

FROST & SULLIVAN



2022 COMPANY OF THE YEAR

*MALAYSIA
CAR SUBSCRIPTION INDUSTRY*

Best Practices Criteria for World-Class Performance

Frost & Sullivan applies a rigorous analytical process to evaluate multiple nominees for each award category before determining the final award recipient. The process involves a detailed evaluation of best practices criteria across two dimensions for each nominated company. TC Euro Cars Sdn. Bhd. excels in many of the criteria in the car subscription space.

AWARD CRITERIA	
<i>Visionary Innovation & Performance</i>	<i>Customer Impact</i>
Addressing Unmet Needs	Price/Performance Value
Visionary Scenarios Through Mega Trends	Customer Purchase Experience
Implementation of Best Practices	Customer Ownership Experience
Leadership Focus	Customer Service Experience
Financial Performance	Brand Equity

The Subsidiary of a Well-known Automotive Brand in Southeast Asia

TC Euro Cars was established in 2004 as Tan Chong Motor Holdings Berhad’s (TCMH) subsidiary. It is Malaysia’s exclusive distributor of Renault cars, covering assembly, distribution, subscription, and after-sales support. Its parent company TCMH has a strong presence in Southeast Asia, including Malaysia, Vietnam, and Myanmar, and represents multiple automotive brands for assembly and distribution, such as Nissan, Renault, Subaru, UD Trucks, Foton, and Morris Garages. Nissan is Malaysia’s leading non-national automotive brand (in terms of total industry volume).

TCMH strengthens its market position and expands its customer base through a diverse product portfolio comprising automotive sales and trading, service and maintenance, insurance, automotive assembly, and financial services. It has also established an extensive network of assembly plants, dealership stores, and after-sales centers. TCMH’s growth and reach bode well for TC Euro Cars, which capitalizes on the brand value of its parent company.

Flexible and Affordable Subscription Plans Lower Barriers to Car Use

The soaring cost of living in Malaysia results from the rising costs of healthcare, food, transportation, education, entertainment, and other expenses and increased financial interest rates. The COVID-19 pandemic and intermittent lockdowns further exacerbate the scenario, leading to high unemployment rates and severe financial distress for many individuals.

Traditional hire purchase loans require a certain amount of down payment (usually 10% for brand new cars and 20% for used cars) and involve tedious paperwork. TC Euro Cars differentiates itself with its hassle-free and flexible subscription packages for Renault models. By offering a flat all-in-one monthly fee, customers do not have to pay for road tax, insurance, regular maintenance, or repair. TC Euro Cars' Switch

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*– Ming Lih Chan,
Industry Principal*

plan offers customers flexibility to switch to another Renault within the model line-up, and cancellation option without penalties (with 30 days' notice). For the Renault Captur, subscribers only need to pay a refundable deposit of RM 2,500 for the car and a monthly subscription fee of RM 1,499 (for fixed plans of three years). For a similar model, traditional hire purchase loan providers require buyers to make a down payment of RM 10,284 and monthly installments of RM 4,050 (almost triple the monthly subscription fee of TC Euro Cars). TC

Euro Cars' subscription model creates a new niche in the competitive shared mobility environment to address unmet consumer needs for more flexibility, convenience, and affordability. Frost & Sullivan commends TC Euro Cars for offering cost-friendly, customer-centric automotive plans that avoid long-term installment commitments and enable hassle-free documentation and after-sales maintenance to meet the rapidly urbanizing lifestyles of consumers.

End-to-End Digital Process Revolutionizes the Customer Journey

TC Euro Cars is a trailblazer in customer journey digitalization. In 2020, it launched the Renault E-Store, becoming the first automotive brand in Malaysia to switch to eCommerce. The E-Store operates 24/7, significantly simplifying the car assess-and-purchase process. From experiencing a test drive to receiving a Renault car, customers can begin their ownership journey completely digitally.

The Renault E-Store is part of TC Euro Cars's transformation strategy to strengthen ties with customers. The strategy aligns with TCMH's launch of various digitalization strategies, such as establishing the Nissan online showroom and partnering with digital platforms, including DriveOn and GoCar.

Increase in Fleet Size Strengthens Market Leadership

In 2020 and 2021, the Malaysian government imposed several pandemic-related lockdowns that restricted consumer travel, causing a sharp drop in transport demand (except logistics). Despite a dip in total revenue, TC Euro cars' subscription business performed well financially, up 119% year-on-year (YoY) from 2020 to 2021. From 2020 to 2021, TC Euro Cars has grown its total subscription fleet by 59.7%.

Frost & Sullivan expects Renault Malaysia to continue its strategic partnership with TC Euro Cars and capitalize on its leadership in the automotive subscription industry.

Effective Pricing Strategy Meets Customer Needs

TC Euro Cars has great control over the automotive supply chain and provides Renault cars more advantages through its service pricing. TC Euro Cars offers two subscription plans for Renault cars: Switch, and Fixed. All plans offer robust flexibility, with six-month to three-year contracts.

The Switch plan is the most premium and covers three Renault models: Captur, Koleos, and Megane R.S. This premium plan is a one-year contract with the flexibility to cancel within a notice period of 30 days. It sets subscribers up for unlimited mileage and guarantees Renault Family Access to other car models. The Fixed plan's annual mileage is capped at 20,000 kilometers, well above what competitors offer. The Fixed 6 months plan provides a total mileage of 10,000 kilometers over six months. Another unique advantage of TC Euro cars' plans is that subscribers can use the car as a ride-hailing service if they adhere to the mileage range. Renault aims to offer subscribers an enjoyable and worry-free driving experience in Malaysia through TC Euro Cars, without costly, long-term commitments.

A Variety of Ways to Use Cars with Greater Flexibility

TC Euro cars' subscription service offers a high degree of flexibility through the expansion of its capabilities, including supply of cars, operation of subscription plans, and aftermarket and fleet management services.

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In the long-term, with the transformative Mega Trends, user experience will shift from a product-based to a service-based experience.

Globally, digital disruption in the mobility industry is transforming mobility consumption, from owning private car to use cars through subscription services. In addition, TC Euro Cars is able to reduce risks faced by users, such as uncertain resale values and aftermarket service solutions.

Conclusion

TC Euro Cars is Malaysia's leading car subscription service provider dedicated to making life easy for customers through its contemporary line-up of Renault vehicles. It enhances the customer ownership journey with hassle-free services, cost-friendly subscription plans, and customer-centric initiatives. Its growth is backed by its parent company with a well-established presence in Southeast Asia. Amid a rapidly urbanizing country that demands flexibility and affordability, TC Euro Cars is redefining the automotive market with its modern mobility solution and digitalization engagement.

With its strong overall performance, TC Euro Cars earns Frost & Sullivan's 2022 Malaysia Company of the Year Award in the car subscription industry.

What You Need to Know about the Company of the Year Recognition

Frost & Sullivan's Company of the Year Award is its top honor and recognizes the market participant that exemplifies visionary innovation, market-leading performance, and unmatched customer care.

Best Practices Award Analysis

For the Company of the Year Award, Frost & Sullivan analysts independently evaluated the criteria listed below.

Visionary Innovation & Performance

Addressing Unmet Needs: Customers' unmet or under-served needs are unearthed and addressed by a robust solution development process

Visionary Scenarios Through Mega Trends:

Long-range, macro-level scenarios are incorporated into the innovation strategy through the use of Mega Trends, thereby enabling first-to-market solutions and new growth opportunities

Leadership Focus: Company focuses on building a leadership position in core markets and on creating stiff barriers to entry for new competitors

Best Practices Implementation: Best-in-class implementation is characterized by processes, tools, or activities that generate a consistent and repeatable level of success

Financial Performance: Strong overall business performance is achieved in terms of revenue, revenue growth, operating margin, and other key financial metrics

Customer Impact

Price/Performance Value: Products or services provide the best value for the price compared to similar market offerings

Customer Purchase Experience: Quality of the purchase experience assures customers that they are buying the optimal solution for addressing their unique needs and constraints

Customer Ownership Experience: Customers proudly own the company's product or service and have a positive experience throughout the life of the product or service

Customer Service Experience: Customer service is accessible, fast, stress-free, and high quality

Brand Equity: Customers perceive the brand positively and exhibit high brand loyalty

About Frost & Sullivan

Frost & Sullivan is the Growth Pipeline Company™. We power our clients to a future shaped by growth. Our Growth Pipeline as a Service™ provides the CEO and the CEO's growth team with a continuous and rigorous platform of growth opportunities, ensuring long-term success. To achieve positive outcomes, our team leverages over 60 years of experience, coaching organizations of all types and sizes across 6 continents with our proven best practices. To power your Growth Pipeline future, visit Frost & Sullivan at <http://www.frost.com>.

The Growth Pipeline Engine™

Frost & Sullivan's proprietary model to systematically create ongoing growth opportunities and strategies for our clients is fuelled by the Innovation Generator™.

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Key Impacts:

- **Growth Pipeline:** Continuous Flow of Growth Opportunities
- **Growth Strategies:** Proven Best Practices
- **Innovation Culture:** Optimized Customer Experience
- **ROI & Margin:** Implementation Excellence
- **Transformational Growth:** Industry Leadership



The Innovation Generator™

Our 6 analytical perspectives are crucial in capturing the broadest range of innovative growth opportunities, most of which occur at the points of these perspectives.

Analytical Perspectives:

- **Mega Trend (MT)**
- **Business Model (BM)**
- **Technology (TE)**
- **Industries (IN)**
- **Customer (CU)**
- **Geographies (GE)**

