

**KNOWLEDGE-FOCUSED MARKETING STRATEGY IMPLEMENTATION
MODEL FOR AN INTERNET SERVICE PROVIDER:
A CASE STUDY ON TELEKOM MULTIMEDIA**

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Dedicated To:

my parents, my husband Mohd Yunus,
my daughters Raudah, Duha, Anhar and Rayyan,
my sons Ahmad Bukhari and Abdullah Umayr

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“Objectives are not commands, they are commitments. They do not determine the future; they are the means to mobilize resources and energies of an organization for the making of the future.”

ABSTRACT

This study focuses on improving the current marketing exercise in the internet service provider business. The case study refers to one of the leading internet service provider, Telekom Multimedia. The problem faced was the ineffective implementation of the marketing strategy. The goal of this project is to recommend a knowledge focused marketing strategy implementation model (k-marketing strategy implementation model) supported by a practical organizational design for the internet service. The objectives supporting the goal of this project are as follows: (a) to acquire knowledge on the customers' distribution and demand, customers' attitudes, usage pattern, customers' perception and satisfaction level, (b) to acquire knowledge and understanding of the current business process to recommend a better practice through knowledge creation and development, (c) to introduce a knowledge tool in the current business practice in identifying customers distribution and demand and (d) to develop a knowledge focused marketing strategy implementation model to improve the business process in achieving the business objectives. The scope of the study encompasses the identification of the prior components of a marketing strategy of the TMnet 1515 service for the residential group. The action research approach engaged in this study is supported by the core elements of knowledge management: knowledge acquisition, knowledge creation, knowledge development and knowledge preservation. The research methods used are surveys, comparative study and case study. The outputs of this study are as follows: recommendation of the customer-focused marketing activities that assist the internet service provider in achieving its objectives, and a knowledge focused marketing strategy implementation model supported by the proposed organizational structure concept in ensuring the achievement of a competitive edge. The benefit obtained from this study is the improvement of the business practice, which has led to the improvement in the revenue performance of TMnet 1515 service.

ABSTRAK

Kajian ini memberi tumpuan kepada usaha membaiki amalan pemasaran di dalam perniagaan perkhidmatan internet. Kes kajian merujuk kepada salah satu pembekal perkhidmatan internet terkemuka iaitu Telekom Multimedia. Masalah yang dihadapi ialah pelaksanaan strategi pemasaran yang tidak berkesan. Tujuan projek ini ialah untuk mencadangkan satu model strategi pelaksanaan pemasaran berasaskan ilmu disokong oleh struktur organisasi yang praktikal untuk perkhidmatan internet. Objektif kajian bagi menyokong tujuan projek ini adalah seperti berikut: (a) memperolehi ilmu tentang pelanggan dari segi taburan dan permintaan, corak penggunaan dan sikap, persepsi dan tahap kepuasan, (b) memahami proses perniagaan yang sedang diamalkan untuk mencadangkan amalan perniagaan yang lebih baik melalui penciptaan dan pembangunan ilmu (c) memperkenalkan satu alat bantu berasaskan ilmu dalam amalan perniagaan bagi mengenalpasti permintaan dan taburan pelanggan dan (d) membangunkan satu model strategi pemasaran berasaskan ilmu bertujuan membaiki proses perniagaan untuk mencapai objektifnya. Skop kajian merangkumi mengenal pasti pra komponen strategi pemasaran perkhidmatan internet untuk kumpulan kediaman bagi perkhidmatan TMnet 1515. Penyelidikan tindakan yang digunakan disokong oleh elemen pengurusan ilmu iaitu pencapaian ilmu, penciptaan ilmu, pembangunan ilmu dan pengekalan ilmu. Kaedah penyelidikan yang digunakan ialah soal selidik, kajian perbandingan dan kajian kes. Hasil dari kajian ini adalah seperti berikut: cadangan aktiviti pemasaran berasaskan pelanggan yang dapat membantu pembekal perkhidmatan internet dalam mencapai objektifnya, dan model strategi pelaksanaan pemasaran berasaskan ilmu disokong oleh cadangan konsep struktur organisasi bagi memperolehi kelebihan persaingan. Kelebihan yang diperolehi dari kajian ini ialah peningkatan amalan perniagaan yang telah meningkatkan prestasi pendapatan bagi perkhidmatan TMnet 1515.

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CHAPTER I

INTRODUCTION

1.1 Background

For the past three years from 1997 until 1999, the marketing exercise in Telekom Multimedia was not knowledge based. It was based on bits of information and many work plans were reactive and fire fighting in nature. The role of marketing should be to ensure that the company focuses on the total environment of business, markets, competition, customers, government and trends and that it uses all knowledge and experience to develop mutual beneficial relationship with its customers (MacDonald and Keegan, 1997).

To gain a competitive advantage, Telekom Multimedia needs to be a knowledge company focusing on human capital and intellectual capital. In a knowledge company, the marketing activities should be supported by knowledge to ensure success. The objective of a knowledge company compared to a production-based company is that the success of the company is not merely depending on higher production quantity. The more important success entity is the intellectual asset. However, this should be in line with the targeted profit of the company. The knowledge-based company believes in the power of knowledge in cultivating a positive working environment and gaining the profit for the company. Marketing is a strategic activity and a discipline focused on the power of knowledge in cultivating positive working environment and gaining the profit for the company.

1.2 Problem Statement

Marketing Development section of Telekom Multimedia is responsible for developing the marketing strategy as well as driving the strategy implementation. The marketing strategy was ineffective in its implementation because many tasks are done reactively with little knowledge. The supporting organizational design has to be altered frequently to solve the inefficiency of the marketing management. The main constraints in the implementation are as follows: (i) Inadequate knowledge on the company related to the service rendered, (ii) Inadequate knowledge on customers, (iii) Lack of supporting knowledge tool, and (iv) Operation not clearly aligned to strategy.

The problem statement can be summarised as follows: The organization lacks systems and knowledge on customers which affected the smooth running of the marketing strategy implementation to achieve the target. The organization requires an integrated marketing strategy implementation model that is based on the required knowledge that will drive the business performance.

1.3 Goal and Objectives

1.3.1 Goal

The goal of this project is to recommend a knowledge-focused marketing implementation strategy (k-marketing strategy) model supported by a practical organizational design for the internet service. Prior knowledge components that need to be focused in this model depend on the situation the company is currently facing. The number of knowledge components are not exhaustive. The k-marketing strategy model should be able to align the implementation with the company's overall business strategy.

1.3.2 Objectives

The objectives supporting the goal of this project are as follows:

- (a) to acquire the following knowledge on the customers: (i) Distribution and demand, (ii) Attitudes, usage pattern, and (iii) Perception and satisfaction level.
- (b) to acquire knowledge and understanding of the current business process to recommend a better practice through knowledge creation and development
- (c) to develop a knowledge focused marketing strategy model to improve the business process in achieving the business objectives.

1.4 Scope

The scope of the project encompasses only on the internet demand within Malaysia, focusing on the TMnet Dial 1515 service of Telekom Multimedia. The target market concerned is the residential group. All surveys are done within the major market centres. The recommendations on the strategy are only within the marketing-related activities on the internet services. Both qualitative and quantitative methods are used in achieving the objectives. The implementation of the research uses action research as the main approach. It comprises of survey, field test, comparative study and case study.

1.5 Theoretical Framework

The overall research strategy is based on Schon's (1983) action research work, which is used as the basis for the theoretical framework depicted in figure 1.1 of chapter I. The three main phases of action research are used in developing the knowledge focused marketing strategy implementation model. The phases are as follows: 1. Identify the problem, and build the intention, 2. Action to test and support the intention, and 3. Review critically every action taken.

The theoretical framework of the research is based on the spiral process of action research as depicted in Figure 1.1.

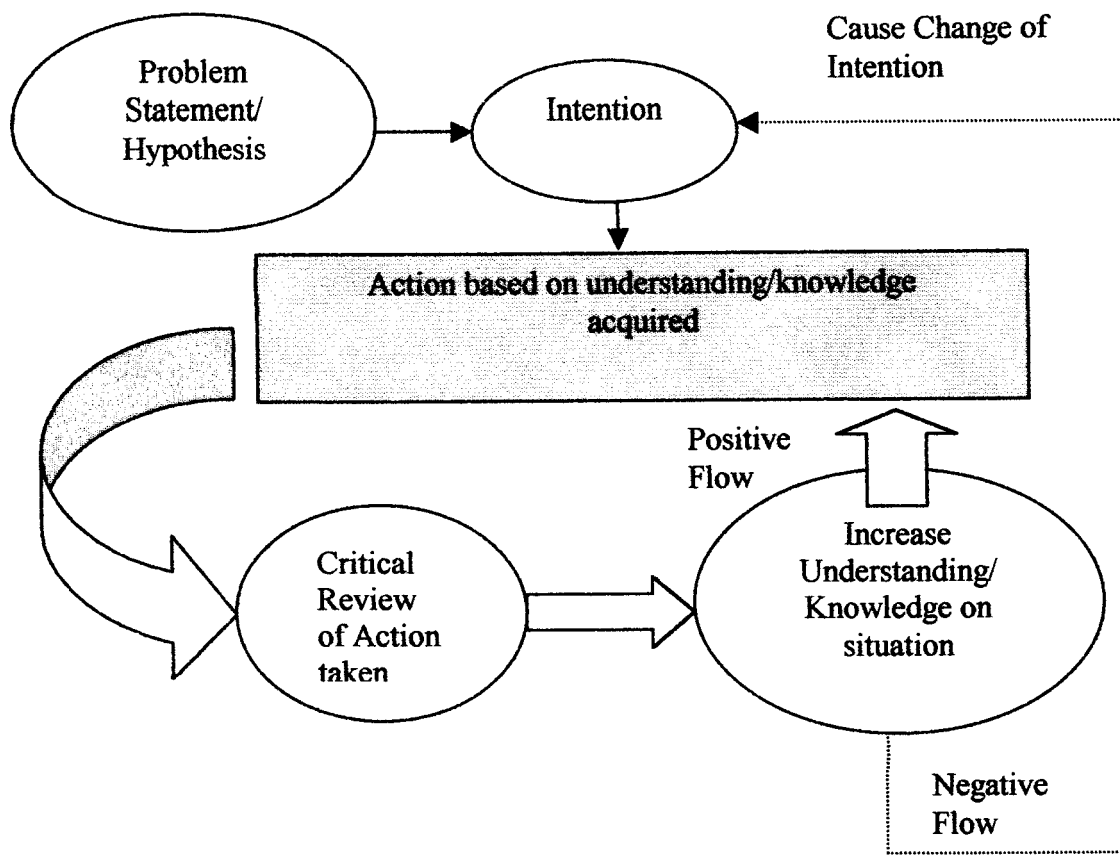


Figure 1.1 Theoretical Framework

The problem statement in action research study is mostly fuzzy to start with. It is then followed by an intention to improve the business situation or practice. This intention will result with an action based on the understanding of the situation at the current time. The initial intention in Action Research is of fuzzy characteristic as it happens at the earliest stage. However, critical review is made after every action taken which leads to further understanding or knowledge acquired. This review involves the monitoring and control of the overall performance. The output of the review is knowledge acquisition, and development. It increases the understanding of the problem faced and way forward.

This will loop back to an action to change the situation for improvement. It is important to note that there are two types of flow. The negative flow can result to the change of the intention which can either positive or negative impact. The positive flow will always drive the continuous improvement process. The spiral process of action research, will

increase the understanding of the problem identified and finally create a continuous improvement of the business practice and performance. However, there can exist sub spiral process within a spiral process as new knowledge is created or existing knowledge is developed (Schon, 1983). The main feedback loop starts from the action to the review process and understanding the situation faced. The output of the critical review and understanding mould the kind of action that will be taken. Within this process, knowledge is acquired, created and developed. Note that the change will affect the people who are involved in the action research. The researcher is the main research tool in this process.

1.6 Thesis Outline

This thesis consists of nine chapters. Chapter I is an introduction chapter which consists of the problem statement, goals and objectives, scope of the project and the study outline. Chapter II summarizes the contents of the literature review related to this project. The topics covered are knowledge management, knowledge focused organisation, strategy, marketing, marketing strategy, market research and action research. Chapter III documents the research methodology. It covers the research design, research design, operational framework, pilot test, survey, comparison study, performance management and case study and action research.

Chapter IV outlines Telekom Multimedia business. It shares the organizational structure, business objectives, internet services and the current marketing strategy. This chapter focuses on the Marketing and Sales Division of Telekom Multimedia. It, however, touches briefly on Telekom Malaysia and Telekom Multimedia descriptions. Chapter V reports the outcome of the survey to understand the potential growth of the internet as well as the customers usage and attitude. The objectives of the survey are to understand the obstacles to internet usage, customers attitudes and usage pattern. It also intends to gauge future behaviours towards the internet and the drivers behind these behaviours. This chapter also shares the findings on the attitude towards ISPs and relative positioning of TMnet versus Jaring. Chapter VI shares the output of the customers' satisfaction study within the four market centers of TMnet 1515 service. This study is categorized into two parts. The first part is to gauge the customers' satisfaction before the network being upgraded, whereas the