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The Future Of Payphones Industry In Malaysia

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*For Sharifah,
Sani,
Anis,
and Nisa
with love*

ABSTRACT

With rapid technological advancement especially in telecommunications sector, today's payphones industry seems irrelevant and facing difficulties to survive in the current business environment.

This paper presents an insight into the present and future of payphones industry in Malaysia by considering external environmental impacts and the industry competitiveness effects. Looking into the external environmental impact, it will be seen that payphones industry is in declining stage in term of its market share due to the existence of surrounding threats in the industry. In deeper perspective, this paper discusses on the contributing factors that causes Malaysian payphones market to decline, specifically in term of technological changes, regulator's policies and regulations, economic condition and also socio-cultural within the business environmental playground. From industry competitiveness impact analysis, it will reveal high level of threats from product substitutions, high equipment supplier's bargaining power, high consumers bargaining power and low level of entry barrier which gives a great impacts on payphones industry.

Even though payphones industry is seem surrounded by tremendous of business environmental threats, the paper elaborates the significance of payphones industry to certain market niches. It is strongly believed that the future of the industry will remain viable in Malaysia. However, as discussed through out the paper, in order to ensure survivability and longevity, there are some strategic formula attached to it. This paper shows that it is critically vital for payphones operators to re-evaluate their current position and make some re-positioning in aligned with current external environmental and competitiveness impacts which requires correct strategies and business model formulation. Full details on some strategic approaches for having the right re-positioning

with current business environment will be fully elaborated based on value chain analysis and strategic alliances frame work.

As we can see through out this paper, technological change has been stressed as the biggest contribution factor that causes payphones market to shrink. The birth of mobile phone and call center under the technological advancement platform has sparked great level of uncertainties in payphones business. To deal with it, an insight into the future of payphones technology will be discussed with some value-added innovations that payphone operators shall adopt.

In broader terms, this paper tries to predict the future of payphones industry in Malaysia based upon situational analysis of the industry in the current business environment. As figured out in the conclusion of this paper, it is strongly believed that payphone industry in Malaysia shall remain viable in the future outlook, provided the correct strategies and some technological innovations are adopted by the players.

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