



CHAPTER 1

INTRODUCTION

1.1 Company Background

During the past decades, the Thai government has been well aware of the country's continuing economic growth. In order to response to the increasing need for telecommunications, the Telephone Organization of Thailand (TOT) with approval of the Communication Ministry has formulated a policy to involve the private sector in the investment of expanding telephone services as well as value-added services.

In 1991, TOT invited the private sector to present its joint investment and operation plan for the expansion of 1.5 million Telephone lines in the provinces, excluding the Bangkok metropolitan. It then approved the proposal of an investment group called "Thai Telephone & Telecommunication Company Limited" (TT&T) to build up the network under 25-year concession period. The original shareholders of TT&T are Loxley Public Company Limited, Jasmine International Public Company Limited, Italian-Thai Development Corporation Limited and Patra Thanakit Public Company Limited. In addition, NTT (Nippon Telegraph and Telephone Corporation) has an agreement with TT&T to become an 18 percent shareholder in TT&T and also assists in the construction, installation and operation in the system.

In 1995, after accomplishing the network implementation, TT&T has to transfer the lines to TOT ownership under a build-transfer-operate (BTO) scheme, but retains responsibility for maintaining an efficient operation of the entire network. Up to the end of August 1997, about 990 thousand lines are connected and put into service. The remaining 510 thousand lines is planned to be sold as soon as possible. In addition, the

value-added services such as payphone and data communication have begun to serve the rural market already. Other value-added service must be generated in the near future such as personal cordless telephone (PCT), integrated services digital network (ISDN) and so on.

Company History

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| 29 Jun'92 | Establishment of TT&T with initial registered capital of Baht 100 million |
| 2 Jun' 92 | Signing of Concession for Joint Operation/Joint Investment for the 1-million line provincial project with TOT |
| 15 Feb'93 | Paid-up capital increased to Baht 1 billion |
| 25 Oct' 93 | First TT&T telephone line in service |
| 28 Oct' 93 | Delivery of first 61,696 telephone line to TOT |
| 27 Jan'94 | TT&T became a public company limited, registered capital increased to Baht 5.2 billion |
| 31 May' 94 | TT&T shares listed and traded on the Stock Exchange of Thailand |
| 21 Sep'95 | TT&T awards additional 500,000 telephone lines in provincial Thailand, by TOT |
| 31 Dec'95 | Total of 641,253 lines are transferred to TOT |
| 25 Apr' 96 | Registered capital increased to Baht 7.9 billion |
| 30 Sep' 96 | Completion of 1.5 million fixed-line telephone project |

1.2 Problem Area

TT&T is aware of the importance of our customer satisfaction. We constantly improve standards of service to the citizen of Thailand through the Confirmation and Collection offices (CCOs) and the customer Service center (CSS) that look after TT&T's customer needs and complaints. In spite of having CCOs and CSS, the customer complaints are continually increased. Likewise, TT&T's image seem to get worse and the revenue per line becomes unsatisfactory.

To provide the greatest satisfaction to the customers, TT&T employs state-of-art technology in the network with the most up-to-date switch and transmission which is fiber optic architecture. Due to the existing intelligent network, other telecommunication services except for payphone and DCN, are planned to be provided.

Typically, the new product and service launch starts with the search for ideas which come directly from customers. Simply speaking, customers' needs and wants are the key success factors to find the opportunities to provide new products and/or services. Thus, a market study is an essential study in addition to the financial and technical study that must be done before investing on a huge values as several telecommunication investment. After studying, we expect to answer the principle questions of new product and/or service development, including what product ?, when? (timing), where? (geographical strategy), to whom? (target market prospects), and how? (introductory marketing strategy).

1.3 Objectives of the study

3.1 To define the market opportunities of TT&T in providing the other telecommunication services to the target market in the rural area.

3.2 To determine the suitable market strategy of TT&T based on the customer needs and satisfaction.

3.3 To complete the feasibility study of TT&T in launching new services.

1.4 Scopes of the study

4.1 Sampling area

Due to the breadth of TT&T's service area, we select the province which is the most populous province in the northern, eastern, and northeastern. Hence, the service area of 72 provinces of Thailand is reduced into 4 sample provinces which are Chiangmai, Songkhla, Chonburi and Nakhon Ratchasima.

4.2 Target population

If the population is defined improperly, the study will probably answer the wrong question as a result. This study focuses not only on TT&T's customers who occupied already the TT&T telephone line, but also the people in the sampling area who have the potential to be TT&T's customers in the near future.

4.3 Other telecommunication services

The other telecommunication services are the services in addition to the fixed-line telephone, that TT&T has the potential and ability to serve our customers in the near future such as payphone, data communication network (DCN), personal cordless telephone (PCT), internet, and so on.

1.5 Expected benefits of the study

- 5.1 Market opportunities of providing new telecommunication services.
- 5.2 Marketing strategies of improving the current customer satisfaction.
- 5.3 More complete feasibility studies in launching new services.