

# Telecommunication industry analysis

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The domestic telecommunication industry offers a broad range of services through four primary product segments: radio, television, voice communications, and broadband services, the two largest being voice communications and broadband services (Industry). These services are offered to businesses and personal consumers, and are the industry's primary user segments. Companies in the telecommunication industry are the primary means by which communication is provided, whether it is by telephone, Internet, or television. Using transmissions of signals over networks of radio towers, data is transferred to customers using devices, such as a phone (Telecommunications). Determining which segment to market to and who drives the market is integral for companies in the telecommunication industry to understand.

**User Segments** The telecommunication industry markets to two segments: business and personal consumers. The business segment utilizes the services of the telecom industry for better communication, higher efficiency, and better distribution of data (Telecommunications and Business). As businesses require communication devices for email, phone, teleconferencing, and data transferring, companies are marketing to businesses offering the most advanced and efficient products. Businesses also allow for a larger budget for spending, and consequently telecommunication companies are refining their product to fit their needs on a larger scale. AT&T and Verizon Communications are the leading providers in the business segment, offering services such as videoconferencing, networking, Internet, and voice communications.

Personal consumers are the other segment the telecommunication industry markets to. With over 290 million subscribers in the United States (U. S.), companies in the telecommunication industry are on a very competitive playing field. AT&T and Verizon, again the leading providers in the personal consumer segment, spend a large amount each year on advertising trying to reach their markets (The Account). Consumers want products with the most speed and reliability, which forces companies to update constantly. With new products and features coming out regularly, it is imperative these companies stay current with the latest technology.

**Product Segments** The two product segments that define the telecommunication industry are voice communications and broadband services. Voice communications entail phone services such as phone calls and voice messaging. Businesses and personal users rely heavily on this service, as people are requiring reliable and efficient phone service in their everyday lives. Features play an integral role in defining the product, so companies must have feedback from consumers to know how to improve their product (Cell Phone).

Broadband services offer Internet access to its users. This technology is improving constantly, becoming faster and more efficient. Integrating into phones, television, and DSL, broadband services are becoming increasingly important to having a reliable product and reaching customers (Industry). Over the past decade, Internet subscribers have doubled, reaching over 266 million customers (World), which shows the prevalence of broadband services in the United States. As many of the telecommunication companies

have merged in recent years, they are able to offer a larger product as well as “bundled media packages”, which brings in new revenue sources and opportunities for growth (Industry).

In the telecommunication industry, the consumer is driving the market. As technology is advancing and more features are becoming available, companies must customize their products to fit the consumers' needs. Many consumers require different features and options, which require the companies to stay current with recent trends. Customer service has also played a large role in the satisfaction of customers, and the companies take a lot of feedback to improve their products (Industry).

**Trends in the Telecommunication Industry** As the telecommunication industry evolves, so do the trends that drive it. Demographics have become less important, although age and occupation does play a major role (Market). Teens are becoming a target for companies, as well as business professionals (Teens). Consumer trends are driving adoption of phones in the market, as social networking, jobs, and personal use are becoming parts of everyday life (Consumer). Technological advancements are playing a major role in the development of the telecommunication industry. Products are becoming faster, cheaper, and of higher quality, as well as including features and applications for consumers so they can communicate and work more efficiently (Top).

**Competitors** One of the top competitors in the telecommunications industry is AT&T. With over \$124 billion in total revenue (T), AT&T is one of the largest providers of telecommunication services in the United States. Their

main products are for businesses as well as the consumer, including wireless, broadband, phone, and data solution services. AT&T's strategy involves working with its suppliers and customers to improve their efficiencies and form a positive, long-lasting relationship with them. They improve their company by becoming more sustainable, in hopes of promoting a positive impact on the communities it serves (AT&T Corporate).

Verizon Communications is also a leading competitor in the telecommunications industry. With \$106.5 billion in total revenue last year (VZ), Verizon is another leading provider of telecommunication services in the United States. Verizon offers products similar to AT&T, which enables them to compete closely with AT&T. Their basic strategy involves being proactive in improving their services to satisfy customers. Verizon continually adapts to new technology and brings innovation to all its products. Their goal is to improve the quality of life for its customers by offering innovative products (Verizon).

Sprint Nextel Communications, totaling \$32 billion in total revenue in 2010 (S), is a smaller competitor but is still among the top companies in the domestic telecommunication industry. Sprint offers phones for business and personal use, as well as business solutions to help the company operate its communications with more ease. Part of their strategy is to foster and develop relationships with organizations to form alliances and deliver integrated products and services. Sprint is also involved in becoming more responsible, in regards to its products, the environment, and its customers (About).