

Case study  
background of maxis  
marketing essay



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Maxis Berhad is leading company which providing telecommunication services in Malaysia and has over 11.4 million service users currently. In 1993, Maxis Berhad has obtained license to run a nationwide GSM 900 mobile network, which is a local fixed network and an international gateway. Maxis Berhad starts its mobile businesses in August 1995 and commenced its fixed line and international gateway operation in early 1996. Nowadays, Maxis is providing a full set of services on various platforms to satisfy the demand of telecommunications for individuals, small enterprises and large organizations, such as mobile fixed line, prepaid line and internet broadband services.

Maxis Berhad is a telecommunication company in Malaysia which provides better quality service with larger coverage in Malaysia. The price charge is also extremely high compared to its competitors. Even though the higher price it charges, but Maxis Berhad is still able to enjoy huge market share in the Malaysia, this shows that how well is the competitive competence Maxis has possessed in Malaysia.

Besides that, Maxis Berhad was first telecommunication company in Malaysia launched the 3G services, such as 3G connect Card, PC Webmail, Video Mail and 3G prepaid. The 3G services coverage is up to 740 sites across Malaysia and still being increased. The 3G services of Maxis enable the users to enjoy the internet access throughout Malaysia. Mobile phone and laptop users can enjoy the entertainment and communication services such as video calls, live mobile TV, games and wireless broadband Internet those are reasonable priced, rapid access with real time result. Maxis have many users of the broadband service because it offered a reasonable price and do promotes

the broadband services by offering free modem. Subscribers can get a free modem once they signed up the service package. In addition, Maxis Berhad has the customer service centre throughout the country, which provides conveniences to the customers for paying bills, signing up, and reporting problems.

Maxis Berhad's vision is to improve human life and business with an inspiring collection of creative products and services, in a manner that is simple and personalized, and providing the efficient and reliable services to every customers. Three words are used to depict the spirit of the Maxis Berhad, those are simple, trustworthy and creative. Besides that, Maxis Berhad makes everything as simple as possible. The customers can easy make sense of what the maxis is trying to tell them, because the way of maxis communicates with customer is clear-cut. Trustworthy is emphasized by Maxis Berhad, the company builds and maintains the strong relationships between the customers and employees as well. This kind of spirit makes Maxis Berhad more reliance. Lastly, Maxis is creative not only the way they run the business, but those are how they answer the phone, the way they serve the customers and how they deal with the challenges. Creative is in whatever they do.

### **3.0 Analysis of marketing environment**

There are a lot of uncertainties that may influence the organization's performance. Marketing environment is one of the important factors that able impacts on the organization. Besides that, the marketing environment has several forces that able to influence the Maxis Bhd Company which is

social forces, economical forces, competitor forces, technological forces, and regulatory forces.

### **3. 1 Social forces**

The social forces of the environment include the demographic characteristics of the population and its values. Changes in these forces can have dramatic impact on marketing strategy. The demographics of Malaysia are represented by multiple ethnic groups that exist in the country. The population on 2009 is more than 28million, and 5. 72 million Malaysian live in East Malaysia and 22. 5 million live in Peninsular Malaysia. If there are any changes of these demographic it will affect the marketing strategy by Maxis Bhd. A population can also be described using characteristics such as age, gender, ethnicity, income and occupation. How these characteristic affect the marketing strategy? Maxis Bhd is a company that selling mobile communication services in Malaysia. Thus, the characteristic such as age, ethnicity, income and also occupation are important to use to determine the targeted group of customer. For example, Maxis Bhd will basically base on the different group of customer to selling the different plan of mobile communication services to the customer. In addition, 18 to 25 ages, normally the persons who under this ranges of ages is a students. So, Maxis Bhd forms a student's packages in order to attract the customers. In case, there are business man who more than 25 ages and above, company will form a different plan in order to suit the needs of the customers. Normally, the student's package will more cheap than the others plan such as business man packages. The current student packages is free sending messages, have a great discount and low-cost calling charges which is 5-7 cents per

minutes. But, for the non-student packages, it will not have such welfare. Basically, for non-student packages will more focus on the higher rate of charges.

### **3. 2 Economy Forces**

Malaysia is the rapidly development economy country in the South-east Asian, it has be category as the middle-income country. Malaysia is the third largest economy country in the south-east Asia, the geographic of Malaysia has separately into two parts which is the Peninsular Malaysia and Malaysian Borneo. In Malaysia, the land is rich in the natural resource and raw material. In early ear, the major of Malaysia economy are developing in the agriculture, mining and forestry sector. In year 1970, Malaysia has developed into a multi-sector economy from the producer of raw material. The economy has contributed by other sector such like medical, technology industry and service sector. Besides, the Strait of Malacca which is the international ship route increase the volume of international trade and manufacturing sector still remain the most influence the entire of Malaysia economy growth.

According to service statistics information and communication technology in year 2008, the value added generated by the telecommunication service is amounted to Rm21. 2 billion . Comparing with the Computer and other related activities, the value added generated is amounted to Rm6. 5 billion. This shows that the telecommunication service sectors are more contributed to the Malaysia economy; there has potential market in the telecommunication service sector.

Beside that, Malaysia financial year 2008 state that the agriculture sector has contributed 9.7 percentages to Malaysia GDP, industrial sector stand for 44.6 percentages and the rest is service sector was 45.7 percentages. However, Malaysian economy was growth slow in the year 2008. It is because of the gross investment was fixed; it is one of the element that influence the GDP.

According to the Malaysia mobile cellular telephone data graphs in year 2000, there are 2,170,000 population of mobile cellular telephone subscriber. In year 2009, there are 23,347,000 population of mobile cellular telephone in Malaysia. Comparing the year 2000 and year 2009, there is increase 21,177,000 population of mobile cellular telephone subscriber. There are more Malaysian using the mobile cellular telephone in their life and it become a necessary tools for communication, the telecommunication companies play an important role to provide the quality service to the every customer in the market.

### **3.3 Competitors**

Malaysia has come out with a competition law which this act was passed by Parliament in May 2010 and publicly announces in June 2010. It will be enforced on 1st January 2012. Besides, this Act is to provide a comprehensive competition law at the national level which cuts across all economic sectors and it apply to all commercial activities in Malaysia and outside Malaysia that will influence competition in Malaysia Market. Main provision of Competition Act 2010 is section 4 and section 10. Section 4 is to prohibition against anti competitive agreement which prohibition against any horizontal or vertical agreement which has the object or effect of

significantly preventing, restricting or distorting competition in Malaysia.

Besides, Section 10 is prohibition against abuse of dominant position which dominant position means a situation in where one or more

Enterprises possess such significant power in a market to adjust prices or outputs or trading terms, without effective constraint from competitors or potential competitors. For section 4 prohibitions normally is for price fixing, market allocation, Bid ringing agreement, Exclusive dealing, and tie-in arrangement. However, for section 10 it is to prohibition abuse toward price discrimination, excessive pricing, and predatory pricing.

### **3. 3. 1 Intertype competition**

Intertype competitions define as competitions among firms in different type of businesses but which both firms selling the same product.

As we know that, Maxis Berhad offered the iPhone4 subscription plans to consumers and the company sells its iPhone4 to the customers with its own package.(Refer Appendices 1) Furthermore, the Apple Company is the manufacturer for the iPhone4. Apple Company also offers its iPhone4 to mobile shops. Thus, mobile shops are directly competed with Maxis Berhad and both of them are from different industry. It means that, the relationship between the Maxis Bhd and mobile shop are intertype competition. Basically, the customers will buy for Maxis Bhd Company rather than the other mobile shop. The reason is because of the successful for the promotion package that setting by the Maxis Berhad Company

### **3. 3. 2 Intratype competition**

Intratype competition defines as competition among firms in the same type of business. Example Competition between Maxis and Digi which both of them is from the same business field that selling the same product which is mobile communication.

Maxis and Digi operating in the same business field which provide mobile communication services to customers. Digi targeted on teenagers by providing a entertainment service for this group consumers such as provide free internet connection with no cost for Digi consumers to view Facebook everyday by using stated link. Besides, Maxis doesn't provide this kind of opportunity for their consumers because most properly they target on those working populations. Maxis promoting family plans package that charges low cost for family member who using the same network to encourage family member sign up the package to save their cost.(Refer Appendices 15)

Otherwise, Digi has come out with a package that is once we have send message more than RM 2 each day the continue cost will be free as consumers message to the same network . It only charge RM 2 each day if consumers fulfil the package condition.

### **3. 4 Technological Forces**

Maxis Berhad internet communication should improve their Maxis broadband by upgrade their internet connection speed. Even though Maxis broadband is convenience because we can online and bring to anywhere, but during peak season the internet connection will down and it cause a lot consumers complain about this matter. Thus, if Maxis Berhad can improve their internet connection it will bring a lot opportunity for their firm. Before Maxis Berhad

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provide 3G function customers just can use mobile phone to communicate with each others. But today Maxis Berhad has provide 3G function that allow consumers to communicate and look at each other by using mobile phone and it also can use as videoconferencing for companies meeting. Maxis Berhad also pronounce that their company is going to launch 4G function soon to keep improving their technologies to meet with modern times.

### **3. 5 Regulatory forces**

Maxis marketing practices and business decisions are significantly influenced by the regulatory forces in Malaysia. So, Maxis has some restriction in conducting its business. In order to adapt to this regulatory environment, Maxis has followed all the laws that are stated and adjusted its activities in conducting business.

Maxis Bhd is not a dominating company in the telecommunication industry in Malaysia. Malaysian's competition act 2010 has contained forbiddance of anti-competitive behaviour and prohibition of the misuse of a dominated market position in order to protect competition. So, the business competition is fair and encouraged in Malaysia. However, it also has been shaped a heavily competition environment. Thus, Maxis is always striving to be efficient and innovative in its practices. Besides that, it also always improves its research and development of new services and techniques in order to compete with its competitors and create the best value to the customers.

In addition, Maxis is also governed by the product-related legislation which attempts to protect both company and consumer. The patent law and the copyright law provides maxis the right to keep out other from producing,

using or selling that violate the patented creation and the exclusive right of its own work. Example, the slogans and the advertisements of Maxis are the copyright of the Maxis, so only Maxis can use it and customers are easily to identify Maxis when they see the particular advertisements and slogans. Maxis is not allowed to infringe others rights as well. Due to the Consumer labelling and consumerism act in Malaysia, Maxis is required to list out all the terms and conditions of all its products and services when it promotes to the customers. Maxis and its customers are also protected by the trademarks act that ensure the consumers are purchasing the true product and guarantees the company has the exclusive right to the word, name and symbol. So, the word 'maxis' and its symbol will appear on its every product, in order to make customers to recognize and identify it from other company, no others can use the word 'maxis' in their products.

To boot, there is no fixing price allowed in Malaysia. In fact, whatever price of talking rate, SMS charge, and even the monthly charge of broadband provided by maxis are different with other same industry company. This situation proves that there is no anti-competitive behaviour in this field. The competition is very fair and healthy among the several companies. So, price discount is used by Maxis in order to compete with other, for example you will get cheaper talking charge if you talk more.

Maxis Bhd has made many exclusive dealings as its marketing practices, this distribution action is allowed in Malaysia. For example the maxis shops only sell the maxis packages, broadband and related products and services.

Also, Maxis is not engaging in the deceptive or misleading advertising which is illegal. Maxis advertisement is always correspond to the true of what it intended to let customers know. Maxis also attempt to police itself by participating in the MCMC (The Malaysian Communications and Multimedia Commission) Designates Access Forum.

## **4. 0 Segmentation**

Maxis Berhad Company is using multiple products and multiple markets segments to segments the markets. Thus, Maxis Berhad Company tries to design the several different packages of product in order to satisfy the different type of user's need and wants. Basically, it has numbers of variables that can be used to segment consumer markets, Such as, demographic, psychographic, and Behavior.

### **4. 1. 1 Demographic**

Several segmentation variables which are age, gender, ethnicity, income, and occupation is used by Maxis Berhad in implementing its market segmentation.

#### **Age**

In fact, Maxis Berhad tries to segment the market based on the age of the people below 25, and above 25. The potential customer is below 25 ages, normally is student. On the other hand, the consumer who is older than 25 ages basically is the working adult. The working adults basically have a greater usage in the mobile services. Thus, normally the package for 25 ages and above will enjoy more welfare compare to the others package.

## **Gender**

Both female and male in the Malaysia are the Maxis Berhad potential customers, businessman need to make the call to do business, connect with clients and make order. Women like to use phone to have a long chat with friends.

## **Generation**

Different generations have the different needs and wants. Baby boomers desire more stable and reliable products and services, but it's not all of them have a hand phone. Generation X are more concerning about the quality, for example the coverage of the Maxis Berhad services. The generations Y are more interested in the innovation, price and convenient o products and services.

## **Income**

Maxis Berhad services are usually suitable for all income groups of consumer. But the medium and high income groups are dominant of because Maxis Berhad chargers higher rate than its competitors.

### 4. 1. 2 Psychographic segmentation

Maxis berhad also apply psychographic segmentation to identify the potential consumers' lifestyle in Malaysia telecommunication market, involving their attitudes, opinion and value. Maxis berhad realize that Malaysian are very relying on the telecommunication to deal with business, social activities and have fun. Especially when their social group is bigger, the communications become more important.

Most of Malaysian believes that telecommunication is necessary at any place and anytime, especially for the businessmen. So, the quality and the coverage of the services are very important for Maxis to survive in this market. So, Maxis have been building a strong value and making the Malaysian to believe that Maxis is a company provides a better quality services and have huge coverage in Malaysia.

#### 4. 1. 3 Behavioralistic segmentation

### **Benefit sought**

Maxis berhad discovered that the importance of product benefit to the potential consumer, it's not just providing the mobile phone telecommunication and access internet service to every Maxis subscriber. Nowadays, multiple product features are necessary to compete with other substitute products. The customers will look on how product benefits will maximize their demand, not just fulfill the basic need. Beside that, the customer also concern on the quality, security and service of product.

### **Usage Rate**

Maxis berhad has examined the usage rate of group customer in the market, how much the customers spend in a specific period. Based on the usage rate, the customer has divides into the heavy, medium or light usage category. The customers who have spent over Rm150 per month were under heavy usage category. For medium usage category, customers were having spent between Rm50 to below Rm150 per month. Lastly, the customers who spend below Rm50 per month were considering as light usage category. Other than that, Maxis bhd found that the usage rate ratio will different in

some specific period. Especially in festival period such like Valentine's Day, Happy New Year and Christmas Day. The usage rate will be extremely higher than non-festival day.

#### **4.1 Targeting**

Because of the Maxis Berhad's telecommunication services are offered all around the country, so, the services are being targeted all the potential customers wherever in Malaysia, no matter with rural and urban areas.

Maxis Berhad uses product differentiation to target different groups of the customers. Different groups of customers may have different needs and wants. Different plans and services are offered to reach the different groups of customers. From the age segments which are below 25 and above 25, Maxis Berhad is using different plans to target these 2 groups of potential customers, both male and female, have the different intention to use the telecommunication services.

For the customers age below 25, Maxis Berhad targets this group by offering the prepaid plan to them, this group of customers usually use phone to have entertainment, communicate with friends, and enjoy the social life, they are usually not necessary to make the call in whatever situation, they just use the telecommunication service to have entertainment and lack dealing with important cases, but they use it constantly. Hence, this kind of target customers are usually students, they require the cheaper and entertained services. They usually will make the call or sms when their prepaid account still has credit, and when all amount in their prepaid account has been spent, they will either top up the account or just leave it zero, because it is not

very important to them for whether can make the call, so the prepaid plan which is cheaper and convenient is suited o target this group.

The potential customers whose age above 25 are probably working adults, and willing to pay more expensive amount to receive a better service because of Maxis Berhad charges a higher price but provides good quality services to the customers. This group of customers usually emphasise the quality of telecommunication service because it is so important in their career. They need to use the phone to stay connection with their client, make order, and discuss the important issues. So, Maxis Berhad targets this segment by promoting the products and services in a way that emphasized in good quality. For example, the principal line service is used to serve the customers who use phone in their job, have a global lookout, and travel widely for work. So, this group of customers need a stable service, which has excellent coverage and enable them to call wherever they are easily. For example the businessmen, those always need to communicate with their clients, suppliers, partners and other.

Besides that, people tend to stay connection with the people they love and concern with. The telecommunication service is becoming important in the people social activities. So, Maxis Berhad also targets the customers who use the telecommunication service to maintain their relationship with other people. For example, the supplementary line which is provided by Maxis Berhad, is used to target the group who emphasized in kinship. This kind of service is offered to the people who always communicate with their family members and his/her beloved one, with a specific amount of free talking time, and free sms between the customer and family members. The users of <https://assignbuster.com/case-study-background-of-maxis-marketing-essay/>

this kind of service usually are the people who study or work at place that far away from their family members, so this plan can benefit them so much.

Other than that, couples in sweet love are also suited in using this plan to keep the sweetness with beloved one.

## **4. 2 Positioning**

Product positioning is important for every organization to create a good image in consumers mind for target market of its product, reputation, and brand. Maxis have use two types of positioning which is head-to-head and differentiation positioning to identify the market niche for the brand and product.

Maxis using head to head positioning to compete directly with other competitors such as Digi and Celcom which is selling similar product attribute in the same target market. Maxis creating fast, quality, and affordable services image to consumers mind compare to Digi. Maxis created good image by giving well connection services which consumers can used mobile phone at anywhere without worry out of connection problem compare with Digi which their connection service always disconnected. Advance Communications services are to enrich its customer's life and businesses, in some way, simple and personalized, effectively and creative frontier technologies provide brand service experience that is reliable and enchanting. Besides, Maxis have sponsor for some celebrities that organizing concert in Malaysia. This will help to boost up Maxis brand name and image to increase Maxis profit to meet the peak.



Maxis is using another type of positioning which are differentiations positioning strategy. Maxis have promoted Maxis broadband to consumers because it has a smaller market and fewer competitors in this product. (Refer Appendices 5) Maxis provided Maxis Broadband that targeted on teenagers and working field consumers is because there are only few competitors that compete with Maxis. For example, Digi doesn't promote any broadband product for their consumer previous year ago and this will bring opportunity for Maxis to increase their market share and profit. Now this people are willing to spend money to purchase for any internet broadband that are convenience for them to bring around and consumers think that is worth it.

## **5. 0 Marketing Mix**

### **5. 1. 1 Product**

Maxis Berhad is a mobile phone service provider. They provide a variety of mobile phone products and services. The products and services they provide include monthly subscription plans, prepaid line, international direct dial and roaming, internet broadband plans, and recently they are offering the mobile plans together with hand phone. Besides that, Maxis Berhad offers online download store to its customers to purchase music, movie, games and software online.

#### **Monthly subscription plans**

Maxis Berhad offers a variety of monthly subscription plans to its customers. There are a wide variety of plans offered by Maxis Berhad because different customers have different needs and wants toward the services. So, a various products and services are provided by Maxis Berhad in order to satisfy the <https://assignbuster.com/case-study-background-of-maxis-marketing-essay/>

customers all around the country. The principal line is the product which is classified to wide plans. Those plans have different rate charges and monthly charges. There are eight plans being offered in the principal line package, the price of plans is from RM30 to RM500 monthly. In general, the call charges per minutes are cheaper if the monthly commitment fee of the plan is higher. Same situation is also for the sms charges. For example, subscribing a plan which is RM30 commitment fee will be charged 20 sen per minutes while making call, and 10 sen per sms ; but charges is only 12 sen per minutes while making call and 5 sen per sms if you are subscribing a R150 monthly commitment fee plan. (Refer Appendices 14)

Besides that, Supplementary line is offered by Maxis Berhad to the customers who used to be connected with his/her beloved. Customers who subscribe this plan can enjoy the free talking hours and free sms between family lines. (Refer Appendices 13)

## **Phone**

Although Maxis Berhad is a telecommunication company but not a phone manufacturer, it also sells phone based its mobile service plans. This service is different from other regular services. The price of hand phone is lower if purchase it under the contract with Maxis. Recently, Maxis Berhad is offering iPhone4 with its service plans. Consumers can get a lower price iPhone4 if they subscribe the Maxis service plans, for example, a new iPhone4 which worth RM2290 is only sold RM1390 by Maxis Berhad with a contract.

Consumers who want to buy the plan need to agree with the contract.

Besides that, consumers also have many choices about the service plans with a new iPhone4, different plans to purchase new iPhone4 is offered in

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order to satisfy different needs of consumers. Consumers who like to talk in phone can subscribe the plan with longer free call hours and cheaper call rates. Identically, idata plans are suitable for consumers who always access to internet by using their phone. Consumers will tend to find best plan for them to get the iPhone4. The plans are different in the free call hours, free sms, free mms, call rates and sms rates; in addition, the price of new iPhone4 is different in different plans due to the period of subscription. In general, as longer as the subscription period, the new iPhone4 will be cheaper or even free. Not only iPhone4, Maxis Berhad also sell BlackBerry, Nokia N8, Nokia X3 and other phones based service plans.

### **Prepaid line**

Maxis Berhad also offers prepaid line to customers. Hotlink, which is the prepaid line of the Maxis Berhad, has the most mobile service users in Malaysia. Prepaid line service is attractive and it is the choice of most consumers because it provides convenient and flexibility to customers. Customers are able to get the prepaid service with just purchase a prepaid package in any telecommunication shop. After install the sim card inside, it takes not more than 5 minutes to activate the service. Top-up of prepaid line is also convenient because it can be made by many approaches, such as through cash in convenient store, purchase by ATM, and even online purchase. In addition, consumers are freedom to select the mobile number they prefer. Customers also can download the latest music, movie and games with the prepaid service.

## **Internet broadband**

Nowadays, access to internet has become very common and even important in Malaysia. As a leading telecommunication company in Malaysia, Maxis Berhad offers internet broadband with high speed and reliable. There are both wireless and wired broadband are provided by Maxis Berhad. The wired internet broadband is suitable for the home users and the wireless broadband is for the users who always move upside. The wired broadband has several packages with different speed. The users who expect the high internet enjoyment are encouraged to subscribe the higher speed package. The wireless broadband is also classified to various packages with different data volume quota, which are 1. 5GB, 3GB, 6GB and 12GB.

## **Online Store**

Maxis Berhad offers a store online for its customers to download the music, movie, games, wallpapers, and ringtones. By accessing to internet, customers can purchase the latest and hot music, movie, fun games, colorful wallpapers and themes. Besides that, customers are able to get the latest news about travel, food, and entertainment through the Maxis.

## **Maxis Insurance**

Different with other telecommunication companies, Maxis Berhad offers insurance to customers. Customers who want to purchase the insurance plans of Maxis Berhad only need to send a confirmation message to Maxis. No medical examination is needed and no any health question will be asked. As long as the customers between the ages of 18 to 70, they are acceptable for purchase Maxis insurance. The coverage of Maxis insurance includes accidental death and permanent disablement, it also provides other benefits

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like snatch theft/ robbery benefit and the settlement of outstanding phone bill in the event of any unforeseen circumstances that causes the individual bodily injury.

### **Maxis mobile security**

Maxis mobile security is a new product provided by Maxis to enhance the security to the customers while they are accessing internet. Many hackers are on the internet nowadays, they may hack the phone and cause the mobile device failure. So, Maxis Berhad offers this service to keep customer's mobile phone safe. The features of Maxis mobile security include antivirus, firewall, and automatic updates to protect the customers phone from viruses, Trojans and spywares.

### **5. 1. 2 Price**

We know that Maxis Berhad is a company which implements the differentiation strategic in order to compete with others competitors. As compare to the cost leadership strategic, implementation of differentiation strategic would be the better choice to Maxis Berhad. The reason is because in the telecommunication services market, it hard to reduce the production costs to set lower price in order to compete with the others competitors such as Digi, Celcom, and U-mobile. That's why, instead of maintaining the lowest competitive price, Maxis Berhad is more willing to concentrate on the differentiation strategic and focusing on the product innovation and product features in order to fulfill the customer needs, Maxis Berhad is trying its best to ensure that is a tradeoff between the price and the servi