

Marketing management – digi essay sample

[Business](#), [Customers](#)



1. 0 Introduction

There are many marketing models that have been created for the benefits of analyzing a business, maintaining its profitability and at the same time heading towards expansion of the business itself. Marketing models are very subjective in terms of what areas that we are narrowing down to, in which certain areas we need to improve on.

1. 1 Ansoff Matrix

For this assignment, we'll be more focused on the Ansoff Matrix. Ansoff Matrix was first introduced in 1957 by Igor Ansoff and is used by businesses up till today. This marketing model is uncomplicated, resulting in easier to determine the specific areas that we are looking at, and trying to improve. This matrix can help by providing a benchmark on marketing strategy plans for businesses.

Figure 1 : Ansoff Matrix

As shown in the illustration above, the Ansoff Matrix consists only of four main elements that will be used to determine the positioning of the company in the current market.

Market Penetration – is the strategy for companies to sell existing products into existing markets by coming up with competitive strategies such as value-add, pricings and promotions. Market Development – is when companies choose to sell existing products into new markets such as implementing export to other countries. Companies also can target new geographic areas and also new market segments which has never been ventured into before.

Product Development – is when a business wants to introduce new products into its current markets. This would require new developments on products such as in terms of variety or even new innovations of products which will be appealing to its current market.

Diversification – is when a business decides to venture into another different kind of industry, which has little or no correlation with its main business.

1. 2 Advantages of Ansoff Matrix

The use of Ansoff's Matrix brings many advantages. One main advantage is that the matrix in itself is relatively simple and easy to understand. With this matrix, it is possible to determine the market positioning of the company, in regards to whether or not the company is in its correct pathway of marketing strategy. The Ansoff Matrix can also help in considering new opportunities and in deciding strategic marketing plan for the future of the company, both long term and short term plans. All in all, the Ansoff Matrix can greatly help to identify the many possible ways to help in business expansion, both in regards to its products or its relative market.

2. 0 Digi Telecommunications Company Portfolio

The company focus in this assignment would be Digi Telecommunications Sdn Bhd, a subsidiary of DiGi. com Berhad. Digi Telecommunications is one of the leading mobile communications company in Malaysia alongside Maxis, Celcom and other mobile communications service providers. Founded in year 1995, DiGi became the first telco in Malaysia to launch and operate a fully digital cellular network with its headquarters located in Shah Alam, Selangor.

[1] In 2006, DiGi's revenue was recorded at RM 3. 65 billion and the figure

rose to RM 5.4 billion in 2010. DiGi's sister company, Pay-by-Mobile Sdn Bhd deals with electronic financial services and DiGi Tel's subsidiaries are DiGi Services Sdn Bhd and Djui.com Sdn Bhd. [2] As of March 2011, Digi has been recognised as Malaysia's Most Valuable Telecom Brand by Brand Finance. The company is in the top three rankings in the ASEAN region, right after Singtel and Telkom Indonesia and has reportedly said to have an increase of 16.62% in brand value over financial year 2011. Should comparison be done between mobile telecommunications providers in Malaysia alone, Digi will top the list followed on by Celcom and then by Maxis. [3]

Figure 2 : Corporate Structure for DiGi

2.1 Ownership

DiGi Telecommunications is owned in majority by Telenor ASA of Norway with about 49% ownership of total shares in the company itself. DiGi is also listed on the Bursa Malaysia under the Infrastructure category act. [4] It has a paid up capital of RM77.75 million and a market capitalization of approximately RM 16.8 billion as at April 2009.

Table 1 : Top 10 shareholders of DiGi Telecommunications Sdn Bhd (taken from DiGi Telecommunication's official website www.digi.com.my)

3.0 DiGi's Marketing Strategy (Ansoff)

DiGi Telecommunications shows great growth over the years not only in terms of revenue but also in popularity amongst fellow Malaysians. DiGi has expanded in many ways, one of such is with comparison to the Ansoff Matrix.

3. 1 Market Penetration (DiGi)

Market penetrations are required in order for the company to gain higher market share for existing products in existing markets via strong marketing efforts that will help the company generate a higher revenue. In order for strong market penetration, DiGi has invested heavily on advertising for greater product promotion and successfully maintained their place in Malaysia's Top 10 Advertising spenders in year 2010.

Table 2 : Top 10 companies with highest advertising power (values taken from <http://marketing-interactive.com/news/24249>)

With a greater amount of advertising and promotions done by the company via social networks and the media, it will be without a doubt that greater product knowledge will be obtained by customers. Market penetration does not only rely solely on just advertising and promotions but also on boosting customer's confidence and loyalty in the existing market with the existing products.

DiGi's existing markets would consist of youths below the age of 25, foreign workers, business entities and also entrepreneurs. These are because the mobile communication services provided by DiGi relatively affordable thus resulting these particular group to prefer DiGi over other operators. DiGi's products however, would comply of the basic standard operations of a mobile communications operator such as voice services which involve prepaid and postpaid functions, and also data services which consists of SMSes, MMSes and also broadband internet.

To have a breakthrough in marketing penetration, DiGi must first gain the attention from its existing market by providing increased rewards and also consistent services to existing customers. Customer service is often neglected in this era especially in a huge company, thus resulting in them losing customers slowly but surely.

Increasing customers' rewards will definitely be a win-win scenario for DiGi as in the current market now, everybody is looking for products which gives higher and better returns. For example, for the youth below 25 years, DiGi could implement plenty of mobile applications suited solely for youth such as gaming, sports, music, movie shows and screenings and internet connections. For example on 1 December 2011, DiGi gave 200 free tickets to its loyal customers an opportunity to party with an American superstar, Pitbull at Surf Beach Sunway Lagoon. For a win-win scenario, DiGi gave all its subscribers a 20% discount on concert tickets and up to 15% discount on other merchandises. [5]

DiGi also accommodate business entities and entrepreneurs by providing them with company or business call packages to everyone in the particular company. Through this, not only does business entities have a better package and price for mobile communications, DiGi themselves would be able to secure a better partnership and prolonged client-supplier relationship and thus help increase profitability.

Customer support nowadays tend to be neglected especially in bigger corporations. By putting in a little more focus on customer support, it'll be a lot easier for customers to find help pertaining any issues with the mobile

operator. A good move by DiGi recently is by having websites for help providence even on social networks such as Facebook and Twitter. With better customer support and better rewards, there will undoubtedly be a boost in market penetrations.

3. 2 Market Development (DiGi)

Currently, DiGi's main market is solely focused on major cities and urban areas. Undoubtedly, it is almost impossible for any mobile operators to have cellular coverage in the whole country. For this, new markets within the country can be identified as newly arrived foreign workers who wants to find a living and also in rural unfully-expanded areas.

Due to DiGi's service provider's affordability, having develop its market into rural and suburban areas would be a good move as the communities there would be of smaller income generation group. Other mobile service providers would hesitate in venturing into such markets and this would pretty much ensure that DiGi will be hailed as the service provider who looks into the interests and benefits of the people. [6] For example in 2009, DiGi has provided 5, 000 household fixed lines and 200 payphones to 7 underserved districts in Malaysia.

Besides the local communities, foreign workers would also be a good potential market for development. Reason being that foreign workers would have to go through a lot of hardships to strive for work and livelihood in this country, resulting in them having to choose the cheapest services they can afford, or even to forgo them totally. DiGi could propose cheaper IDD rates or call charges for easier access to their families back in their home countries.

3. 3 Product Development (DiGi)

DiGi has done much in its product development but still has a long way to go in developing products to maintain its subscribers. DiGi needs to come up with new and catchy products without compromising on the price value. One of the most definite areas needed for improvement would be improving on the cellular network or cellular coverage provided by DiGi's operators. Should comparison be made against other cellular networks such as Maxis and Celcom, DiGi would be lagging behind in terms of coverage competitiveness.

Besides focusing just on developing its network frame, DiGi also joined in the hype of the community, especially in the younger generation. For example, the hype of college and university students nowadays no longer lies in the zone of smses and mmses. Students now tend to lean towards the growth of mobile internet plans and instant messaging via wifi, 3G, and also EDGE. In order to stay in tune with the current market hype, DiGi came up with expanding its cellular network product to providing smart phones such as the Apple iPhones, Blackberrys and other smart phones.

Besides contributing in terms of smart phone providing, DiGi came up with mobile data packages for prolonged to unlimited internet usage of phones. With reference to other mobile operators, they do charge for any additional data used from the phones, however, for DiGi, there will be no extra charges should data limit be exceeded. Instead, the speed of the internet service would be compromised, but never cut off. For example, instead of having the promised speed of about 600-700kbps, the user's speed will drop to about

128kbps. This however can be “ fixed” by purchasing more “ data” from DiGi itself.

Besides focusing just on data plans, savings and smart phones, DiGi ventured into providing hotspots for 3G networks and also bonuses for usages in college and university campuses. For example is DiGi Prepaid Campus™ that offers free calls for DiGi-to-DiGi providers’ and free SMSes to friends and family. Upon exceeding quota of free calls given, then extra charges will be implemented to the user. This plan has just been implemented on 1st April 2012. [7]

3. 4 Diversification (DiGi)

Instead of just focusing on the current market with its current products, DiGi can opt to diversify its business chain to other categories or industrial placements. With diversified businesses, value added services would be able to be generated for DiGi to improve themselves and also for the benefits of its subscribers.

One big move by DiGi is that they have actually ventured into having solar-powered panels in 2009 to help reduce CO2 transmissions around the globe. The group are very much focused on creating awareness and engaging the communities in going green by organizing events and competitions targeted at Malaysian students and entrepreneurs for them to come out with their best green technology and social ideas. [8]

DiGi also have a joint venture with Chartis Malaysia Insurance Berhad and launched DiGi Travel Protection Plan. This is a very basic travel insurance

that offers coverage for medical expenses for common illness, emergency medical needs and also baggage delay and losses for its customers.

Figure 3 : Ansoff Matrix for DiGi. com

4. 0 Marketing Mix (4Ps)

The Marketing Mix is a business tool used in marketing of products. It is crucial in determining a product's special selling point; its quality that makes the particular product stand out from its competitors. Usually there will be four main key areas of note; namely the 4Ps; Price, Product, Place and Promotions.

Price would be the amount that a customer would pay for the product.

Pricing of products are very important as it would affect the target market available with reference to demand and supply of product. Should pricing of a product be mismanaged in a company, it was drastically affect the company's revenues and also bring a threat to its survivability. Product is the item that the customer sees and wants. Products come in tangible and intangible forms, such as the holdable goods to customer services and response.

Place would refer more towards customer's convenience. The easier the accessibility to acquire certain products by customers, the better. However, it is of high importance that place be proportional to distribution. Should demands of product or services are high in a particular area, definitely more business operators or stalls need to be erected. The most important ' P' would be Promotion. Promotion would be the main key in achieving high

quantities of sales. This is due to major amounts of advertisements, public relations, and sales. It is promotions that can attract the attention of potential buyers and customers.

4. 1 Product (DiGi)

DiGi's main product is known to be of providing mobile communications to subscribers. By having a mobile communication, DiGi has a value added value to its product by introducing new sub-plans such as the " Friends and Family Plan", Corporate Plan, Data Plan and even DiGi Broadband. These sub-plans that DiGi has implement will help boost its products to another level.

Besides just focusing on the intangible products of being a mobile communications provider, DiGi also ventured into expanding its products such as joining venture with Apple Inc and Blackberry to be a distributor of smart phones that come with data packages for unlimited Internet accessibility.

4. 2 Price (DiGi)

In terms of price, DiGi is well-known as one of the lowest cost and most affordable mobile communications operator without compromising much on the quality of service provided. Due to its reasonable price, DiGi would be able to target almost all market segments from university and college students to large corporations.

4. 3 Place (DiGi)

Convenient accessibility to DiGi operator centres is important in giving its

subscribers hassle-free in troubleshooting pertaining and issues experienced in usage of DiGi's products. Besides providing easy access to help centres, DiGi also has centralized 3G hotspots in most central business districts which result in better connection with the world. However, DiGi would still need to focus a little more on enhancing its existing cellular coverage.

4. 4 Promotions (DiGi)

Promotions play the most important role in DiGi's business plan. Over the span of many years, DiGi has frequently come up with attractive promotions with regards to both calling services and also smart phone distributions. One of the current promotions that are ongoing are such as the " DiGi Super Reload Social Promotion" where subscribers will be able to get an extra 20% free credit and a chance to win RM200 cash prize when they reload RM15.

Earlier this year, DiGi came up with the promotion " DiGi New DG Postpaid Plus" in January and February 2012 where subscribers would be able to attain additional 50% on extra calls and SMSes just from a minimal amount of RM43 a month compared to other subscribers with at least RM100 and above for a minimum package.

5. 0 Feedback from Customer's about DiGi Telecommunications — Attached in Appendix

6. 0 Suggestions for Improvement for DiGi Telecommunications

There are many areas of improvement for DiGi especially in terms of coverage areas and also in raising their own network radio tower. Currently most of Malaysia's radio towers are owned by Celcom, the oldest cellular

network in the country. Should DiGi expand their cellular coverage while not compromising on the price of the service provided, definitely DiGi will dominate the mobile communications service operator industry in Malaysia.

Besides just improving on the cellular coverage in Malaysia, DiGi can also improve on the IDD calling rates by manipulating the account for peak and off-peak hours, which will help benefit the customers that are making calls to different time zones. With this, it will be of added value for the customers.

More importantly, DiGi must also focus on improving its customer network to provide better customer satisfaction and support. Good customer satisfaction is the key to maintaining a long-term partnership in businesses.

7. 0 Conclusion

In a nutshell, the Ansoff Matrix proves useful as a measurement tool to determine DiGi's current market positioning in today's industry. With this proposed matrix, DiGi can further have more strategic plans for the upcoming years to ensure customer's satisfaction and target greater growth and revenues. In the long run, DiGi will not only be able to just improve their operations as a corporation but also to gain dominance over the mobile service providers in the country.

8. 0 References

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9.0 Appendix

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