

GREEN BRANDING TO ENHANCE CORPORATE IMAGE: A CASE STUDY AT  
TAN CHONG MOTOR HOLDINGS BERHAD

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I/ We hereby declared that I/ we had read  
through this thesis and in my/ our opinion that this  
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Bachelor of Technology Management (High Technology Marketing) with Honours

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Report submitted in fulfillment of the requirement for the degree of Bachelor of  
Technology Management (High Technology Marketing) with Honours

Faculty of Technology Management and Technopreneurship  
Universiti Teknikal Malaysia Melaka (UTeM)

JUNE 2015

I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and is not concurrently submitted in candidature of any other degree.

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## DEDICATION

This dissertation work is dedicated to my beloved parents, Oh Wee Jin and Soh Ah Lan who were educated me and motivated me to reach at this level. They constantly give me support and advice when I faced the problems. For me, I could say my parents are the greatest parents in the world. Without their blessing and encouragement, this research is impossible to complete.

## ACKNOWLEDGEMENT

I would like to take this opportunity to express my profound gratitude to my supervisor, Dr. Chew Boon Cheong for his careful guidance, monitoring and constant encouragement throughout the course of this research. The blessing, help and guidance given by his time to time shall carry me a long way in the journey of life on which I am about to embark.

Secondly, I want to deepest thanks to my team members and friends with their endless support, encouragement and care during the report completion from the beginning till the end.

Lastly, I am very appreciation to my respondents who was contributed their time and shared their knowledge for me to complete this research.

Thanks again to all who helped me.

## ABSTRACT

Implementing the green branding has become more widespread in today's automotive industrial because it can help the green branded company to differentiate them from their competitors. This green branding can consider as a blue ocean strategy to the company for gain a competitive advantage to compete in marketplace. Besides, the reasons of consumers' shifting preference toward choosing green products and today's fiercely competitive marketplace were influence the company to implementing green branding. In this case study, Tan Chong Motor Holdings Berhad (TCMH) was selected among any other automotive company in the industry to examine the factors that lead them to implementing green branding and to investigate how they are strategize green branding to enhance its corporate image. This study also aimed to propose some innovation suggestion to improve the green branding strategy towards corporate image enhancement. The research was designed as exploratory study and used the qualitative research method to explore the factors and strategies of TCMH Berhad to green branding. The data and information are collected through individual interview session. As the result shown, the corporation itself is the main factor for TCMH Berhad to green branding and the strategy been focused the most by TCMH Berhad is brand promotion while the utilization of internal branding for brand promotion strategy is the most effective way for TCMH Berhad to green branding. Conclusively, the researcher found that the only weakness of TCMH Berhad in green branding is they have no proper green branding strategy because they are only focus on doing promotion of Nissan Leaf. Therefore, the researcher has suggested some innovative way to TCMH Berhad in order to improve their green branding strategy.

## ABSTRAK

*Pelaksanaan penjenamaan hijau telah menjadi satu keperluan dalam industri automotif hari ini kerana ia membantu syarikat untuk membezakan mereka daripada pesaing. Penjenamaan hijau juga boleh dianggapkan sebagai strategi lautan biru dan mempunyai kelebihan daya saing kepada syarikat untuk bersaing dalam pasaran. Selain itu, peralihan kecenderungan pengguna memilih produk hijau dan pasaran yang kompetitif telah mempengaruhi syarikat supaya melaksanakan penjenamaan hijau. Dalam kajian kes ini, Tan Chong Motor Holdings Berhad (TCMH) telah dipilih daripada kalangan industri automotif bagi mengkaji faktor-faktor yang mendorong mereka melaksanakan penjenamaan hijau dan menyiasat bagaimana mereka menyusun strategi penjenamaan hijau untuk meningkatkan imej korporat. Kajian ini juga bertujuan untuk mencadangkan beberapa cadangan inovasi untuk meningkatkan strategi penjenamaan hijau ke arah peningkatan imej korporat. Kajian ini telah direka sebagai kajian penerokaan dan menggunakan kaedah penyelidikan kualitatif untuk meneroka faktor dan strategi TCMH Berhad dalam melaksanakan penjenamaan hijau. Data dan maklumat akan dikumpul melalui sesi temuduga secara berindividu. Keputusan kajian menunjukkan korporat itu sendiri adalah faktor utama bagi TCMH Berhad dalam penjenamaan hijau dan strategi yang paling ditumpukan oleh TCMH Berhad ialah mempromosikan jenama manakala teknik penjenamaan dalaman adalah cara yang paling berkesan bagi TCMH Berhad untuk penjenamaan hijau. Kesimpulannya, kajian mendapati bahawa kelemahan TCMH Berhad dalam penjenamaan hijau adalah mereka tidak mempunyai strategi penjenamaan hijau yang betul kerana mereka hanya fokus kepada mempromosikan Nissan Leaf. Oleh itu, penyelidik akan mencadangkan beberapa kaedah inovatif untuk TCMH Berhad meningkatkan strategi penjenamaan hijau mereka.*



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## LIST OF ABBREVIATIONS

NO.	ABBREVIATIONS	MEANING
1)	CBU	Completely-Built-Up
2)	CO2	Carbon Dioxide
3)	ELV	End of Live Vehicle
4)	ETCM	Edaran Tan Chong Motor Sdn. Bhd.
5)	EV	Electric Vehicle
6)	FEN	First Energy Network Sdn. Bhd.
7)	HCV	Heavy Commercial Vehicle
8)	HEV	Hybrid Electric Vehicle
9)	INMA	International News Media Association
10)	ISO	International Organization for Standardization
11)	LCV	Light Commercial Vehicle
12)	LLC	Long Life Coolant
13)	MAA	Malaysian Automotive Association
14)	MPV	Multi-Purpose Vehicle
15)	NGO	Non-Government Organization
16)	PHEV	Plug-In Hybrid Electric Vehicle
17)	PTHM	<i>Perbadanan Teknologi Hijau Melaka</i>
18)	SUV	Sports Utility Vehicle
19)	TCMH	Tan Chong Motor Holdings Berhad
20)	TCTECH	Tan Chong Technical Institute

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Introduction

Branding is a technique to convert a product or service into a specific name that help the consumers to distinguish the goods of one producer from those of another. According to the America Marketing Association (1960), a brand is a “name, term, sign, symbol, design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition”. This conventional technique of branding was used by many firms to establish their own private brand in the marketplace. At the end, the marketplace had becomes red ocean market that is requiring the firms to cut down their pricing for gain the market share. However, few of the firms are aware to green branding in order to gain competitive advantage in marketplace while fulfill the triple bottom line which is benefit the people, planet, and profit. According to Huang, et al. (2014), green brand as a communicator that delivers the information about a product’s unique brand attributes and benefits which particularly reducing its environment impact and representing environmentally friendly product attributes. Besides, the green branding can enhance the corporate’s image by provide an eco-friendly products and services. According to Mohd nawi and Chew (2012), a corporate image is perception of an organization in customers’ mind, referring to the brand and the kind of associations that customers obtain from brand, goods, service or organization. As the result, this green branding can be consider as a

blue ocean strategy that allows a company to go beyond competition, to seize new profit and gain a growth opportunities in the marketplace.

Thus, today's automotive companies are emphasize to invest in research and development (R&D) of clean technologies such as hybrid, plug-in hybrid, electric vehicle, and fuel cell electric vehicle for improve their cars to be green cars while green branding their products and parent brand. Therefore, the green branding are emerge in automotive industry. Nunes and Bennett (2010) states that automotive industry had made remarkable positive contribution to the world economy and people's mobility but its products and processes are a significant source of environment impact. So, Nissan has launched and distributed the electrical car (Nissan Leaf) which is performing zero-emission in worldwide. According to Makower (2013), Nissan claimed the title as the most-improved company, jumping 16 places to rank No. 5 overall in the 2013 Best Global Green Brands ranking. Then, the green brand report ranks brands are based on a company's environmental practices and customers' perceptions of their eco-friendliness and social impact (Yokohama, 2014).

## **1.2 Problem Statement**

The environment factor causes the consumers change their behavior toward more pro-environment friendly consumption as well as the government policy encourages consumers to consume eco-friendly products. According to Ottman (2011), 83% of consumers which representing every generation, from Baby Boomers to Millennials and Gen Ys are some shade of green. Therefore, the companies have transferred their business to be more environmental friendly while to green branding. Thus, the corporation can gain a competitive advantage from green branding by offer green value's products in marketplace. Therefore, the researcher constructs three research questions of the study as below:

- I. What are the factors that led Tan Chong Motor Holdings Berhad in implementing green branding?
- II. How does Tan Chong Motor Holdings Berhad strategize green branding to enhance its corporate image?
- III. What are the innovative suggestions to improve green branding strategy towards corporate image enhancement?

### **1.3 Research Objective**

The research objectives of this study is to identify the factors that led TCMH Berhad to implementing green branding and to explore the green branding strategy taken by TCMH Berhad to enhance its corporate image. Besides, the researcher will recommend some innovation suggestion to improve green branding strategy toward corporate image enhancement. Thus, the research objectives of this study were stated as below:

- I. To examine factors that led Tan Chong Motor Holdings Berhad in implementing green branding.
- II. To investigate Tan Chong Motor Holdings Berhad strategizes green branding to enhance its corporate image.
- III. To propose innovative suggestion to improve green branding strategy towards corporate image enhancement.

### **1.4 Scope**

The scope of this research is to examine the factors that led TCMH Berhad to implementing green branding and investigate the strategies applied by TCMH Berhad in

implement green branding. Besides, the researcher will propose some innovative suggestion to improve the green branding strategy after the data analysis. Therefore, the study will conduct at headquarter of TCMH Berhad in Kuala Lumpur and some of their sales center in Melaka and Selangor.

For the respondents of interview are mainly divided into two groups. First category is the middle management levels like marketing managers, branding managers, or branch managers who are the decision maker in policy and future direction of the company which had two respondents are selected for this category. Second category is the executive staffs that are sixteen respondents be selected for this category. Therefore, the total amount of respondents in this research is eighteen people.

The reason to conduct the case study in TCMH Berhad is because of electric car (Nissan Leaf) has launched by TCMH Berhad since 2013 in Malaysia. The electric car (Nissan Leaf) can perform zero emission which is more green or environmental friendly than the hybrid car that is still consuming petrol fuel. Besides that, TCMH Berhad is aggressive to set up the charging stations in Malaysia. From here, the researcher feels TCMH Berhad is really and intently to promote Nissan Leaf in Malaysia as well as to green branding. Thus, the researcher is desire to investigate how TCMH Berhad develop and utilize the green branding strategy to gain the customers in Malaysia market.

## **1.5 Limitation and Key Assumption of the Study**

There are several limitations occur in this research study. Firstly, the case study is to examine why and investigate how TCMH Berhad to implemented green branding. Therefore the result and outcome of the study is more applicable for TCMH Berhad itself. However, the findings of this research could be generalized to the similar industry. Secondly, the data collection from the TCMH Berhad has limitation that is because the managers will hold some company information as private and confidential. Besides, the

key assumption for this study is the researcher will assume all the respondents have provided honest and correct answers.

## **1.6 Importance of the Study**

This research project will help TCMH Berhad to optimizing their green branding. Besides, it also will benefit the companies who are desire to implementing green branding. This is because the research project will list out and deeply explain the entire factors of green branding and the strategies of green branding while the researcher's innovation suggestion to improve green branding strategies toward corporate image enhancement. Furthermore, the research also has disclosure the information from TCMH Berhad's managers and executive staffs in this research project.

## **1.7 Summary**

Green branding is an approach to the organizations to build a competitive advantage for gaining the customers from existing and new market. According to Hartmann, et al. (2005), a green brand identity is defined by a specific set of brand attributes and benefits related to the reduced environment impact of the brand and its perception as being environmentally sound. This study is focus on examine the factors that led TCMH Berhad in implementing green branding and to investigate TCMH Berhad strategize green branding while propose innovation suggestion to improve green branding strategy toward corporate image enhancement. Besides, this research project is helpful to TCMH Berhad and also other automotive firms to understand why and how to optimize the green branding.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Introduction

This chapter will discuss about the green branding to enhance corporate image. The review will describe the concept of the branding and its relation to the green, while the factors and strategies of green branding will elaborated in detail to provide a clear understanding. Lastly, the researcher will come out with a theoretical framework.

#### 2.2 Green and Sustainability

According to Yanarella, et al. (2009), green is infinite progress of incremental improvements whereas sustainability is the reduction of ecological footprint to a city region's fair earth-share. This is adds by Zudonyi (2011) that the concept of sustainability is often confused with or used in conjunction with green. The main difference is that green defined by products or services which reduce the health and environmental impacts as compared to other products and services used for the same purpose. However, sustainability is defined as a process that meets the needs of the present without compromising the ability of future generation to meet their own needs.

## 2.3 Branding

According to the American Marketing Association (1960), a brand is a name, term, sign, symbol, design or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition. However, Keller (2008) demonstrates that many practicing managers refer to a brand as more than that as something that has actually created a certain amount of awareness, reputation, prominence, and so on in the marketplace. According to Keller (2008), branding is all about endowing products and services with the power of brand equity. Addition, Mohr, et al. (2010) are support Keller (2008) by said that branding endows products and services with specific meaning, and therefore results in differential customer response to marketing activities.

Kotler and Armstrong (2011) state that a brand represents everything that a product or service means to consumers. Therefore, brands are valuable assets to a company. Besides, Kotler and Armstrong (2011) are also agree with the Keller (2008) statement by mentioned that brands are more than just name and symbols and they are a key element in the company's relationships with consumers. According to Mohr, et al. (2010), a brand is a pledge or promise that a product will perform in certain ways and provide customers with consistent performances across all touch points or "moments of truth" with the company. In this sense, the brand represents an emotional connection with the company and its products. Moreover, the brand represents a bond and pact whose special meaning frequently transcends the functional or utilitarian benefits of the product.

According to Keller (2008); Kotler and Armstrong (2011); and Mohr, et al. (2010), branding is not only using a name or symbol to distinguish them from their competitors but it also create an awareness, promise and emotional connection to the consumers.

## 2.4 Brand Equity

Keller (2008) explains that brand equity is the power of a brand lies in what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time. Therefore, brand equity as a bridge created by marketers during build a strong brand from their past to their future (Keller, 2008). According to Kotler and Armstrong (2011), brand equity is the differential effect that knowing the brand name has on customer response to the product and its marketing. It's a measure of the brand's ability to capture consumer preference and loyalty (Kotler and Armstrong, 2011).

Mohr, et al. (2010) express when a firm's branding strategies are successful, they create brand equity. Three key drivers of brand equity are customer brand awareness, customer brand attitudes, and customer perceptions of brand ethics (Mohr, et al., 2010).

According to Keller (2008); Kotler and Armstrong (2010); and Mohr, et al. (2010), brand equity is the value of having a well-known brand name that is based on customers' experience on the products and brand. Therefore, the researcher is aim to establish a green branding strategy which can help a firms to improve their brand equity while enhance the corporate image.

## 2.5 Green Branding

A green brand identity is defined by a specific set of brand attributes and benefits related to the reduced environmental impact of the brand and its perception as being environment sound (Hartmann, et al., 2005). This is endorses by Huang, et al. (2014) that green brand as a communicator that delivers the information about a product's unique brand attributes and benefits which particularly reducing its environment impact and representing environmentally friendly product attributes. Next, according to Grant