

SUSTAINING CUSTOMER GROWTH IN  
HOUSEHOLD HIGH SPEED BROADBAND  
(HSBB): A CASE OF UNIFI

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## **ABSTRAK**

Tujuan kajian ini dijalankan adalah untuk mengenalpasti punca penurunan kadar pertumbuhan Unifi daripada 104% pada tahun 2012 kepada 30% pada tahun 2013. Terdapat lapan punca yang dikenalpasti iaitu ketiadaan tawaran jalur lebar berkelajuan tinggi tanpa wayar oleh Telekom Malaysia, persaingan baru yang memasuki pasaran jalur lebar berkelajuan tinggi dengan jalur lebar berkelajuan melebihi 20 Megabit per saat (Mbps), menanggung tanggungjawab sosial yang membeban untuk memberikan perkhidmatan ke kawasan-kawasan yang tidak menguntungkan, harga yang tidak kompetitif, halangan yang dihadapi oleh TM dalam memperluaskan liputan Unifi, strategik promosi yang kurang menarik, pakej produk yang terhad dan tindak balas terhadap aduan pelanggan yang perlahan. Untuk menganalisis kajian ini, temu bual berstruktur dan kaji selidik digunakan. Di samping itu, rangka kerja SVP telah digunakan untuk mengenal pasti masalah dan penyelesaian.

Hasil kajian menunjukkan penurunan kadar pertumbuhan adalah berkaitan dengan TM tidak menawarkan produk tanpa wayar manakala pesaing menawarkan produk yang lebih menarik. Kegagalan TM untuk melaksanakan pelan yang strategik bagi kawasan bandar, pinggir bandar dan luar Bandar, kegagalan TM dalam mengubah persepsi pelanggan daripada kelajuan jalur lebar kepada kandungan pakej; TM tidak mempunyai pelan perniagaan yang strategik; TM gagal untuk melaksanakan pengembangan gentian optik yang berkesan; strategik pemasaran yang tidak berkesan; strategik pelan perniagaan yang tidak berkesan; dan perkhidmatan pelanggan yang tidak efektif. Dalam kajian ini, enam cara penyelesaian telah dicadangkan iaitu penggabungan TM dengan Packet One (P1), pengubahsuai produk tawaran, memperkenalkan pakej baru, mendirikan pasukan

birokrasi busting, berkerjasama dengan penyiaran tempatan dan menambahkan bilangan juruteknik sumber luar.

## **ABSTRACT**

This paper is to identify the root causes that lead to the decrease of growth rate of Unifi from 104% in 2012 to 30% in 2013. There are eight causes contribute to the issue, specifically TM does not have 4G LTE license to operate wireless High Speed Broadband, TM considers its social obligation to provide service to unprofitable areas, new competitors are serving 20-30 Mbps ahead of TM fixed Unifi offered package, less competitive pricing, constraints in coverage expansion where many places are not Unifi ready, unfavorable promotional strategy, limited package offering and slow response to customer complaints. In order to analyse the case, structured interviews and survey are being conducted; SVP framework is used to identify the problem and solutions.

In further, the result of the study show that the decrease of growth rate are due to no wireless product offering in TM while competitors are strategizing to capture the market thru higher bandwidth offering; TM fail to implement strategic product plan for urban, suburban and rural; TM failure in marketing changing customer perception from bandwidth to content offering; TM ineffective strategic business plan; TM fail to implement effective fiber optic expansion; ineffective marketing strategy; ineffective strategic business plan; and ineffective service to customers. There are six solutions propose in this study in order to resolve the problems which are TM acquired Packet One acquisition, revamp product offering, introduce new packages, setup strategic bureaucracy busting team, collaborate in broadcasting and identify additional outsource field technician in area with low customer satisfaction and slow response.

## **Executive Summary**

This report was commissioned to examine the causes of the decrease of the Unifi growth rate from 104% in 2012 to 30% in 2013 and to recommend ways of overcome the identified problems. The research draws attention to the fact that Unifi is the pioneer in broadband Malaysia the growth rates are slowing down as compared to some of its competitors when Malaysian Communication and Multimedia Commission (MCMC) awarded 4G Long Term Evolution (LTE) 2.6GHz spectrum license to eight companies beginning on 1st January 2013; 4G LTE is seen making a dent in the broadband industry. Further investigation reveals that there are eight causes and problems that contribute to the decrease of the growth rate which are TM does not have 4G LTE license to operate wireless High Speed Broadband and lead to no wireless product was being offered by TM to household consumer while competitors are offering an attractive package with mobility and higher broadband speed; TM need to fulfill social obligation to provide service to unprofitable areas and lead to TM fail to implement strategic product plan for urban, suburban and rural area; competitors are providing higher bandwidth than TM Unifi home services and TM fail to change customer perception from bandwidth to content offering; less competitive pricing compared to other service providers due to ineffective strategic business plan; constraints in coverage expansion which lead to TM failure to implement effective fiber optic expansion; unfavorable promotional strategy due to ineffective marketing strategy; limited package offering that lead to ineffective strategic business plan and slow response to customer complaints lead to ineffective service to customers.

Recommendations discussed include:

- Make acquisition with P1 to enter the wireless high speed broadband market target.
- TM has social obligation to serve non-profitable areas and the acquisition with P1 enables TM provides wider coverage for suburban and rural areas with 4GLTE and 4G WiMax.
- TM needs to revamp the product offering and provided additional services and package to resolve ineffective strategic business plan.
- TM needs to set up a strategic bureaucracy busting team to implement effective fiber optic expansion.
- TM needs to establish competitors promotion analysis team and provide additional unbundle service.
- TM needs to collaborate with local broadcasting company to enhance the contents of Hypp TV.
- TM need to identify additional outsource field technician in areas with low customer respond and add new standard operating procedure to customer service representative.

In the short term TM need to resolve customer service handling procedure to enhance customer satisfaction levels and revamp product offering in order to retain and attract more customers. In the long run, in order to stay competitive and be the leader in Malaysia broadband market TM needs to continue innovate and provide excellent service to drive the demand of the broadband in the market.

## Table of Content

Acknowledgement .....	i
ABSTRAK.....	ii
ABSTRACT.....	iv
Executive Summary .....	v
Table of Content .....	vii
List of Figures .....	ix
List of Tables .....	ix
1.0 Introduction.....	1
1.1 Background of the Study.....	4
1.2 Problem Statement .....	5
1.3 Case Issue.....	6
1.4 Research Objective .....	8
1.5 Research Questions .....	9
1.6 Research Limitations .....	9
2.0 The Literature Review .....	11
2.1 High speed broadband impact.....	11
2.2 4G LTE impact to wireless broadband .....	12
2.3 Adoption of high speed broadband .....	13
2.4 High speed broadband pricing strategy.....	14
2.5 Value proposition in high speed broadband.....	15
2.6 Customer satisfaction in relation to telecommunication industry and high speed broadband.....	15
3.0 The industry Analysis .....	18
4.0 Research Methodology .....	24
4.1 Primary Data Collection.....	24
4.1.1 Interview .....	24
4.2 Secondary Data .....	24
4.3 Data Linkages .....	24
4.4 Analysis Approach.....	25
5.0 Case Write up.....	28
5.1 Company Background.....	28
5.2 Organization structure.....	31
5.3 Symptom versus Problem Framework .....	36



5.3.1	TM does not have 4G LTE license .....	37
5.3.2	Social Obligation.....	38
5.3.3	Competitors are 20-30 Mbps ahead of TM .....	38
5.3.4	Less competitive Price .....	40
5.3.5	Constraints in coverage expansion (Place) .....	48
5.3.6	Unfavorable promotional strategy.....	49
5.3.7	Limited Package offering.....	50
5.3.8	Slow response to customer complaints (People).....	51
6.0	Case Analysis.....	53
6.1	Symptom versus Problem Framework .....	53
6.1.1	TM does not have 4G LTE license .....	53
6.1.2	Social Obligation.....	54
6.1.3	Competitors are 20-30 Mbps ahead of TM .....	55
6.1.4	Less competitive price .....	58
6.1.5	Constraints in coverage expansion (Place) .....	62
6.1.6	Unfavorable promotional strategy.....	65
6.1.7	Limited Package offering.....	67
6.1.8	Slow response to customer complaints .....	71
7.0	Recommendation and Conclusion .....	74
7.1	Solution A: Acquisition of 4G LTE Wireless High Speed Broadband company ...	76
7.2	Solution B: Revamp TM product offering.....	78
7.3	Solution C: Setup Strategic Bureaucracy team .....	81
7.4	Solution D: Introduce additional contract free package and Internet package only	83
7.5	Solution E: Establish alliance with broadcasting company .....	85
7.6	Solution F: Identify additional outsource field technician and curriculum to customer representatives .....	86
7.7	Suggestion on Solution mapping .....	88
7.8	Value Add Mapping.....	89
7.9	Conclusion .....	92
8.0	References.....	95
9.0	APPENDICES .....	100
	Appendix A: SVP Framework .....	101
	Appendix B: Reading Materials.....	102
	Appendix C : Interview Transcript with Encik Mohd. Tahir Sulaiman.....	106
	Appendix D: Interview Transcript with Aireen Ayu .....	116
	Appendix E: Unifi Customer Service Report .....	117

Appendix F: Survey Questions .....	118
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## List of Figures

Figure 1.1: Wireless Technology Evolution .....	2
Figure 1.2: Unifi Household Packages .....	3
Figure 1.3: Unifi Subscribers Chart .....	4
Figure 1.4: Broadband market relationship.....	7
Figure 3.1: Country with Fixed Broadband .....	18
Figure 3.2: Country with Wireless Broadband .....	19
Figure 3.3: Malaysia Broadband Users.....	20
Figure 3.4: Malaysia Household Broadband Penetration Rate .....	21
Figure 3.5: Malaysia Broadband Market Share .....	22
Figure 3.6: Range of Bandwidth offered by Telco/Celco .....	22
Figure 5.1: Division Structure.....	34
Figure 5.2: TM Organizational Chart .....	35
Figure 5.3: SVP Framework Tier 1 to 3.....	36
Figure 5.4: Service providers and 3 different services of high speed broadband .....	41
Figure 5.5: Price comparison of 4G LTE (for PC, via modem).....	42
Figure 5.6: Price comparison of 4G LTE (for phone/tablet, via SIM card).....	44
Figure 5.7: Price comparison of FTTH.....	46
Figure 5.8: Price comparison of FTTH.....	47
Figure 5.9: Percentage of Sale and Marketing Expenses over Revenue .....	50
Figure 6.1: Unifi provide the cheapest and most competitive price compared to others ....	61
Figure 6.2: Questionnaire result -Unifi is having slow network coverage expansion .....	64
Figure 6.3: Percentage of survey form from Q12. Are you happy with 2 years contract? ..	66
Figure 7.1: SVP Framework (Tier 1 - Solution) .....	75
Figure 7.2: SK Broadband Single Combo package .....	81
Figure 7.3: SK Broadband Family Combo Package .....	81
Figure 7.4: Solution and Value Add .....	89
Figure 7.5: Pillars for Rapid Growth .....	91
Figure 9.1: South East Asia Broadband Speed .....	102
Figure 9.2: Malaysia Broadband Market Share (2012).....	103
Figure 9.3: Malaysia Broadband Market Share (2013).....	104
Figure 9.4: Yes 4G Wireless Plan with Unlimited Data .....	105

## List of Tables

Table 6.1: Package bundle with Dec Phone and IPTV .....	56
Table 6.2: Demand for HSBB 30Mbps and above .....	58
Table 6.3: Marketing Medium by 9 Service Providers .....	67
Table 6.4: The Attractiveness and Value for Money of Hypp TV .....	69
Table 6.5: Hypp TV Current Number of Subscribers .....	69

Table 6.6: Package bundle with Dec Phone and IPTV .....	70
Table 6.7: Service Restoration and New Installation by 9 Service Providers.....	71
Table 6.8: TM Service Recovery .....	72
Table 6.9: Lack of Empathy to Customer Complaint .....	73
Table 7.1: SK Telecom HSBB Internet Service packages .....	84
Table 7.2: SK Telekom bundle and unbundle packages .....	85
Table 9.1: Number of Unifi Subscribers from 2011 to 2013 .....	102
Table 9.2: Number of Subscribers per Telco (2012).....	103
Table 9.3: Malaysia Telco Market Share (2013) .....	104

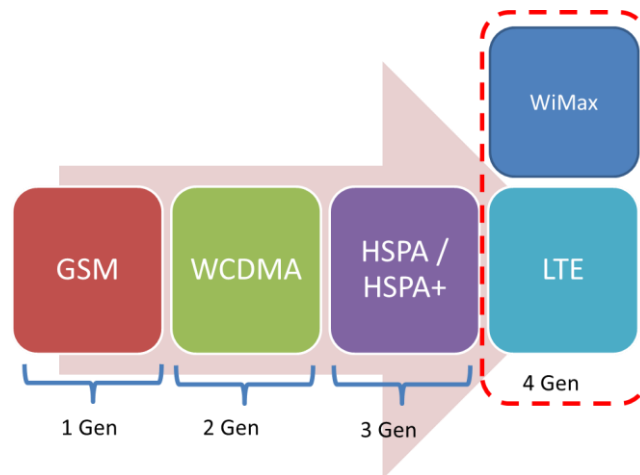
## **1.0 Introduction**

Over the years since the Internet started in Malaysia in the 1990s, the demand of Internet connectivity has increased dramatically from narrowband, broadband to high speed broadband (HSBB). These were driven by the government and the demand from consumer for higher Internet speed. As technology evolves, there are more applications such as video conferencing, video streaming, and radio station streaming, Voice of Internet Protocol (VoIP), Internet protocol TV (IPTV), peer-to-peer file sharing, e-commerce and cloud computing services which require higher data rate in order to work at a satisfactory level.

In order to understand the context of this thesis, it is important that for the reader to be able to distinguish the terminology of narrowband, broadband and high speed broadband (HSBB) technology. Internet in Malaysia started with narrow band in the 1990s. At that time, narrowband was commonly known as dial-up service where dial tone could be heard when consumer connects to the internet. During that time, the speed for narrowband could serve up to 56 kilobits per seconds (kbps). In early 2000s, broadband was introduced to Malaysia. Broadband refers to communication bandwidth at 256kbps and above. In those days, Telekom Malaysia was the sole fixed broadband provider. The product offered was Streamyx which served from 318kbps to 1Mbps bandwidth. The technologies used were DSL (Digital Subscriber Line), ADSL (Asymmetric Digital Subscriber Line), SDSL (Symmetric Digital Subscriber Line) which are based on copper wires. As of today, the Streamyx product line up is still offered by Telekom Malaysia with higher speed product variety.

As technologies evolve, wireless telecommunication which supports broadband was introduced in mid 2000s. The internet connection was made available

on a mobile telecommunication network from GSM (1800Mhz), EDGE, WCDMA to HSPA and HSPA (Plus) standards for wireless broadband technologies. Figure 1.1 shows the evolution of generation of mobile network.



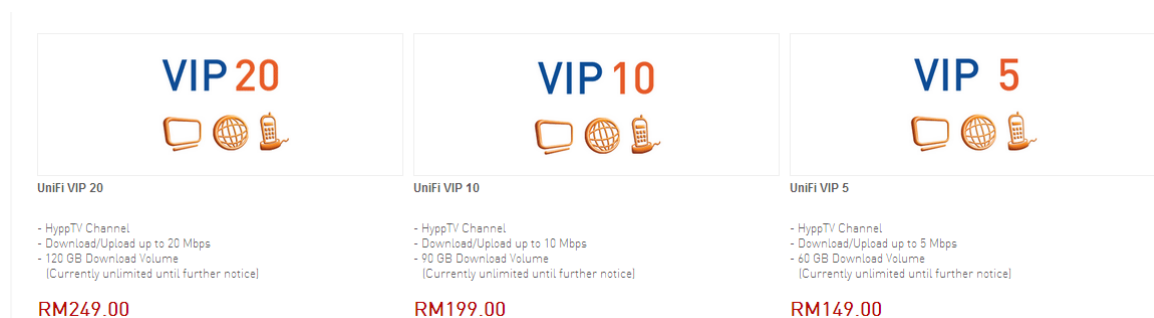
**Figure 1.1: Wireless Technology Evolution**

High speed broadband (HSBB) was implemented in late 2000s. Generally, there are 2 types of high speed broadband implementation, fiber optic technology and wireless network technology. Wireless High Speed Broadband is commonly known in Malaysia as 4G LTE (4<sup>th</sup> Generation of Long Term Evolution) and WiMax technology. Wired HSBB is based on fiber optic cable.

Malaysia High Speed Broadband was initiated with the signing of Public-Private Partnership (PPP) agreement between Malaysia Government and Telekom Malaysia in September 2008. The PPP agreement is to develop the next generation of HSBB infrastructure and services throughout Malaysia at the cost of RM11.3 billion (Bernama, 2010). TM is committing RM8.9 billion, while the government is co-investing RM2.4 billion on an incurred claim basis based on project milestones reached by TM.

TM launched Unifi in early 2010 and it is expected to intensify competition and provide GDP growth for the country by providing high speed broadband for commercial and household. Competitor YTL and Packet One launched its WiMax wireless broadband in November 2010. However, WiMax was not widely adopted by the market and was slowly monopolized by 4G Long Term Evolution (LTE) mobile networks. At the end of 2012, TM deployed 97 exchange areas with HSBB infrastructure, achieving 1.377 million premises passed with high speed broadband, surpassing the target of 1.3 million premises in PPP agreement (Telekom Malaysia Berhad, 2012).

Unifi is a triple-play service offering Internet access, Voice over IP (VoIP) and IPTV. Unifi is serving both commercial and residential markets through an optical fiber core network via Fiber-to-the-Home (FTTH) and VDSL2 (Very-High-Bit-Rate Digital Subscriber Line 2). There are different Unifi package offering for commercial and household. Unifi residential or household package consist of Video, Internet Protocol Television and Phone (VIP) with different bandwidth of 5Mbps (VIP5), 10Mbps (VIP10) and 20Mbps (VIP20).

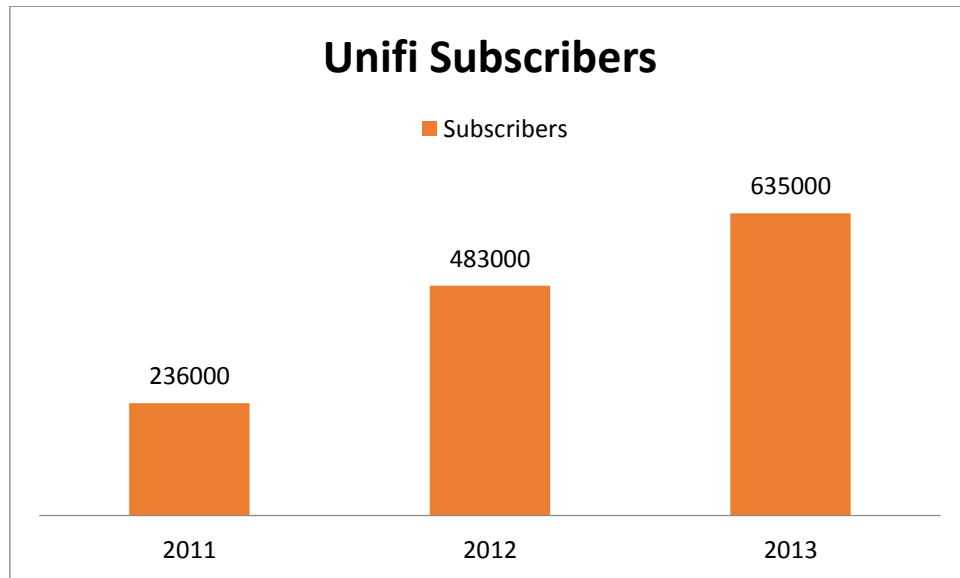


**Figure 1.2: Unifi Household Packages**

Source: <https://www.tm.com.my/Home/broadband/unifi/home/Pages/packages-VIP.aspx>

Unifi enjoyed a tremendous record of growth rate of 104% in 2012 with 236,000 subscribers in 2011 to 483,000 subscribers in 2012 (Telekom Malaysia

Annual Report, 2012). However, in 2013, Unifi suffered a lower growth rate as compared to 2012. The Unifi product growth rate in 2013 was 30% with 635,000 Unifi subscribers (Telekom Malaysia Annual Report, 2013). The purpose of this article is to identify the root cause(s) of the decrease in Unifi growth rate and provide suggestions on how to capture the broader market.



**Figure 1.3: Unifi Subscribers Chart**

### **1.1 Background of the Study**

TM which provides high speed broadband (HSBB) services through Unifi are experiencing decreases in growth rate. Unifi subscribers have decreased significantly from 104% in 2012 to 30% in 2013 where the Maxis subscriber growth rate has increased to 170% in 2013 (Maxis Berhad, 2014).

The purpose of this study is to identify the reasons for decrease in growth rate of Unifi subscribers and propose recommendations and solutions to TM in order to increase its growth rate of Unifi subscribers.

## 1.2 Problem Statement

Over the past decade, Malaysia's household broadband penetration rate has been growing tremendously from 15.2% in 2007 to 67.1% in 2013. The performance of 2013 is represented by a total of 4,558,100 private household subscriptions. However, the growth of the broadband penetration rate is reaching the peak, which indicates the signal of saturation from the year 2011 (62.3%), 2012 (66.0%) and 2013 (67.1%) (Refer Figure 3.5).

On 6 Dec 2012, Malaysian Communication and Multimedia Commission (MCMC) awarded 4G Long Term Evolution (LTE) 2.6GHz spectrum license to eight companies beginning on 1<sup>st</sup> January 2013, namely, Digi, Celcom, Maxis, U mobile, P1, Redtone and Puncak Semangat. Three of the licenses were awarded to the major cellular providers in Malaysia which are Maxis, Digi and Celcom. Maxis took the fastest deployment by offering the 4G LTE service on the first day of 2013. At the time of the award, the wireless 4G LTE service was perceived as the mobile communication market in particular for mobile phones such as iPhone 5s, Samsung S5 and Sony Xperia Z2. However, as demand for mobility increases, 4G LTE is seen in both fixed and wireless household high speed broadband services (Yes 4G, 2014) (Maxis, 2014). What looks more interesting is that the wireless broadband 4G LTE are seen capable to provide customers with higher bandwidth than TM Unifi home services.

During 2013, 4G LTE is seen making a dent in the broadband industry. Competitors are offering competitive products which start to impact TM business. 4G LTE is a high speed broadband (HSBB) which capable to provide broadband speed around 30 Mbps for its consumers. TM Unifi home service is only offering its high speed broadband up to 20Mbps for its fiber optic product. Where else TIME is



capable to offer up to 100 Mbps for household consumer however they are slow on coverage. By the end of 2013, TM was having 39% of the total household broadband market only (Refer Appendix B, Table 8.3).

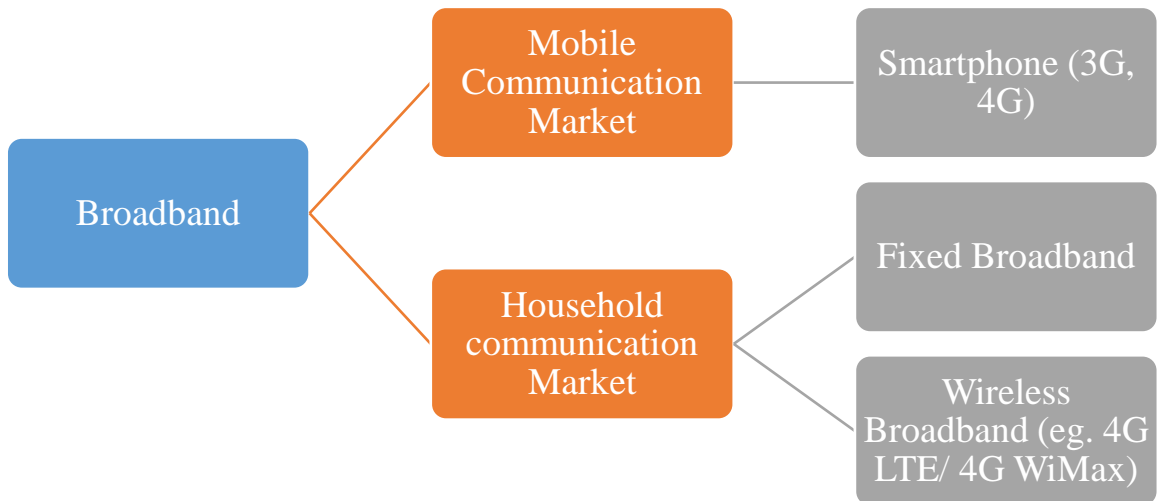
Although Unifi is still having growth in 2013, Unifi financial report shows a decrease in growth rate for Unifi subscriber from 104% in 2012 to 30% in 2013 (Telekom Malaysia Annual Report, 2013) where else for Maxis subscribers, the growth rates increased to 170% in 2013 (Maxis Berhad, 2014). The focus of this study is to understand why Unifi growth rates are slowing down as compared to some of its competitors who are now directly targeting their products in the household fixed and wireless broadband.

On the other hand, TM's current strategic direction is focused on satisfying consumer needs through the efficiency and effectiveness of the content of its product for its consumers rather than speed and price. The focus of the study is also on the comparison of speed and price strategy versus the product content strategy.

### **1.3 Case Issue**

Referring to the previous sub-chapter of background of the study and problem statement, the authors identified the reduce growth rate of Unifi subscribers from 104% (2012) to 30% (2013) was due to competitiveness in speed and price of bandwidth. There are two types of data communication market, mobile communication market which is under the mobile cellular provider such as Maxis, Digi and Celcom; and household communication market such as Telekom Malaysia (Fixed broadband), Packet One (Wireless broadband). The two types of product offering under the household communication market are fixed broadband and wireless

broadband. The diagram below provides the illustration of the relationship between mobile communication market and household communication market.



**Figure 1.4: Broadband market relationship**

As wireless technology makes advancement, competitors see the great opportunity in mobile cellular to venture into household communication market through both fixed and wireless broadband. Competitors start to capture TM's market by focusing on needs of consumer such as easy access and convenience criteria to household communication market. As technology developed, the demand for mobile communication increased causing household communication with fixed line decreased.

The introduction of wireless high speed broadband such as 4G LTE has provided the capability for competitors to capture both mobile communication and household communication market. These become a greater threat to Telekom Malaysia.

TM has to come up with other new strategies to overcome the pricing competitiveness. They are not challenging on speed due to various reasons such as a social obligation to the nation, urban and rural needs. Thus accommodate from low bandwidth to high bandwidth to fulfill its social obligation. Besides constraints in pricing competitiveness, TM has constraints in coverage expansion, promotional activities, product packaging and faster response to customer complaint as well.

TM focuses their strategies which position themselves as a content provider rather than being a broadband speed provider. The product differentiation strategy does enable higher profit margin to cover its social obligation, however, the growth rate of Unifi subscribers has declined.

#### **1.4 Research Objective**

The objectives of this research are outlined below:

- To study 4G LTE impact on wireless broadband; HSBB's adoption, pricing strategy, value proposition and customer satisfaction which lead to the decrease of growth rate
- To study the association between mobility feature (wireless technology), bandwidth, price, infrastructure expansion, promotion, product proposition that offered by competitors
- To understand TM current strategy in product differentiation which is Speed VS Content
- To study the constraints that TM facing in pricing competitiveness, coverage expansion, promotional activities, product packaging, response to customer

- To understand the need of Government Link Company (GLC) in fulfilling social obligations

### **1.5 Research Questions**

In order to achieve the research objectives, the following questions are posed in this study:

1. What are the factors contributing to decrease in Unifi growth rate?
2. What are the competitors' products offering?
3. What is the product differentiation in TM?
4. What are the constraints that TM facing in pricing competitiveness, coverage expansion, promotional activities, product packaging, response to customer?
5. What are the social obligations TM needs to fulfill?

### **1.6 Research Limitations**

The research should be interpreted in the lights of its limitations. The research is an exploratory, conducted in a specific context of case study of one specific product (Unifi). The findings may be limited to the case in question and as a result, limited generalizability.

The findings from questionnaire were insufficient to make a conclusion for the entire population of Malaysia due to the sample was too small (164 respondents) and concentrated in certain part of Malaysia, excluding Sabah and Sarawak.

There are also times and resource constraints, where the research was conducted in a very short time frame (3 months), causing insufficient sample size and limitation in analysing more findings from different perspectives using the 'Symptom

Versus Problem' framework. Hence the authors would suggest that improvement and further enhancement in future research.

## 2.0 The Literature Review

### 2.1 High speed broadband impact

Fiber-to-the-Home (FTTH) is seen as a **stimulus tool** to support **short run recovery** and **long term productivity enhancement**, as a foundation for improved delivery of services such as energy, education and health (Kenny & Kenny, 2011). HSBB in Malaysia is a flagship project of the National Broadband initiative that will help boost the country's competitiveness and enable citizens and businesses to tap into the opportunities in the social and economic spheres. HSBB is expected to drive productivity levels higher and enhance revenue in businesses.

FTTH network is a key in attracting and expanding new internet industries and converged communication systems such as **interactive TV**. However, these benefits are frequently based on crediting FTTH with an application that can work on basic broadband or from benefits from taking fiber to business premises, not homes (Kenny & Kenny, 2011). Telekom Malaysia (TM) is between broadband provider in Malaysia offering HSBB via FTTH service known as Unifi which include interactive TV and currently facing decreasing in the growth rate of the Unifi subscriber.

On the other hand, there are positive impact of broadband in South Korea, which has the highest penetration rate of broadband, provides a **driving force for new businesses** for related industries and acting as a springboard for future infrastructure in the network economy (Lee & Shim, 2005). In the case study of Unifi, it has a growth rate of 104% in 2012 with 236,000 subscribers in 2011 to 483,000 subscribers in 2012. However, Unifi growth rate in 2013 was 30% with 635,000 Unifi subscribers. This reflects lower penetration of Unifi in 2013. The decrease in

penetration may direct and indirectly impact the expectation of higher productivity level and revenue in businesses associated with HSBB.

Due to pre-conceived views that fiber technology is the most superior technology and that FTTH is needed for national competitiveness, policy makers did not even consider wireless as a viable option for the access layer for urban and suburban areas implemented under the HSBB program (Gunaratne, 2014). It is also noted that, the latest mobile technology - **Long Term Evolution (LTE)** is now able to provide speeds of 10 – 30 Mbps, which is the same range currently provided by TM through HSBB (Gunaratne, 2014). Although TM is providing wireless HSBB, it does not have 4G LTE license, while competitors are 20-30 Mbps ahead of TM particularly via LTE services.

## **2.2 4G LTE impact to wireless broadband**

Mobile communication technologies are often divided into generations, with 1G being the analog mobile radio systems of the 1980s, 2G the first digital mobile systems, and 3G the first mobile systems is handling broadband data (M.F.L.Abdullah, 2011) The Long-Term Evolution (LTE) which is often called “4G”, provide a high-data-rate, low-latency and packet-optimized radio access technology supporting flexible bandwidth deployments (M.F.L.Abdullah, 2011).

Due to pre-conceived views that fiber technology is the most superior technology and that FTTH is needed for national competitiveness, policy makers did not even consider **wireless** as a viable option for the access layer for urban and suburban areas implemented under the HSBB program (Gunaratne, 2014). It is also noted that, the latest mobile technology - Long Term Evolution (LTE) is now able to provide **speeds of 10 – 30 Mbps**, which is the same range currently

provided by TM through HSBB (Gunaratne, 2014). TM does not have 4G LTE license while competitors are providing wireless broadband 20-30 Mbps ahead of TM fixed line broadband 5-20Mbps.

### **2.3 Adoption of high speed broadband**

Early adopters play significant role in the influencing towards adoption due to high level of acceptance. The same study also highlighted that the **most effective advertising method** includes aggressive television advertisements and documentary programs targeted at educating and business-minded citizen in high economic impact zone (Kasim, Malek, & Hambali, 2011). The decreased in the growth rate of Unifi subscribers are also caused by ineffective promotion on it Unifi product and promotion efficiency could be improved through similar methods as its deployment is prioritizing high economic impact zone.

The socio-economic characteristics of broadband adopters and non-adopters in the UK supports the view that the **socio-economic characteristics** such as age, gender, education, income and occupation have an imperative role in explaining the adoption of broadband in the household (Choudrie & Dwivedi, Investigating factors influencing adoption of broadband in the household, 2006). Unifi should consider the socio-economic characteristic in order to increase adoption of broadband in the household and to overcome the unattractive package of Unifi products.

The slow adoption of broadband has been highlighted in several literatures investigating the **demographic of consumers** (Choudrie & Dwivedi, The demographics of broadband residential consumers of a British local community : The London Borough of Hillingdon, 2005), **individual perceptions** (Oh & Kim, 2003), and **household consumer perspective** (Choudrie & Dwivedi, Investigating factors



influencing adoption of broadband in the household, 2006). In the case study of Unifi, TM is having difficulty in changing household consumer perspective, in order to increase the speed of adoption of Unifi.

Based on Uses and Dependency Model, the literature suggested that there are five integrated constructs in the case of broadband services such as Utilitarian Outcome, Hedonic Outcome, Social Influence, Self-efficacy and **Resources** (Kasim, Malek, & Hambali, 2011). Unifi adoption is showing dependency on resources which is FTTH network coverage.

Platform competition, information and communication **technology** use, **broadband speed**, income, population density, education, **price** and **local loop unbundling** are among adoption factors examined to explore influential factors of global broadband adoption (Lee & Brown, 2008). In the case study of Unifi, adoption facts show similarity with influential factors of global broadband adoption, which are information and communication technology use – in this case FTTH and LTE, broadband speed, price, local loop unbundling

Adoption of high speed broadband could be expedited through a reduction in the subscription fee as well as a more attractive package (Kasim, Malek, & Hambali, 2011). Unifi may be able to increase adoption through fee and package.

#### **2.4 High speed broadband pricing strategy**

Business model base on **price comparison strategy** may be successful in the short-term, for long-terms require a detailed understanding in attracting future customer (Dwivedi, Lal, & Williams, 2008). Unifi does not focus on price comparison with its competitors, rather, focusing more on content offering.

## 2.5 Value proposition in high speed broadband

The value proposition of **multi play services** is more related to the intrinsic value which constitutes a major difference between demand side economies of scales and demand side economies of scope (Henten, 2010). Unifi is providing triple play service value proposition.

Telco firms can achieve market power leverage by **bundling** its services, which is more profitable than offering each service separately (Krämer, 2009). Unifi is offering bundles of its services.

## 2.6 Customer satisfaction in relation to telecommunication industry and high speed broadband

Many telecommunication companies face a dilemma in the need to **manage customer relation** for profit, due to the rising cost of acquiring new customers and increasing churn that erodes the customer base (Meltzer, 2006). Unifi is facing a similar dilemma in managing customer relationships for profit.

Service quality is a major predictor of both **customer satisfaction and loyalty**, which significant positive influence on three out of the six quality dimensions of the chosen instrument, namely customer service, pricing structure and billing system (Santouridis & Trivellas, 2010). TM Unifi is facing similar influence in service quality.

Factors with significant impact on customer satisfaction are **promotion, cost efficient package**, free services, **technology factors**, line quality, convenience and handiness (Ling & Run, 2009). Unifi is facing a similar impact on customer satisfaction, particularly promotion, cost efficient package and technology factors – LTE versus FTTH.

A study on customers' satisfaction of broadband services in Malaysia shown that **package price, speed** of broadband, and bandwidth stability have no significant relationship with the customer satisfaction level (Junoh & Yaacob, 2011). However, in the case study of Unifi, the associations are between education level and stability factors, monthly income level and price factors, nationality and price factors, gender and acceptable price level, monthly income and internet broadband usage period and gender and speed.

The consumers are not only having the luxuries of choice but enough freedom to exert their preferences and enjoy a higher bargaining power and telecommunication service providers have become more **sensitive and responsive to the customers** (Arora, 2013 ). Malaysian consumers having plenty of choice in regards to telecommunication service providers and this is impacting competitiveness of Unifi and Unifi must strive to become more sensitive and responsive to customers. In order to win the hearts of their customers, telecommunication companies need to review their existing plans, policies, procedures, programs, **strategies**, even the budget (Potluri & Magnale, 2010). Therefore, Unifi needs to do the same in order to win the hearts of their customer.

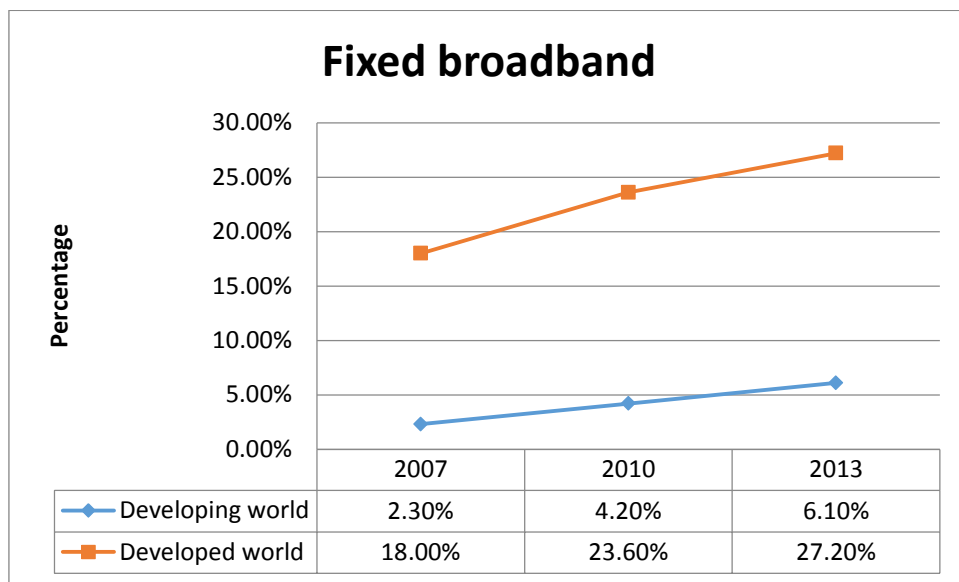
**CRM system** plays an important role to achieve business objectives and customer centric strategy is an essential part of the business strategy (Nguyen & Papadopoulos, 2011). Unifi relies on CRM to retain customer and subscribers. Relational features refers to activities which intrigue customers to return such as rewards, superior **customer service quality**, personalization, loyalty programs and building online community. Companies are indifferent in their levels of usage for informational and transactional tools, but are significant differences in the

adoption of relational tools where high level (59%) in the use of relational tools tend to be more value-adding features to customers (Hamid, 2010).

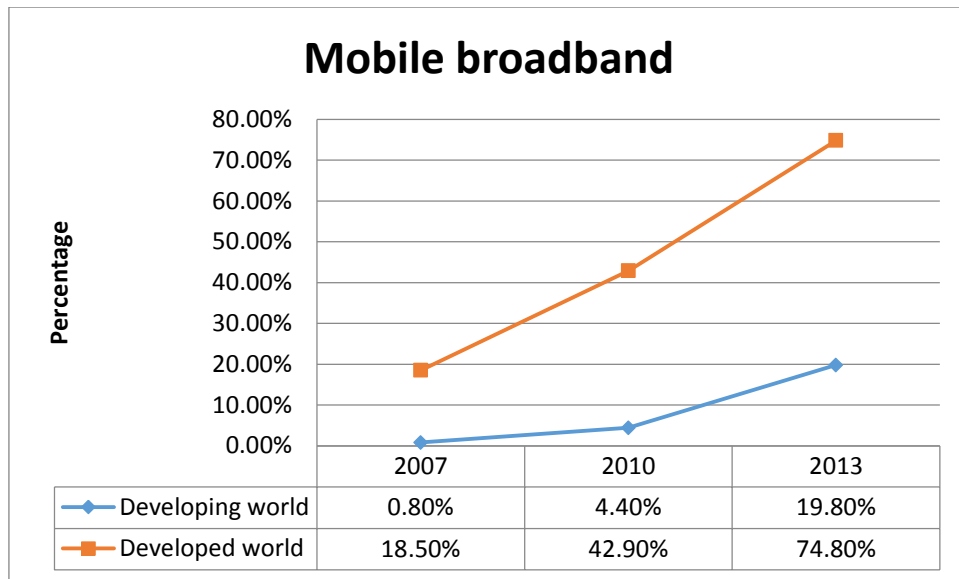
The relational element needs to be included in the **training and performance measurement** of customer service agents to allow them to realize and articulate customers' need. The same study suggests encouragement in strategy development for superior service quality management, particularly in the area of assurance, empathy and responsiveness (Loke, Taiwo, Salim, & Downe, 2011). Thus, Unifi could explore more in strategy development for superior quality service management.

### 3.0 The industry Analysis

Broadband industry was used to be one of the lucrative businesses for company in telecommunication business decades ago. In this millennium, constant deregulation in the country over the world causes a flush of new entrants to the broadband industry. Competition became stiffer, especially in developed country where a lot the citizens are connected to the internet (International Telecommunication Union, 2014).



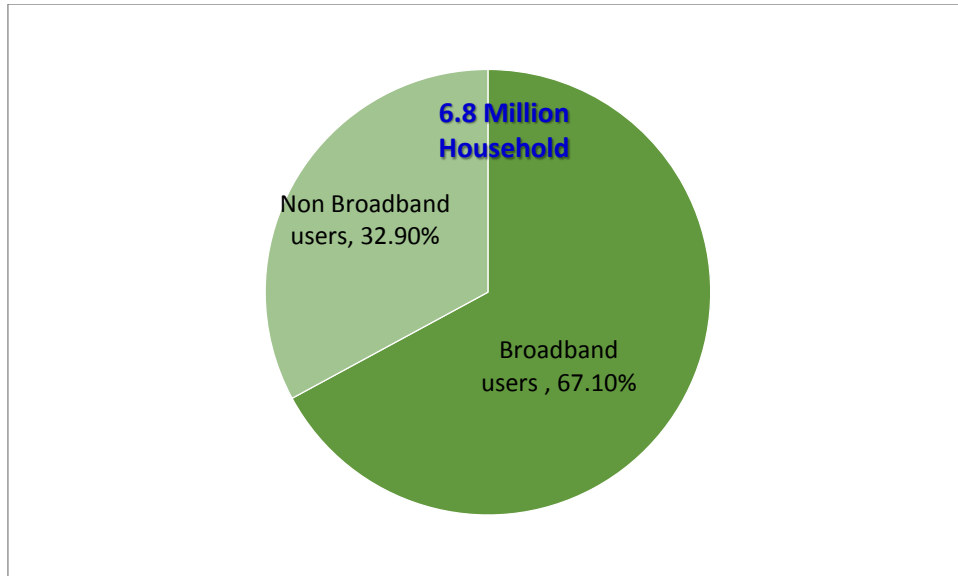
**Figure 3.1: Country with Fixed Broadband**



**Figure 3.2: Country with Wireless Broadband**

Today, broadband industry is one of the fastest growing industries in developing countries. As high speed broadband is becoming a consideration point for investors to invest in a country. It is crucial for the Malaysia Government to drive the penetration of high speed broadband at a faster rate.

According to the 2013 census, Malaysia has a total of 29.6 million population and 6.8 million households. In 2013, the Internet Broadband penetration rate reported at 67.1%, which reflect a total of 4,558,100 private household subscriptions (MCMC, 2013, p. 7).

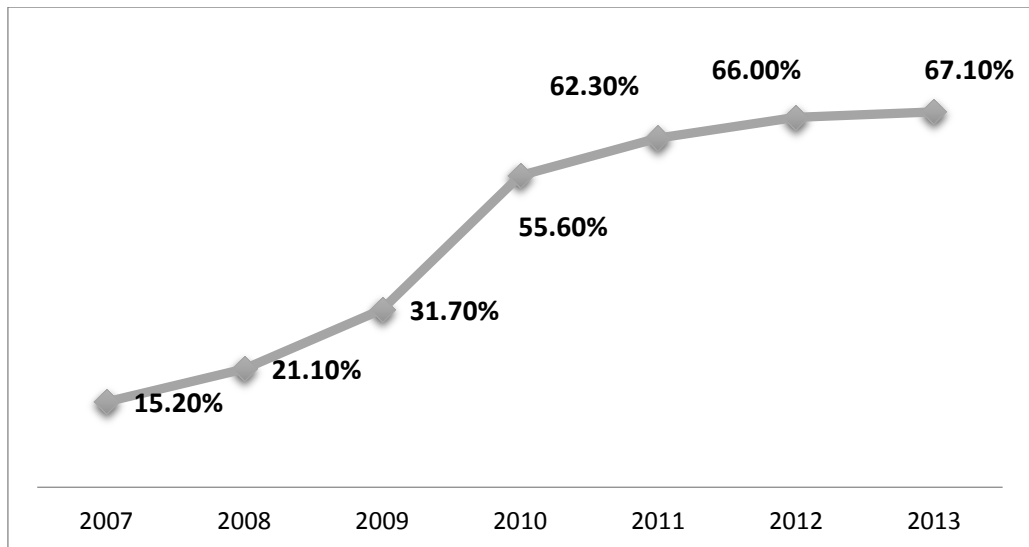


**Figure 3.3: Malaysia Broadband Users**

Source: Malaysia Communications and Multimedia Commission

Malaysia’s household broadband penetration rate has been growing tremendously from 15.2% in 2007 to 67.1% in 2013. From the data gathered by “Malaysia Communication and Multimedia Commission” (MCMC), the graph 3.4 below clearly shows a sharp increase in household broadband penetration from 2009 to 2012 (Statistic: Malaysia Communication and Multimedia Commission).

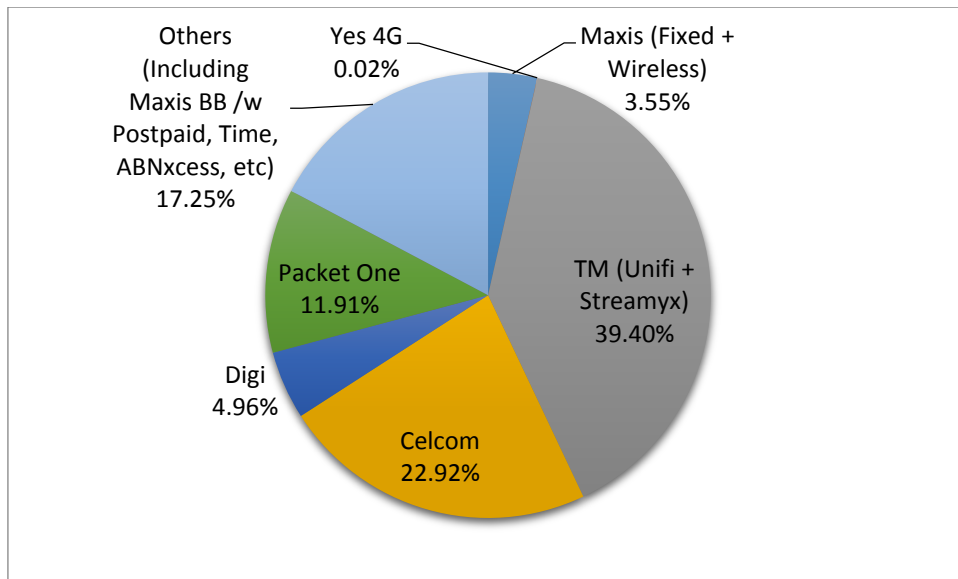
However the growth momentum for household broadband starts to show signs of slowdown in 2013 with the increase of 1% of the total number of households in Malaysia. The intensive growth of household broadband in 2009 to 2012 was closely related to Government initiatives to accelerate and grow high speed broadband infrastructure in Malaysia. The signing of the PPP agreement in 2008 between the government and private sector, Telekom Malaysia in particular, open the door of opportunities for Malaysian to enjoy high speed broadband we have today. Unifi was one of the early High Speed Broadband products offered in Malaysia.



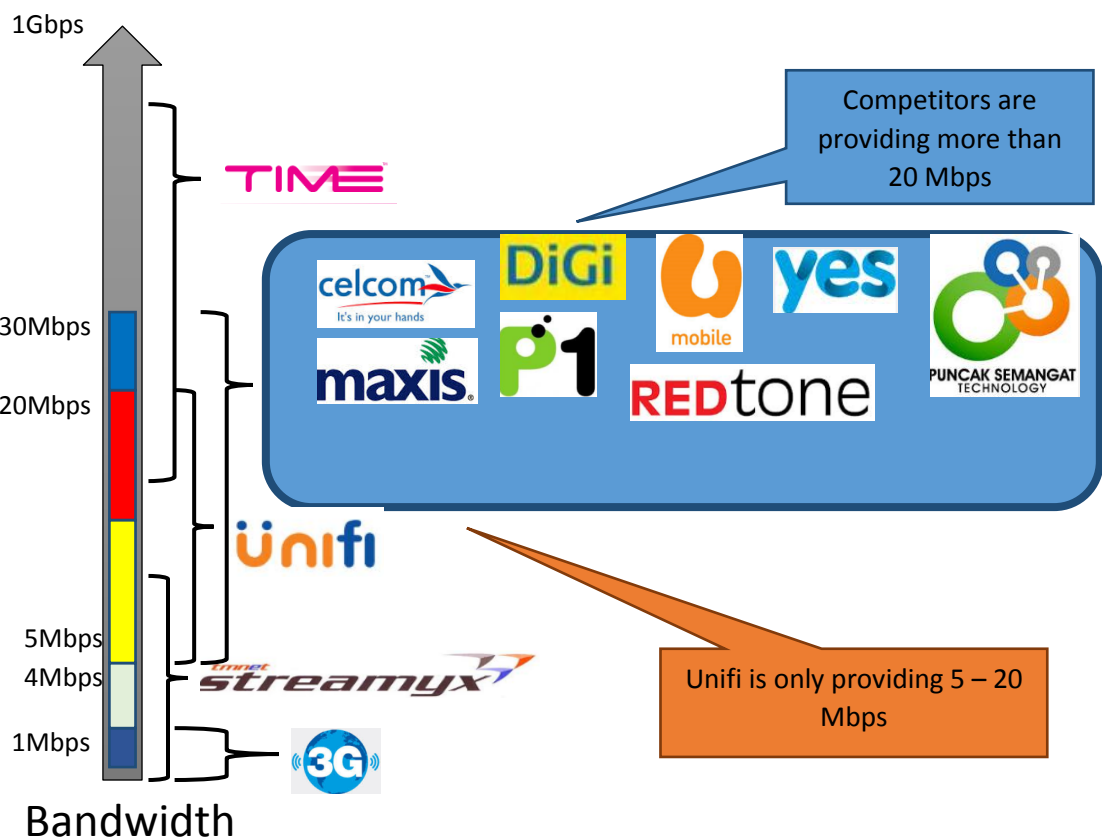
**Figure 3.4: Malaysia Household Broadband Penetration Rate**

Out of the 67.1% Broadband users in the country, TM holds the biggest share with 39.4% of total country broadband subscribers (Appendix B, Table 8.3). As of 2013, TM broadband is still number one broadband provider in Malaysia. It has been number one Internet provider since the beginning of the Internet in the country. However, as of technology advancement whereby mobile broadband can now achieve the satisfactory high speed internet as fixed broadband once hold the crown. The market shares are beginning to see a slight change; more players were emerging in the broadband industry.





**Figure 3.5: Malaysia Broadband Market Share**



**Figure 3.6: Range of Bandwidth offered by Telco/Celco**

From the figure above, we can clearly identify that the Unifi home service offering is only up to 20Mbps as compared to other competitors which were offered a

higher range of bandwidth (Harudin, 2014). Unfortunately, the data shows decrease in growth rate for Unifi subscriber from 104% in 2012 to 30% in 2013 where else in the meantime Maxis subscribers' growth rate increased to 170% in 2013. Even though Unifi are still having growth in 2013, it is interesting to study why Unifi growth rate is slowing down as compared to some of its competitors who are now directly targeting their product in the same market segment. In Chapter 5, the authors would help the reader to identify the reason of the decrease growth rate in the form of Symptom versus Problem framework (Refer Chapter 4.4 Analysis Approach).

## 4.0 Research Methodology

In the research methodology the authors are using quantitative research method and qualitative method in order to get a deeper understanding on the issues which lead to the decrease of growth rate of Unifi.

### 4.1 Primary Data Collection

The purpose of data collection is to obtain information and to make decision about important issues. The primary data collection in the study is using interview and survey research approach to 164 sampling populations who are using broadband service in Malaysia.

#### 4.1.1 Interview

Three sessions face to face interview were conducted with TM Penang State General Manager, Assistant General Manager for Penang Group Marketing TM Consumer and TM Sales & Marketing Retail Officer in order get a holistic view of TM operation and their business strategy.

### 4.2 Secondary Data

The secondary data that used in this study including journal, article, newspapers, The Internet, company web site to gain an in-depth insight of the issue and clarification of the research question.

### 4.3 Data Linkages

Research Questions	Data Sources & Method	Justification
1. What are the factors contributing to decrease in Unifi growth rate?	Interview with En Tahir – Assistant General Manager; Survey; TM annual report	• To find what are the factor contribute to decrease in Unifi growth rate