UNIVERSITI TEKNOLOGI MARA
CAWANGAN JOHOR

ACCON 2012

ACADEMIC CONFERENCE

THE 8th UITMCJ ACADEMIC CONFERENCE

Globalisation and Dynamics Towards a World Class University

CD PROCEEDING

ACCON 08

Penyelenggara:

Rohani binti Jangga

Ainol Hasanal bin Jalaluddin

Dr. Carolyn Soo Kum Yoke

Noridah binti Sain

Terbitan:

BPJIA UiTM Cawangan Johor

2012

Cetakan Pertama 2012

Perpustakaan Negara Malaysia Data Pengkatalogan-dalam-Penerbitan

CD Proceeding for ACCON 08

8th Academic Conference, UiTM Johor

1. Proceeding

ISBN 978-967-0479-03-3

Diterbitkan oleh:
Bahagian Penyelidikan Jaringan Industri dan Alumni
UiTM Cawangan Johor
KM 12 Jalan Muar
85000 Segamat
JOHOR DT

Dicetak oleh:

Percetakan Segamat

Jalan Orkid
85000 Segamat
JOHOR DT

Pereka grafik: Unit Korporat dan Media
UiTM Johor

CONTENT

CLICK ON THE TITLE TO LINK TO THE FULL PAPER.

A=Accouting; B= Information Management, Marketing & Management; C=Economy & Finance; D= FSKM; E=Other Discipline (CITU, APB, LAW)

8.	B113	Cointegration And Causality Between Overnight Policy Rate And Commercial Bank Rate	1. Abdul Razak Bin Jambari 2. Azizah Binti Daut 3. Noranita Abdamia
9.	C115	Energy Consumption, Gross Domestic Product, Foreign Direct Investment And Co2 Emission In Malaysia	1. Mohd Azim Sardan 2. Azman Ali 3. Tan Yan Ling 4. Abdul Razak Jambari
10.	C118	Systematic Risk Of Malaysian Stock	1. Tay Bee Hoong 2. Tan Yan Ling 3. Nur'asyiqin Ramdhan 4. Zulkifli Mohamed
11.	B119	The Impact Of Semantic Web On Digital Libraries Development	1. Muhammad Asyraf Bin Wahi Anuar 2. Isma Bin Ishak
12.	E120	Penggunaan Kata Kerja Kini (الفِعْل الْمُضَارِع) Dalam Al-Quran Dari Sudut Masa	Abd Rahman Jamaan
13.	B128	Pusat Sumber Sekolah Sebagai Ejen Kecemerlangan Sijil Pelajaran Malaysia (Spm): Kajian Ke Atas Pelajar Baru Sesi Disember-April 2010, UiTM , Johor	1. Nor Diana Bte Abd. Rahman 2. Nor Ezan Bin Omar 3. Zailani Bin Shafie
14.	E129	Pengurusan Zakat Di IPTA : Pengalaman Dan Cabaran di UiTM	1. Nazrudin Bin Hashim 2. Mohd Zainoddin Bin Mustaffa
15.	E130	Kajian Ke Atas Penggunaan Partikel Mod UiTM al Pelajar Johor Dalam Pembelajaran Bahasa Mandarin	Chong Peng Hwa
16.	B135	A Case Study Of Digi Telecommunications Sdn Bhd Strategic Marketing Analysis	1. Rohanizan Md Lazan 2. Roslina Ali 3. Shaherah Abd Malik 4. Rabiatul Alawiyah Zainal Abidin
17.	B138	Entrepreneurial Strategic Alliances And Partnership Of Marketing And Retailing In Small And Medium Enterprises In Agro Sapling Supply Chain	1. Shaherah Abd. Malik 2. Wan Haslin Aziah 3. Syaidatul Zarina Mat Din 4. Roha Mohamed Noah 5. Norhayati Omar

18.	D139	Student Timetable Asistant System (Stasys)	1. Noor Azrin Binti Zainuddin 2. Nafisah Binti Jamingan @ Amin 3. Mohamad Azlan Shah Bin Mohamed Azman
19.	E141	Using Readers Theatre To Improve Reading Fluency And Comprehension	1. Evelyn Sharminnie Vasuthavan 2. Dr Carolyn Soo Kum Yoke 3. S Kunaratnam Sita Raman 4. Nor Haniza Hasan 5. Cecilia Bai Rajendran 6. Noridah Sain
20.	A142	How Quantitative And Qualitative Of Data Research Can Be Embedded Together?	1. Dr. Norhayati Alias 2. Pn Noraizah Abu Bakar
21.	B143	Preliminary Study On Social Network Among Malay Smes Entrepreneurs: Gender Differences	1. Oswald Timothy Edward 2. Ehsan Fansuree Surin
22.	E144	Penambahbaikan Pembelajaran Di Sekolah Agama Kerajaan Negeri Johor: Kajian Pelaksanaan Sistem Anjal	1. Prof. Madya Ahmad Nawawi Yaakob 2. Nor Rashidah Mohamed
23.	E137	Representasi Semantik Lewat Adat-Istiadat Perkahwinan Dalam Alam Minangkabau	Ainol Hasanal Bin Jalaluddin

A Case Study of DiGi Telecommunications Sdn Bhd Strategic Marketing Analysis

A Paper Presented at the 8th Academic Conference 2012

Organized by
Universiti Teknologi MARA Johor

Written by

ROHANIZAN MD LAZAN
Faculty of Business Management, Department of Finance, UiTM Johor

ROSLINA ALI
Faculty of Business Management, Department of Management, UiTM Pahang

SHAHERAH ABD MALIK
Faculty of Business Management, Department of Management and Marketing, UiTM Johor

RABIATUL ALAWIYAH ZAINAL ABIDIN
Faculty of Business Management, Department of Finance, UiTM Johor

ABSTRACT

This study will evaluate the strengths of Digi Telecommunication Sdn Bhd marketing strategy in order to establish competitive edge between its competitors. The finding of this study will in some way enable Digi Telecommunication Sdn Bhd to retain its position in the telecommunication industry.

Introduction

DiGi Telecommunications Sdn Bhd commenced operations in May 1995 when it launched its fully digital GSM1800 services, the first digital mobile communications service in Malaysia. As a leading mobile communications company, Digi provides a comprehensive range of affordable, convenient and easy-to-use wireless services to simplify and enrich the lives of its customers.

Since establishment Digi is still facing challenges including regulation, market growth, maintenance of market share, cost reduction and control of capital investment. Digi found that it is really difficult to sustain competitive advantage for a very long time because the rate of technological changes, changes in business strategies and customers' loyalty can wane and affect sales living a fall in a market share. Digi expected more challenging business environment in 2012, and their strategies and operations will be adjusted accordingly in order to meet company goals and objectives.

Malaysian telecommunication industry has become saturated since 2010. Over 90% of the 27 million populations in Malaysia had a mobile telephone service. There is only 10% left for telco players to monopolize and sustain their position in the business. Therefore, this study will enable us to analyze and evaluate further about the current marketing strategies adapted by Digi Telecommunications Sdn. Bhd. and to suggest strategies on how to sustain the market.

Literature Review

The objective of this paper is to study the strength of Digi's marketing strategies and its strategic path to sustain competitive edge. In this literature review, an insight of the global telecommunication in terms of revenue growth and market trend to telecommunication providers were highlighted. To support the study and analysis toward the subjects, it has also included the reviews about Marketing strategies, competitive advantage, SWOT Analysis, Porter's Five Forces and Ansoff Matrix.

Strategic Marketing and the Resource Based View of the Firm

The pursuit of Sustainable Competitive Advantage is an idea that is at the heart of much of the strategic management and marketing literature [Porter (1985) and Williams (1992)]. Gaining a competitive advantage through the provision of greater value to customers can be expected to lead to superior performance measured in conventional terms such as market-based performance which consists of market share, customer satisfaction and also financial-based performance that consist of return on investment, shareholder wealth creation.

Research done by Buzzell and Gale (1987), Jacobsen (1988) and Jacobsen and Aaker (1985) have argued that market-share and profitability are both outcomes of the efforts by firm's secure cost and differentiation advantages. Extant marketing literature highlights a link between the delivery of value to customers and levels of customer satisfaction leading to potential market share and profitability gains (Kotler 1994). An essential element of competitive advantage is value to customers. Therefore, for a resource to be a potential source of competitive advantage, it must be valuable or enable the creation of value. In the words of Barney (1991), it must permit the firm to conceive of or implement strategies that improve its efficiency and effectiveness by meeting the needs of customers. This implies that though resources may meet other conditions, if they do not enable the creation of value, they are not a potential source of advantage.

Generally, the starting point of strategic marketing analysis has been to begin by assessing the firm's strengths/weaknesses as part of a broader SWOT analysis. The resource-based view of the firm provides a conceptually grounded framework for assessing strengths and weaknesses and enables strengths or weaknesses to be examined in terms of the criteria for establishing sustainable competitive advantage. Adopting the RBV framework maintains a focus on the provision of value as well as the durability of resulting advantages. For example, such a framework forces managers to assess whether or not claimed strengths actually matter in the marketplace – that is do they provide value to customers.

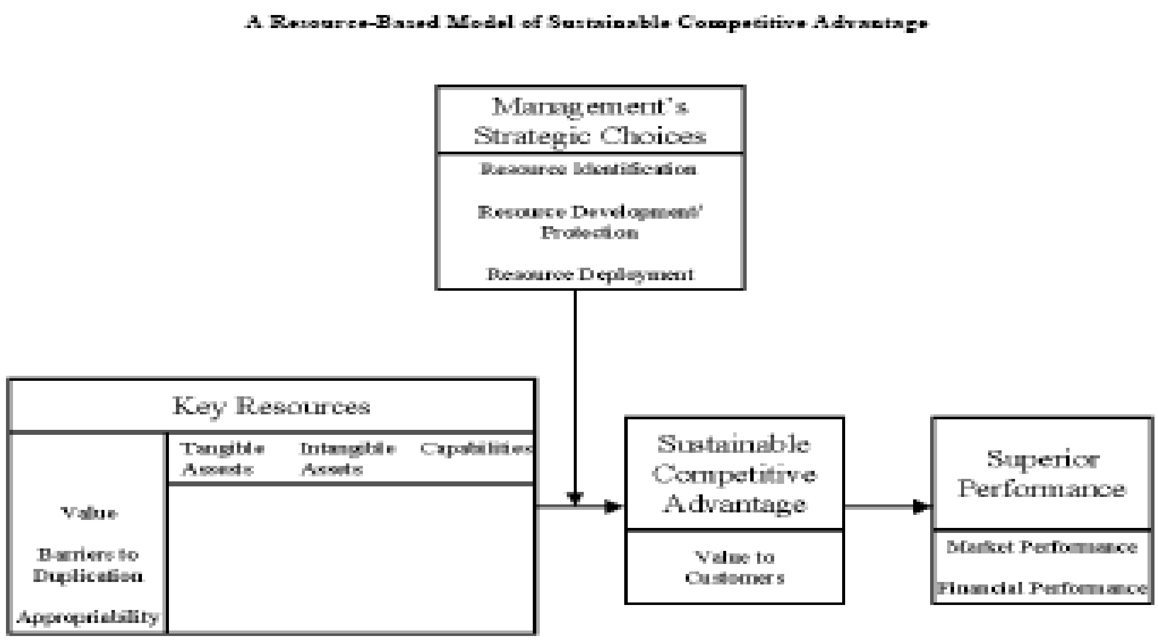


Figure 1 : A Resource-Based Model of Sustainable Competitive Advantage

Firms need to think about which of its strengths possess inherent barriers to duplication by competitors via RBV framework. Rather than the indiscriminate lists provided by SWOT analysis, resources should be categorized according to ease of duplication by competitors. The tangible assets/intangible assets/capabilities typology presented earlier gives an implicit hierarchy of resources based on barriers to duplication. Broadly speaking intangible resources and capabilities are more difficult to duplicate and provide a more meaningful basis for marketing strategy development.

Segmentation or Positioning

Product or brand positioning is a core strategic marketing activity (Ries and Trout 1982) and firms can seek to adopt a number of distinct positions in the marketplace. These may involve positions based on price, premium quality, superior service and innovativeness (Hooley 1998). The resource-based view of the firm focuses attention on the ability of the firm to deliver on its desired positioning strategy. Among its distinctive capabilities are a customer-focused organizational culture and an obsession with detail at every level of the organization (Stalk, Evans and Schulman 1992).

The resource-based view of the firm enables an understanding of the resources that underpin the alternative positioning strategies that may be considered by a firm. For instance, the pursuit of a low price strategy is considered to necessitate resources such as cost control systems, TQM processes, skills in procurement and information systems (Hooley, Moller and Broderick 1998). In contrast, a positioning strategy based on superior quality is believed to require a quite different resource set including market sensing (Day 1994), quality control and assurance, brand and reputation and supply chain management (Hooley, Moller and Broderick 1998), while a positioning strategy based on rapid innovation requires skills in the areas of new product/service development, R&D, technical skills and creative skills. In any positioning strategy, a firm might choose to pursue in the marketplace as it is possible to identify a matching resource set, which further-more allows firms to identify ‘resource gaps’ that may need to be filled. (Grant 1991)

Competitive Advantage

Firm must also develop a competitive advantage which will distinguish the firm's offers from those of its competitors in the segment. In other words, the firm must decide how the business is going to compete in the marketplace. When developing a competitive advantage, the essential factors must always be based on something of value to the customer (e.g. superior service) and not price alone, and it must be "sustainable".

This means that the firm should exploit its ability that competitors will find hard to copy. A competitive advantage can be created out of any of the firm's strengths or "distinctive competencies" relative to the competition. Managers of successful companies always have a crystal clear understanding of their competitive advantage, and use it as a blueprint for all marketing mix decision making (Brooksbank, 2000)

A firm that enjoys a competitive advantage not only is more profitable than its competitors, but also grows faster because it is able to capture more market share, either directly from competitors or from overall industry growth, due to the firm's stronger competitiveness (Rothaermel, 2008)

Sustainability

Digi's sustainability agenda as "not just about doing well by doing good". It is about doing better by doing good. It is no longer just about doing business responsibly, it is about seeing social and sustainability challenges as opportunities for innovation and business development.

Far from being a cost to society and business, sustainability is emerging as a huge opportunity for both. The key to sustainability is innovation, and that in turn spells competitive advantage, which economists define as above-average profits.

Methodology

This project focuses on the strategic marketing of Digi Telecommunication based on SWOT analysis , Porter's Five Forces, Financial Performance Tools and Ansoff Matrix.

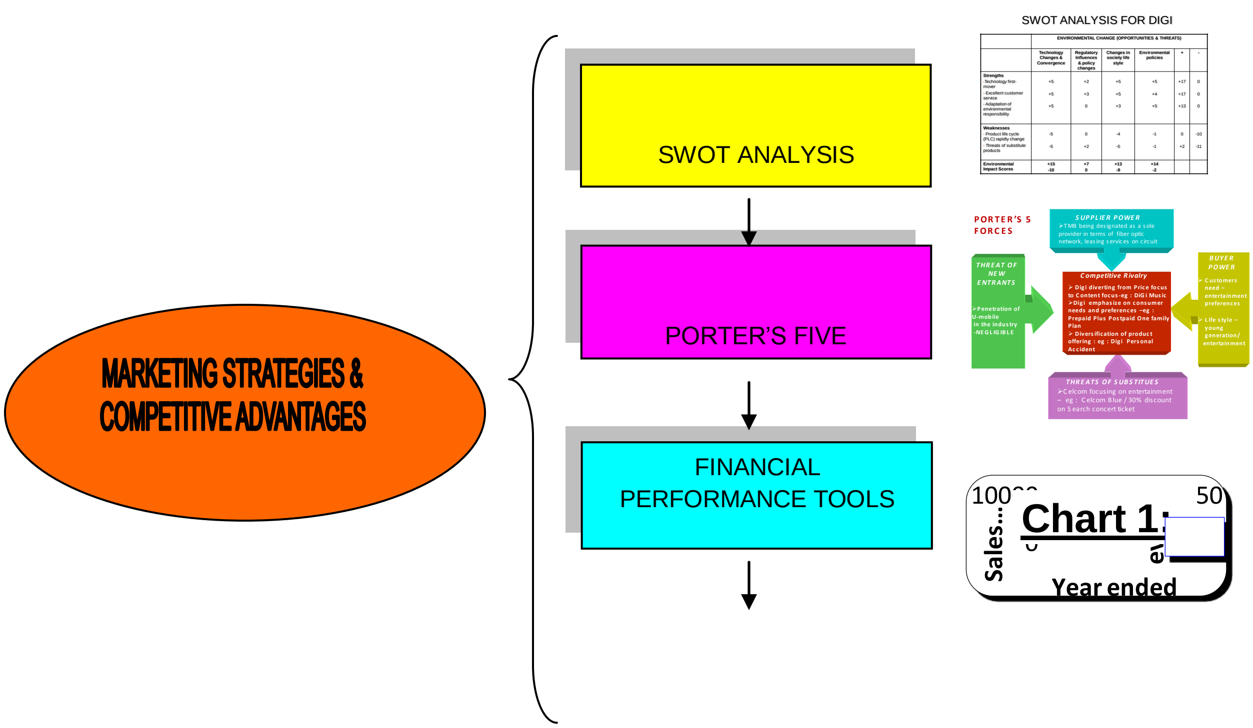
This study used secondary data analysis such as Business Plan Digi Telecommunication (Intranet 2011), Article from Digi.com.my -Press Release Colum, Malaysian Communication & Multimedia Commission (MCMC) Report 2011, Digi Telecommunication Annual Report 2009, 2010 and 2011, Other Telcos : Maxis Annual Report 2011 and Celcom Annual Report 2011 by relating the data to identified models or academic constructs.

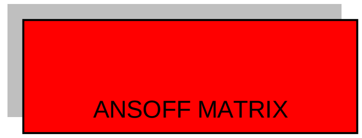
SWOT analysis was used in order to assess Digi strengths and weaknesses. In addition, SWOT was allowed to determine Digi's external position by defining its opportunities and threats. Marketing strategies of Digi can be fully analyzed by adapting this method.

Porter Five Forces model can be useful to Digi as a strategic tool to analyze the attractiveness or value of Digi structure in implementing its marketing strategy to achieve it competitive edge.
Ansoff matrix helps Digi to decide about the product and market diversification options.
Financial Analysis Tool helps Digi to measure the financial performance by using the Net Profit Margin and Earning Per Share (EPS) calculation.

Academic Construct Framework

The following is summary of academic construct framework used to analyze or address the Digi's marketing strategies and competitive advantage.





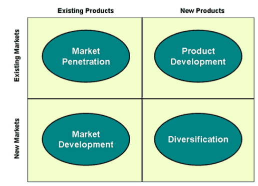


Figure 2 : Summary of academic construct framework.

Findings and Analysis

SWOT ANALYSIS FOR DIGI

	ENVIRONMENTAL CHANGE (OPPORTUNITIES & THREATS)					
	Technology Changes & Convergence	**Regulatory Influences & policy changes**	**Changes in society life style**	**Environmental policies**	**+**	**-**
Strengths						
• Technology first-mover	+5	+2	+5	+5	+17	0
• Excellent customer service	+5	+3	+5	+4	+17	0
• Adaptation of environmental responsibility	+5	0	+3	+5	+13	0
Weaknesses						
• Product life cycle (PLC) rapidly change	-5	0	-4	-1	0	-10
• Threats of substitute products	-5	+2	-5	-1	+2	-11
Environmental Impact Scores	**+15** **-10**	**+7** **0**	**+13** **-9**	**+14** **-2**		

Table 1: SWOT Analysis For DiGi

The SWOT analysis is further applied by rating the priority strength and weakness of Digi's against the environmental changes. The key factors are found in Digi Annual Report 2008. The highest scoring used in SWOT analysis for Digi is +5 and the lowest scoring is -5. The rating is used to analyze the relationship between the environmental impact and strength and weaknesses.

Based on the analysis, Digi best rating (+5) responded towards the environmental changes derives from technology changes and convergence, changes in society life style and the environmental policies. Digi manage it well in terms of its excellent customer service and also by being number one in the technology advancement. However, rapidly change and easily matured products in its life cycle is a constraint to Digi to react towards the environmental change of the industry. Threats of substitute product from the competitors will also become barriers to the company in order to sustain its customer from switching to other telcos.

Competitors SWOT Analysis

COMPETITORS SWOT ANALYSIS

	ENVIRONMENTAL CHANGE (OPPORTUNITIES & THREATS)				
	Technology Changes & Convergence	**Regulatory Influences & policy changes**	**Changes in society life style**	**Environmental policies**	**Overall Impact**
DIGI 3rd in mobile market	+5 Fast technology adaptation, pioneered in prepaid, first to launch MMS services	-2 Pressure from MCMC on shareholders equity (61% to 49%)	+5 Divert from price competition to content (Digi Music)	+5 Digi react aggressively towards environment issue (Deep Green Program)	+13 Able to trace the loop hold of 3G and enhance the technology
CELCOM Celcom is the number 1 broadband service provider	+5 The first 3G broadband in the market, fast technology change	+5 Celcom provides local services with 97% control of local network (Telekom Malaysia)	+5 Maturing subscriber : "Junior prepaid " with higher disposable income will likely to purchase 3G internet smart phone. Hence, a shift from voice revenue to non voice revenue (data)	+4 To assure public that the effects of radio frequency (FRE) wave emitted by radio transmitter free from radiation	+19 Celcom is leading in telecommunication industry due highly competitive advantages
MAXIS 2nd in mobile market, 2nd in wireless broadband	+5 First USB wireless modem, continuous product innovation	+2 Government suggestion to re-list on Bursa Malaysia in order to increase market's liquidity and attract investors	+5 Aggressively conduct a market research to better understanding the customers needs and preferences	+4 To assure public that the effects of radio frequency (FRE) wave emitted by radio transmitter free from radiation	+16 Potential growth for product diversification that enable to fulfill customers demand

Sources : Digi Annual Report 2011, Celcom Annual Report 2011 and Maxis Annual Report 2011

Table 2 : Competitive SWOT Analysis

This above analysis is the Competitive SWOT analysis between Digi's and it main rivals that is Celcom and Maxis. The key factors are identified based on Digi Annual Report 2011, Celcom Annual Report 2011 and Maxis Annual Report 2011. The highest scoring used in SWOT analysis for Digi is +5 and the lowest scoring is -5. The rating is used to analyze the relationship between the environmental impact and strength and weaknesses of Digi.

Based on Table 2, Digi is rank at number 3 in comparison with its competitors in terms of SWOT analysis. However, Digi have the advantage to penetrate further on the 3G technology advancement (Digi invested RM400 million in 3G).

Industry Threats & Opportunities

Based on the above Competitor SWOT Analysis, it mainly focuses on the industry structure and analyzes the organizations external environment. It reveals the source of competition in an industry and external influence including the threats and opportunities of the industry that organization has to face to obtain competitive advantage.

Threat : Regulatory Influences and Policy Changes

Communication Regulation Framework: Malaysian Communications & Multimedia Commission (MCMC)

The government in Malaysia has long had a powerful influence in all aspects of communication. Until corporatization in 1987, telecommunications was under the auspices of a government department. It was privatized in 1990 with the Government retaining a majority stake in the corporation. Although network services were liberalized after Telekom Malaysia was privatized and listed in Bursa Malaysia, the market framework that was created did not favour easy entry and exit. There were restrictions on the entry of foreign companies and government policy was targeted to protect the monopoly status of the state controlled network provider that is, Telekom Malaysia.

Therefore, foreign investment in fixed line and telecommunications companies were encouraged but were capped at 30 percent. As a result, the foreign ownership of the three major operators Maxis, Celcom and Digi had come back down: Digi need to restructure its foreign ownership limit from 61% to 49% (2011) and this leads to less control over the management decision on the business operation as a whole.

Table 3 : Foreign Ownership in the Malaysian Mobile Phone Sector , 2011

Name of Company	*Foreign Ownership*
Maxis	33 % by British Telekom
Celcom	21 % by Deutsche Telekom AG
Digi	30% by Telenor International AS
Telekom Malaysia	5 % by Singapore Government

Source : Financial Statement of Companies

Opportunity 1: Technology Changes and Convergences

i) Increased Broadband penetration rate in Malaysia

Recently, Malaysia has achieved 21.1 % household broadband penetration. This exceeds the country projection of 20% penetration under Malaysian's National Broadband Implementation Plan. This plan also targets to achieve 50% household broadband market penetration in 2012. Based on the MCMC 2011 report, the number of broadband subscriber is increasing in the second quarter of 2009. Therefore, there is a potential business growth for Digi to explore the market.

ii) Increased Cellular phone penetration rate in Malaysia

Based on the MCMC 2011 report, the penetration rate for the cellular phone in Malaysia is expected to be 100% in the first quarter 2011. Moreover, the total rate for postpaid and prepaid subscription is increasing for the second quarter 2011. This data indicates that there is opportunity for Digi to expand the market further.

iii) Increased demand for technology services in SME market

SMEs contributed 32% to 37% of nation's GDP and play an important role in assisting Malaysia's progress with the creation of new industries and employment opportunities. SMEs in Malaysia continue facing numerous challenges and increased competition in today's business. Their main priorities are to grow and improve their business operation without having to spend amount of money.

Digi perceives SMEs market as having potential to deal with. Digi's objective is to become the best practical partner for SMEs by contributing a wide range of business solutions such as offering broadband value packages for SMEs business, tracker system, machine to machine (M2M) services and sms Blast Manager. All of these relevant services that Digi offer, tend to help SMES to adopt and explore new technology to improve their business.

Opportunity 2: Changes in Society Lifestlye

Increased demand for entertainment

Today, nearly every aspect of telecommunication is "going digital", and nowhere is that transaction more obvious than in the entertainment industry. The applications of that technology come from the entertainment industry, the technology itself comes from the telecommunications industry. Consequently, the evolution of digital entertainment presents tremendous opportunities for organizations in both industries to work together, pool their skill sets and ultimately strengthen their individual positions in two highly-competitive industries.

Partly DiGi Telecommunications Sdn Bhd ("DiGi") had introduced DiGi Music Unlimited's web and mobile music service, the first ever in Malaysia, in a strategic move to expand its presence in the youth segment. With over 50% of Malaysian population make up of youth, this segment is an important and growing market for Digi. Digi is planning to grow its current market share of 27% with an ambition to capture a third a youth segment. In summary, this market trend leads to diversion of Digi's strategies from price focus to content focus.

PORTER'S FIVE FORCES

Porter's 5 Forces model is an important tool in order for any business to assess the potential of profitability of the industry. By thinking through how each force impacts firms, and by identifying the strength and direction of each force, it can quickly assess the strength of the position and the firm's ability to make a sustained profit in the industry.

1. Supplier Power.

Telekom Malaysia Berhad has been designated as a sole provider for Digi in terms of its fiber optic network, leasing services on circuit and etc. Therefore, TMB have a full control on deciding and influencing the rate or pricing of the service.

2. Threats of New Entrants.

It would be difficult to shake the incumbents as Malaysia is a mature mobile market with practically 100 percent penetration. Any new entrant would have to steal subscribers from existing operators and that is always a difficult thing to do. For the last few years it's essentially been Maxis, followed by Celcom and then DiGi some way behind.

Therefore, U Mobile will be facing a hard time to break into the market in which since the last few years it's essentially been Maxis, followed by Celcom and Digi in the operator market. Despite aggressive advertising and really low rates, it has not been able to make much headway.

3. Threats of Substitute Product.

Currently Celcom is one of the biggest treat to Digi in terms of its product innovation and services. Celcom's brand had become the factor brand of choice for mobile broadband enthusiasts and for young urbanites in the mobile space, and this is due to telco's strong focus on youth and small and medium enterprise market. Celcom's SOX and UOX campaigns were cleverly executed to suit the mobile lifestyle of the youths with a barrage of benefits to stimulate demand.

However, with the challenging market outlook, Digi stays positive by treating it as a chance to learn and improve itself. They launched its broadband service with a clear promise of value and quality internet to the people to set right customer experience and expectations. Digi challenged itself to be the initiator of change in the broadband market the same way it did in postpaid and prepaid. Their go-to-market strategies turn the tables on market norms with a fresh approach to broadband that puts customer experience as a top priority.

4. Buyer Power

With more than 50 percent of Malaysian population made up of youth, Digi decided to divert it focus from price competition to content competition. Therefore, Digi takes drastic changes and launched a new service of Digi Music to cater the market needs. Digi which currently has about 27% share of the youth cellular markets, expects its new service – DiGi Music Unlimited to boost the market to 33 %.

This new service should become a compelling platform, with more than 50 per cent of the Malaysian population made up of youths, this segment is an important and growing market for DiGi. The demographic changes directly impact Digi's market segmentation from mass market to youth market. Thus, Digi is very dependent on customers' preferences and needs.

5. Competitive Rivalry.

In order to face high intensity of rivalry in the telecommunication industry, Digi continue its battle by diverting its strategy from price focus to content focus. Instead of exposing themselves to the low income segment and foreign worker segment, Digi aggressively converted their strategies into entertainment business by collaborating with Sony Music and BMG in order to fulfill the youth market segment.

In addition, Digi needs to further explore on product diversification and be more creative in its marketing initiatives and activities. Instead of just being a voice and data provider, Digi is moving forward with varieties of product offering such as Personal Insurance coverage (alliance with AIG) and Remittance of money (Digi D' Remit).

FINANCIAL PERFORMANCE ANALYSIS

DIGI Financial Performance Review

Net Profit Margin

Net profit margin shows the profitability of a company after paying income taxes. A higher profit margin indicates a more profitable company that has a better control over its cost, whereas a low profit margin indicates a low margin of safety; higher risk that a decline in sales will take place. Profit margin is an indicator of a company's pricing policies and its ability to control costs.

Table 4: Net Profit Margin of Digi (year 2009-2011)

Year ended	**2009**	**2010**	**2011**
Net profit after tax (RM million)	805.7	1062.6	1140.7
Net sales (RM million)	3652.5	4362.6	4814.5
Net profit margin (%)	22.0	24.4	23.7

Based on the table shown, it is justified that DIGI is in a progressively healthy position whereby its net profit margin have grown from 22% in 2009 to 24.4% in 2010. However there is a slight decrease of 0.7% in 2011 due to economic crisis.

Revenue growth was slowing, but still the company can increase net profit margin as it controlled costs even better. This shows that the company is both aggressive and defensive at the same time.

Earnings Per Share (EPS)

EPS measures the overall profit generated for each share in existence over a particular period. The term earnings per share (EPS) represents the portion of a company's earnings, net of taxes and preferred stock dividends, that is allocated to each share of common stock.

Table 5 : Earnings per Share

Year ended	**2009**	**2010**	**2011**
Net profit after interest and tax (RM' million)	805.7	1062.6	1140.7
Weighted average number of ordinary shares (RM' million)	750.0	750.0	750.0
Earnings per share (RM)	1.07	1.42	1.48

Earning per shares (EPS) has increased dramatically from RM 1.07 in year 2009 to RM 1.48 in year 2011. This would be an eye-catching and satisfaction to DIGI, shareholders and stakeholders. Even though the revenue growth slowed, Digi is very profitable as seen in the net profit margin ratio. This shows a tremendous ability on DIGI's side to be defensive in keeping costs down.

For all the years under review, the increased EPS was mainly due to the success of its underlying fundamentals to grow on a profitable basis. Despite intense competition which will be covered later under the 5 forces analysis, DIGI chalked impressive revenue growth driven by high net subscriber additions, high usage and the ongoing commitment to innovation as seen in the report. This will be encouraging as it would attract many investors from all over.

From the above analysis, it can be concluded that DIGI financial performance showing a strong and stable position throughout the three financial periods. Digi is making profit throughout the years due to its effective marketing strategies implemented through innovative and attractive products offered to the consumers. Digi's financial resulted within expectations as a net profit grew from year to year.

Moving forward, Digi expects the trends in the macro economic environment to continue and therefore highly focused on scaling it business activities accordingly. Digi is currently evaluating and implementing efficiency program across the value chain to achieve sustainable cash flow improvements.

Table 6: Comparison of Telco Performance Second Quarter 2011

	Celcom	**Maxis**	**Digi**
EBITDA	44.6%	50.6%	43.9%
Postpaid ARPU	RM94 per month	RM102.9	RM82
Prepaid ARPU	RM42	RM41.6	RM49
Subscriber base	9.7 million	11.42 million	7.23 million

Source: The Edge Malaysia, 28th Sept 2011

Refer to the above table, it shows that Digi is competitive in terms of key factor in telecommunication industry such as EBITDA, Postpaid and Prepaid ARPU and subscriber base. Notwithstanding the size of the subscriber base, DiGi's prepaid ARPU was at RM49 per month in 2QFY2011, ahead of Celcom's RM42 and Maxis' RM41.6 per month. This prove that Digi still have the ability to compete and expand the business in the future.

CONCLUSION

This chapter concluded overall research findings and identify if we manage to achieve the objectives that we had planned earlier. We also proposed recommendations for Digi action plans in order to improve the marketing strategies and sustain the business in the competitive environment. Due to limitation scope of this study, we suggested that for future marketing research need to be further analyze because market rapidly change in terms of product life cycle, technology advancement and customer preferences.

The analysis which contains financial performance has evidently proved that DIGI has been doing relatively well although there was a slight glimpse of rough patches during the last 3 years. Hence, Digi has adjusted well to the economic slowdown and has succeeded in delivering strong cash flow during the past year.

Digi is capable of increasing its market share with its sharper competitive market edge and increasing stock market price of RM23.50 per share as at 29 October 2011.

The year 2011 will be an interesting year for Malaysian telcos as competition (and resulting financial earnings) will be dictated by how the companies will react and manage to 3G mobile broadband offerings and the stipulated launch of Telekom Malaysia's High Speed Broadband (HSBB) with minimum speeds of 10Mbps in Klang Valley by 4Q09.

Budget 2012 announced by our Prime Minister recently has indicated that individual tax relief on broadband subscription fee up to RM500 a year from 2011 to 2012. It gives an opportunity to Digi to further increase their number of subscriber base and boost it profitability generally.

In the area of globalization, which has brought about unprecedented changes in the service economy, organizations of all sizes and structures are searching for strategies to improve performance without sacrificing quality. A market orientation that provides for market-focused strategic flexibility to sustain competitive advantage is a strategic solution. It is valuable because it focuses the organization on continuously collecting information about target need, customers need and competitors capabilities.

In order to capture growth, strengthen operational performance and ensure capital discipline we suggest the below recommendations for Digi Telecommunications Sdn Bhd such as:

1. Maintain or improve voice market share and further develop data positions in their existing markets
2. Focus on operational efficiency and operational performance
3. Leverage Business Environment Management and Enhances Corporate Responsibility.

4. Market Penetration Strategy

REFERENCES

Article from Digi.com.my -Press Release Colum (2011). Also available on http://www.digi.com.my/about digi/media/mr_press.do

Brooksbank, Roger (2000), *“The Anatomy of Marketing Positioning Strategy”*, Marketing Intelligence & Planning, MCB University Press Limited, Vol. 12 No. 4, 1994, pp. 10-14.

Bursa Malaysia News –View Topic – Digi (6947)(2011). Retrieved from http://www.pg8.net/view topic.

Business Plan Digi Telecommunication (2010 & 2011). Digi Intranet Information.

Celcom (2011). Annual Report. Also available on http://www.celcomgroup.com/index,html.

Digi Telecommunication (2009, 2010 and 2011). Annual Report. Retrieved from http://www.digi.com.my

Equity Watch: Malaysian Telco (2011). Retrieved from http://www.kwsp.gov.my/index

Gaffard, J. and Krafft , J., (2000), *“ Telecommunications : understanding the dynamics of the organization of the industry”*, October 2000.

http://www.investopedia.com. (Accessed on September 2011)

http://www.investorwords.com. (Accessed on September 2011)

http://www.theedgemalaysia.com. (Accessed on 28 September 2011)

Internet World Stats (2011). *"Malaysia Internet Usage Stats and Marketing Report"*. Also available on http://www.internetworldsats.com/asia/my.htm

Malaysia Communication and Multimedia Commission (MCMC) (Report 2011). Also available on http://www.skmm.gov.my

Malaysian Population (2011). Also available on http://www.wikipedia.org

Maxis (2011). Annual Report. Also available on http://www.maxis.com.my

McIntosh, S. and Nelson, E. (2007), *"Telecom swithes emphasis: Preliminary analysis of the 2007 Telecom Industry Survey"*, IBM Global Business Services.

Meredith, L., (2007), *"Scanning for market threats"*, Faculty of Business Administration, Simon Fraser University, Burnaby, Canada, Journal of Business & Industrial Marketing 22/4, (2007), pp.211–219

Porter, M. E. (1985). Competitive advantage: Creating and sustaining superior performance. New York: Free Press.

Rothaermel, Frank T. (2008), *"Competitive Advantage In Technology Intensive Industries, Technological Innovation: Generating Economic Results Advances in the Study of Entrepreneurship"*, Innovation and Economic Growth, Volume 18, pp. 201–225