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Some EON dealers said to be considering joining Proton Edar

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SOME Edaran Otomobil Nasional Bhd (EON) dealers are considering leaving the EON dealership amid delays in the Perusahaan Otomobil Nasional Bhd (Proton)-EON super dealership agreement and the fall in Proton's market share.

EON dealers are reportedly joining Proton Edar Sdn Bhd, Proton's wholly-owned distributor.

However, EON Dealers Association of Malaysia (Edam) - the body that represents all 115 EON dealers nationwide - is less concerned with the recent move by its members.

Edam president Ahmad Isa Indot said the association is more concerned about the impasse in the signing of the principal dealership agreement, following a Memorandum of Agreement (MOA) reached by EON and Proton in March this year.

"The MOA expired end of last month and so far, both parties have yet to sign the (definitive) agreement.

"We are most concerned when there is delay because about 80 per cent of EON dealers are Bumiputeras," he told Business Times when contacted recently.

For the past 20 years, EON has only been a distributor of Proton marque.

Under the MOA announced last March, Proton Edar would appoint EON as a super dealer to undertake the sale and after-sales support of Proton vehicles.

The appointment took effect in April and will end on December 31 2009.

A definite super dealer agreement which spells out details of the deal was supposed to be inked within three months after the signing of the MOA in March.

Ahmad Isa said EON dealers are displeased with the lull as their dealership agreement with EON depends on the definitive agreement between EON and Proton.

"I'm very disappointed... our dealership agreement with EON expired a few months ago," he said.

He is hopeful that EON and Proton will sign the deal soon.

According to industry sources, it is Proton which is dragging its feet to ink the super dealership agreement while EON is very much prepared to sign it.

Sources said EON and Proton currently disagreed on some of the 15 items laid out in the MOA.

It is understood that under the MOA, there is a clause allowing EON to take legal action if Proton causes the delay.

There is also talk that Prime Minister Datuk Seri Dr Mahathir Mohamad, the brainchild behind the national car, will step in if both parties

could  
not reach agreement.

Asked on the cross-over of EON dealers to Proton Edar, Ahmad Isa said only one dealer has left EON and it is up to the dealer to join any car distributor. "So far, only one person has officially left... it has been cleared by EON.

"This means the number of EON dealers now is 114," he said, adding that EON will have no problem replacing any dealer who leaves.

He said a few dealers were contemplating of leaving but had changed their mind and decided to stay with EON.

He said most of the dealers prefer to be with EON as they have formed a strong network in supporting the company for nearly 20 years.

"What is so great going from one company to another if it is selling the same car?" he added.

Ahmad Isa also acknowledged that EON dealers are concerned with the competition coming from cheaper imported cars, which are more advanced in terms of design and shape.

The market share of Proton cars has been squeezed from almost 75 per cent in 1993 to 53 per cent this year. Last year, it had a 62 per cent market share.

Meanwhile, car salesmen working with both EON and Proton Edar dealers said Proton gives a better deal to Proton Edar than to EON dealers.

For instance, initially Proton Edar was the only distributor allowed to sell the facelifted Iswara models. Only later EON got the distributorship for the model.

"It is frustrating when our customers inquired about the new Iswaras, we didn't have them," one of the EON salesman based in Kuala Lumpur said.

Recently, only Proton Edar is allowed to give discounts up to RM1,000 to customers for any Waja model.

Commenting on this, Ahmad Isa said the complaints from salesmen are "a matter of opinion" as some EON dealers like him make good sales.

"They (Proton) are giving discounts and doing things without telling EON because there is no agreement between EON and Proton.

"This is the sort of things that we (EON dealers) face," he said.