

MARKETING STRATEGIES FOR TELECOMMUNICATION
TEST EQUIPMENT ;
A CASE STUDY ON NETCOMM SDN. BHD.

BY
NURUL HANIS AHMAD

UNIVERSITI TEKNOLOGI MALAYSIA
2014/2015



الجامعة الإسلامية العالمية ماليزيا
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA
بِوَسِيْلَةِ اِسْلَامِ اَنْبِيَا رَا اَعْجَبْنَا مَلِيْسِيَا

TEST EQUIPMENT:

A CASE STUDY ON NETCOMM SDN. BHD

BY

MIKAIL TAN ABDULLAH

**A PROJECT PAPER SUBMITTED IN PARTIAL
FULFILMENT OF THE REQUIREMENT FOR THE
DEGREE OF MASTER OF MANAGEMENT**

**MANAGEMENT CENTRE
INTERNATIONAL ISLAMIC UNIVERSITY OF MALAYSIA**

NOVEMBER 1999

ABSTRACT

The pivotal role of strategic marketing in business performance is demonstrated in the market-driven strategies of successful organizations competing in a wide array of product and market situations. The increasing importance of providing customer satisfaction, responding to diversity in the marketplace, developing new products and services, and recognizing global competition challenges require effective marketing strategies for gaining and keeping a competitive edge.(Cravens 1997)

This study seeks to discover the extent to which marketing strategies for test equipment have been implemented in Netcomm Sdn. Bhd. The study also hopes to give positive recommendations as to how the present strategies can be enhanced to give the organization a competitive edge in the industry.

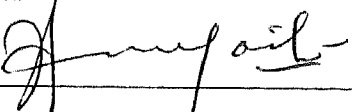
APPROVAL PAGE

TITLE OF PROJECT PAPER : MARKETING STRATEGIES FOR
TELECOMMUNICATION TEST
EQUIPMENT: A CASE STUDY ON
NETCOMM SDN. BHD.

NAME OF AUTHOR : MIKAIL TAN ABDULLAH

The undersigned certify that the above candidate has fulfilled the condition of the project paper prepared in partial fulfillment for the degree of Master of Management.

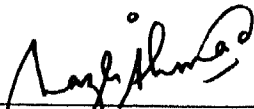
SUPERVISOR

Signature : 


Name : Dr. Husnayati Hussin

Date : 27/8/2001

ENDORSED BY:



Dr. Nik Nazli Nik Ahmad
Head, Master of Management Program
Date: 28/8/01



Dr. Obiyathullah Ismath Bacha
Executive Director, IIUM Management Center
Date: 27/12/01

DECLARATION

I hereby declare that this thesis is the result of my own investigations, except where otherwise stated. The names of the organizations have been changed as requested by the respondents. Other sources are acknowledged by reference notes and a bibliography is appended.

Date: 26th MAY, 2001

Signature: 

Name :MIKAIL TAN ABDULLAH

DEDICATION

This project paper is specially dedicated to my late Aunt Lucia Brophy, and to Mr. James Angus Brophy.

Ascension

*And if I go,
While you're still here...
Know that I live on,
Vibrating to a different measure
-behind a thin veil you cannot see through.*

*You will not see me,
So you must have faith.*

*I wait for the time when we can soar together again,
-both aware of one another.
Until then, live your life to its fullest.*

*And when you need me,
Just whisper my name in your heart,
...I will be there.*

@1989 Colleen Corah Hitchcock
Spirit Art International, Inc.
Edina, Minnesota
U.S.A.

ACKNOWLEDGEMENTS

I would like to take this opportunity to express my gratitude to Dr. Husnayati Hussin, my supervisor, for this thesis, for her time, patience and kind advice in guiding me to complete this project.

I am also grateful to the Head of the Master of Management program, Dr. Nik Nazli Nik Ahmad, for her guidance and tolerance, and maternal kindness throughout the program.

My appreciation also goes to the management and staff of Netcomm Sdn Bhd, Siemens Electrical Engineering and Jabatan Telekom Brunei Darussalam, especially to En. Sazali Hassan, En. Monir Hussein, En. Awang Rizal Mat Yusuf, Puan Haslina Ishak and Cik Marina Osman.

To my parents and family, there are no words to express my appreciation for your kindness and faith. May God bless and shower them with love and happiness and guide them always.

Last, but never least, to my wife, Dyg. Faridah Abg. Bohari, daughter, Nadia, Pak and Mak, I can only express my appreciation and gratefulness for being there for me, for your continuous encouragement, support and love. May Allah S.W.T. bless and bestow upon you His love and guidance, always.

**@ Copyright by Mikail Tan Abdullah and
International Islamic University Malaysia**

TABLE OF CONTENT

Abstract	2
Approval Page	3
Declaration	4
Dedication	5
Acknowledgement	6
Table of Contents	8
List of Tables	11
List of Figures	12
CHAPTER 1 : INTRODUCTION	
1.1 Introduction	13
1.2 Telecommunication in Malaysia	14
1.3 Netcomm Sdn Bhd	16
1.4 Problem Statement	17
1.5 Objectives of the Study	18
1.6 Defination of Terms	18
1.7 Organization of the Project Paper	20
CHAPTER 2 : LITERATURE REVIEW	
2.1 Introduction	22
2.2 Porter's Five Forces Model	22
2.3 Portfolio Analysis Model	24
2.4 Market Segmentation	25

2.5	Buyer-Seller Relationship	28
2.6	Product/Market Expansion Grid	31
2.7	Porter's Generic Strategies	32
2.8	Product Life Cycle Strategies	33
2.9	Market-Leader Strategies	36
2.10	Market-Challenger Strategies	39
2.11	Market-Follower Strategies	41
2.12	Market-Nicher Strategies	42
2.13	An Industrial Distributor	43

CHAPTER 3 : METHODOLOGY

3.1	Introduction	44
3.2	Interview Method	44
3.2.1	The Structured Interview	45
3.2.2	Advantages of the Structured Interview	45
3.2.3	Disadvantages of the Structured Interview	46
3.3	Measuring Instrument	46
3.4	Data Gathering	47

CHAPTER 4 : FINDINGS OF THE RESEARCH

4.1	Introduction	48
4.2	Report of the Findings	48
4.2.1	Rivalry among the Competitive Companies	49
4.2.2	Potential Entry of New Competitors	51
4.2.3	Potential Development of Substitute Products	52
4.2.4	Bargaining Power of the Suppliers	53

4.2.5	Bargaining Power of the Customer	55
4.3	NCSB Strategy for Test Equipment	56
4.3.1	NCSB's Present Marketing Strategy	57
4.3.2	NCSB's Market-Leader Strategy	58
4.3.3	NCSB's Product Life Cycle Strategy	61
4.4	Conclusion	62
CHAPTER 5 : CONCLUSION AND RECOMMENDATIONS		
5.1	Introduction	64
5.2	Research Limitations	64
5.3	Recommendations	65
5.4	Conclusion	71
Bibliography		73
Appendices		78

LIST OF TABLES

1. Ansoff's Product/Market Expansion Grid.....	31
------------------------------------------------	----

LIST OF FIGURES

1. A Product Life Cycle.....	33
------------------------------	----

CHAPTER 1

INTRODUCTION

1.1 Introduction

With the pulsating and dynamic growth of telecommunication industry in the Information Age, we see many telecommunication companies competing to meet the growing and demanding needs in the Telephony industry for a technically advanced support organisation. They create niches for themselves in a highly competitive and sophisticated industry through sheer excellence in professionalism and technological expertise in the Telecommunication and Information Technology field.

Telcos (Telecommunication Companies) now offer state of the art and customised equipment and Total Solutions-from the latest telecommunication products to financial assistance, and from cabling services to the maintenance of all systems to meet their needs in the most cost-effective procedure.

To compete effectively in this period of rapid change, telcos continue to strive to become world-class players in the Telecommunication and Information Technology industry. Commitment, professionalism, innovation, cutting edge technology and experience have brought them success. In addressing these modern challenges, this study seeks to investigate the marketing strategies of a selected prominent telco and how its strategies relate to the ever-changing competitive environment.

1.2 Telecommunication in Malaysia

The rapid advancement of telecommunications technology led to more sophisticated exchange systems being introduced. These ranged from the Strowger to the Cross-bar and the Semi-Electronic. In 1979, subscribers connected to the latter were provided with International Direct Dialling (IDD) facilities. Among the first countries with which direct access was available were the United Kingdom, Australia, Japan and Hong Kong. Today, more than 70 overseas destinations can be reached directly.

The advancements in computer and computer technology and its link with telecommunications brought swift and sophisticated changes leading to the introduction of new services from the year 1983 onwards. Besides the telephone and telex services, data communication was available only through private leased circuits.

1987 marked the beginning of an exciting era for telecommunications in Malaysia. The operation of the country's telecommunication services was transferred from Jabatan Telekom Malaysia (JTM) to Syarikat Telekom Malaysia Berhad. Telekom Malaysia was incorporated as a privatised company on October 12th, 1984. With the emergence of superior technologies like fibre optics and digital networks, this meant the telecommunications industry of a dynamic new information era.

In 1997, COINS (Corporate Information Superhighway), Telekom Malaysia's latest state-of-the-art telecommunications facility was launched. COINS is a globally connected, fast, efficient, high capacity multimedia network which supports multimedia applications networked computing and communications. Based on a fibre-optic backbone, COINS is a super fast, open, multimedia networks with a capacity of up to 10 megabits per second to transmit voice, data and images. The challenges are being successfully answered, for users at home as well as for internationally connected multinational corporations. From the first line between Kuala Kangsar and Taiping, Malaysia's telecommunication industry now encompasses an entire world of enhanced capabilities, quality and service. With the further development of new technology and customer requirement, Malaysia's telecommunication industry continues its push towards new horizons every day.

The year 1999 witnessed a new era in the Malaysian telecommunications industry, when Equal Access was implemented on 1st January 1999 and the Communications and Multimedia Commission was formed as the industry regulatory authority effective 1st April 1999.

Equal access promotes a healthy competition in the already strong telecommunications market. Equal Access means that the Malaysian fixed-line to telecommunication market will be opened up to competition from several network operators and customers will be able to select which operator they want to use to carry their long distance and international telephone calls. Malaysians will certainly

benefit from this new development, as it will chart the country telecommunications course to be on par with the rest of the world.

1.3 Netcomm Sdn. Bhd.

From a modest beginning in 1993, Netcomm Sdn Bhd (NCSB), a wholly-owned subsidiary of Maxtel Communication(MTC), has grown by leaps and bounds to become the nation's premier Information Technology and Telecommunication Provider organisation.

At Netcomm Sdn Bhd (NCSB), commitment is the driving force that keeps them ahead of the competition. This inherent quality enables this organisation to reach its goal of becoming a world-class information technology and telecommunication solution provider.

With the solid support of enterprising and technological excellence, experience and expertise, they continue to provide their customers with the highest level of personal service. Thus, helping them achieve commendable standard, both locally and internationally.

Although only having been around for less than a decade, the support of MTC (Maxtel Communication, NCSB's holding company) and the experience and expertise of its dynamic management team are the driving force behind their

progressive growth. With MTC's vision of excellence, NCSB has grown in leaps and bounds, in line with the target of our growing nation.

As Malaysia's premier Information Technology and Telecommunication Solution Provider, NCSB has been involved in the setting up of high-tech equipment for various high profile clients, including the country's Multimedia Super Corridor (MSC), a networking cyberspace that will enhance high-speed communications and transactions between the Government, business and the public sectors.

Today, NCSB has created a niche for itself in this highly competitive and sophisticated industry through sheer excellence in professionalism and technological expertise in the Information Technology and Telecommunication industry.

The set-up of the Nationwide Customer Service Centres (NCSC) ensures that all service calls are promptly attended to, and from then on each call is monitored on its progress until its completion. NCSB also maintains a comprehensive range of tools and test equipment such as oscilloscopes, maintenance devices, digital meters, cable testers and I/O testers for the TSRs' usage.

1.4 Problem Statement

This case study looks into the marketing strategies for the K1205 Protocol Tester adopted by the company, Netcomm Sendirian Berhad (NCSB). Although this is not a new field of study concerning marketing strategies in a telecommunication

organisation in Malaysia, the main purpose of the study is to reveal the marketing strategies practised by the company involved for the specific test equipment.

The study discusses the results of the research being carried out and suggests ways and recommendations in ensuring that the most effective marketing are adopted.

1.5 Objectives of the Study

The main purpose of this study is to find out the present strategies of the company in marketing the test equipment.

The next objective is to identify the five forces that determine the long-run profit attractiveness of the market which are the competitiveness of industry competitors, potential new entrants, substitute products, buyers' bargaining power and suppliers' bargaining power.

The third objective is to recommend strategies to propose strategies to enhance the present strategies used by the company.

1.6 Defination of Terms

In defining terms, the researcher discovered that there are many who coined meanings of the terminology according to their understandings. Some of these do

not necessarily convey the same meanings as used by the 'Inventor'. In order to avoid confusion it was felt that the terms be defined in this context of this study.

Marketing

According to Harry L. Cleary (1989) in Behavioural and Management Science in Marketing, **Marketing** is defined as:-

Activities involved in getting goods from the producer to the consumer. The producer is responsible for the design and manufacture of the goods. Early marketing techniques followed production and were responsible only for moving goods from the manufacturer to the point of final sale. Now, marketing is much more pervasive. In large corporations the Marketing function precede the manufacture of the product. They involve Market research and product development, design, and testing.

William J. Stanton (1978) mentions that marketing concentrates on the buyers or consumers, determining their needs and desires, educating them with regard to the availability of products and to important product features, developing strategies to persuade them to buy, and finally, enhancing their satisfaction with a purchase. Whatever definition that have been made, marketing is a term which has been misused so we should be clear about its meaning right from the start.

With slightly different wording, these definitions confirm that marketing concerned with what people want or need, and that it is a top management responsibility.

Marketing Strategy

Paul Field (1992) in his book Marketing Strategy defines it as the means by which Marketing objectives will be achieved and are generally concerned with the elements of marketing such as product (service), price, place and promotion.

Case Study

Case study research consists of detailed investigation, often with data collected over a period of time, of one or more organisation, or groups within organisation, with a view of providing an analysis of the context and processes involved in the phenomenon under study. The phenomenon is not isolated from its context but is of interest precisely because it is in relation to its context.

1.7 Organization of the Project Paper

This study consists of five chapters in which the first chapter will give a broad perspective of the topic of interest. The second chapter presents the literature review. The third chapter will explain the research methodology specifically employed to conduct this study. The findings will then be summarised and discussed in the next

chapter. Subsequently, the final chapter will conclude and put forward some recommendations for the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

In this chapter, we examine the major concepts which are used in this study. We examine how they are applied, their potential and significance to the study. This will provide us with a greater understanding of their applications. In particular, we need to understand the issues that surround each concept. This will enable us to analyse with greater depth, this case study of marketing of industrial products.

Section one will present the introduction to this chapter. The following section will discuss the literature that contributes to this study and the next section presents a review on marketing strategies.

2.2 Porter's Five Forces Model

Michael Porter of Harvard (1985) identified five broad forces that determine the intrinsic long-run profit attractiveness of a market. The five forces are industry competitors, potential entrants, substitutes, buyers and suppliers. The five threats they pose are as follows:

- a. **Threat of intense segment rivalry:** A market segment is unattractive if it already contains numerous aggressive competitors, if the segment is stable or declining, if fixed costs are high, exit barriers are high or competitors have high stakes in staying. These will lead to frequent price wars, advertising battles and new product introductions.

- b. **Threat of new entrants:** The most attractive segment is one where entry barriers are high and exit barriers low. Few new firms can enter the industry and profit potential is high.

- c. **Threat of substitute products:** A segment is unattractive when there are actual or potential substitutes for the product. Substitutes can place a limit on prices and on the profits that a segment can earn. The company has to watch closely the price trends in the substitutes. If technology advances or competition increases in these substitute industries, price and profits in the segment are likely to fall.

- d. **Threat of buyers' bargaining power:** A segment is unattractive if buyers possess strong or growing bargaining power. Buyers will try to force price down, demand more quality or services, set competitors against one another, all at the expense of the seller's profitability. Buyers' bargaining power grows when they are more organized, when the product represents a significant fraction of the buyers' cost, when the product is undifferentiated, when buyers' switching costs are low or when buyers are price sensitive. To protect themselves, sellers might