says Abdul Rahman. 'Going by our current production capabilities, customers will have to wait about four months to get their vehicle.'

The target number of 600 units a month was in view of 'constraints in getting the right volume of parts and components from Japan and the local vendors on time', explains Abdul Rahman. But he promises, 'When things get ironed out in the next few months, we will increase production to 700 units, 800 units and 1,200 units progressively. God willing, we should produce 1,500 units of the Kembara by early next year.'

Much of this, Abdul Rahman says, depends on how fast the local economy recovers, but he is optimistic. 'When the Kembara was opened for "blind" bookings a month before its official launch, a total of 450 buyers rushed to sign up,' he says. (A blind booking is when customers sign up without having seen the actual model.)

In fact, Perodua's factory in Sungai Choh in Rawang, Selangor, has the capacity to produce up to 2,500 units every month, but as Malaysian Business learns from Abdul Rahman, a recent fire in its paint shop placed limits on its production capacity. By November, current monthly production could increase to 700 units, says Abdul Rahman, as much of the rectification work at the paint shop is expected to be completed by then. Abdul Rahman calls the fire 'a blessing in disguise' as it has given Perodua the 'opportunity' to fully automate the paintshop with use of robots. 'Robotic operations are more efficient and cost-saving over the long term,' he says, adding that the company will spend about RM8 million on the robot-based system which should be set up in several months time. Next year will be crucial for the Kembara. Once the economy picks up, buyers will scout for alternative models in the higher-range bracket. Says Abdul Rahman, 'The litmus test for the Kembara will come in early 1999, when demand for the vehicle is expected to taper off. Only then will we know for sure.'

Yet he is confident that when the economy rebounds demand for the Kembara will 'cool' to around 1,500 units a month.

Analysts who follow the automobile industry are equally bullish. Says Loke Chee Kien of Sarawak Securities, 'The Kembara will compliment Perodua's existing models, and it will likely intensify sales competition within the RM45,000 to RM53,000 price range'. The Kembara, which comes with either four-speed automatic transmission or five-speed manual transmission and in one of six colours, is priced between RM45,000 and RM53,000.

To a query, Abdul Rahman says the price of the Kembara would not have differed much had times been 'prosperous'. This is because Perodua paid its Japanese suppliers for components at a fixed exchange rate of RM2.85 to 100 yen prior to the economic downturn, a rate comparable to the

present one of RM2.98 to 100 yen. He does say however that it was the company's ultimate aim to have the Kembara priced between RM42,000 and RM45,000, and now this can only happen if the exchange rate falls to RM2.00 to 100 yen.

Abdul Rahman also says that the Kembara was not seen as competing against Perodua's existing models (namely the Kancil budget car and the Rusa multi-utility van) as it was pitched at a different market segment. Perodua has invested more than RM46 million on equipment - especially jigs - to assemble the new release model. There are no plans to export the Kembara in the near future as first, Perodua wants it to gain a firm foothold in the local 4x4 market. Towards this aim, the company plans 'heavy' advertising campaigns to boost Kembara's image and sales.

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