**Chapter**
**1**

# Chapter 1: Overview

## 1.1 Introduction

We are witnessing an amazing transformation in organisations. Driven by more demanding customers[1], global competition and slow-growth economies and industries, many are on a journey, searching for new ways to achieve and retain competitive advantage. Nearly two decades ago, quality management became popular and managers learned how to improve the quality of both their organisation's products[2] and internal operations processes. These effort brought important performance improvements (Garvin 1983:; Leonard and Sasser 1982) internally with quality management, reengineering, downsizing and restructuring, and externally with customer satisfaction orientation.

Customer Satisfaction or Dissatisfaction (CS/D) is an important marketing concept. Academicians and practitioners are interested in CS/D because, a satisfied customer is an indispensable means for creating a sustainable advantage in the competitive environment of the 1990s. As pointed out by Anderson and Sullivan (1993), "Investing in customer satisfaction is like taking out an insurance policy. If some hardship temporarily befalls the firms, customers will be more likely to remain loyal" (p.140)

---

[1] The term customer is used in a general sense to mean end use consumers, industrial customers and intermediary customers in a channel of distribution

[2] The term product is used in the general sense to mean products or services and includes both the physical product or primary service, the variety of supporting services offered along with the product or primary service and the information communicated to customers about the product or services, supporting services and their use.

Developing a new customer is expensive. Particularly in mature markets, competition is fierce, product differentiation is low and promotional costs have skyrocketed. Retaining customer is crucial to business success. Suppliers who develop strong relationships with their customers over the long term, would help develop customers loyalty which provides them with a unique advantage over their competitors. In particular, they are in a better position to take advantage of shared resources in the areas of quality and process improvement, to see opportunities before the competition, and to avoid the higher costs of obtaining new customers to replace lost ones. Additionally, customer loyalty, has been found to be directly related to profitability (Heskett 1990). In short, the long term relationships suppliers have with their customers are crucial to their performance and are becoming a critical source of competitive advantage (Webster 1992).

## 1.2 Significance of the Study

The makers of telecommunications equipment face the challenges of selling highly technical products in an industry undergoing rapid growth and technological changes. This study investigates how Lucent Technologies sets out to meet this challenge through better understanding of customer perceptions and customers retention.

## 1.3 Objectives

The major issue is about customer satisfaction of one particular customer, Cellular Telecommunications Network (Malaysia) Sdn. Bhd. (Celcom) with whom Lucent Technologies (Malaysia) Sdn. Bhd. (Lucent) has a contract to supply cellular telecommunication equipment. The Global System for Mobile

(GSM) systems for Celcom are to provide mobile handphone services to end users (the consumers) nation-wide. Lucent obtained the contract to supply four (4) regions, that is the Eastern, Northern, Sabah and Sarawak.

A survey was done and Lucent scored very badly when compared to other competitors with which Celcom also has business dealings. Hence, the management of Lucent is committed to improve its service quality as happy customers will provide continuous business and enhance the profitability of the company.

The basic objectives of this study are as follows :

- To examine how Lucent Technologies endeavoured to deliver excellent service.
- To understand what the customers in the telecommunication industry want, increase customer loyalty.
- To explore the means to reduce unsatisfied customers and
- To gain insight on how Lucent Technologies secure new business contract and how it stimulate continuous business clientele to increase profitability.

## 1.4 Methodology

This study involves a questionnaire survey (a sample of the questionnaire is attached at Annex 1) and personal interviews with employees from various Celcom's GSM divisions. Lucent's employees did the interviews with their counter-parts in the Celcom, for example, the logistics personnel in Lucent will interview key personnel in the logistics department of Celcom. With all the results and feedback from this survey, Lucent is able to find out its position in  rendering quality services and to check whether changes need to be done to improve customer satisfaction.

The data collected were analysed using tools developed internally by Lucent called the Customer Value Added (CVA) Primer.

## 1.5 Scope of the Study

The study focuses on how Lucent Technologies considers customer focus and satisfaction as the foundation of its business strategy. It looks into how Lucent formulates current and future directions using the preferences of customers who indicate their needs and perception of the company via the customised questionnaire.

## 1.6 Limitations of the Study

Since the sample of the study is drawn from only one company and limited to one particular department, that is the GSM division, the results may not be generalisable to all the other products and corporate client of Lucent. However, this particular product and customer is the major division and profit centre for the presence of Lucent in Malaysia.

## 1.7 Organisation of the Study

This study comprises of five chapters:-

♦ Chapter 1, serves as an introduction to the study. It also highlights the objectives and significance of the study.

♦ Chapter 2, discusses the theoretical concepts of customer satisfaction and reviews some of the major studies on customer satisfaction which have been carried out by various researchers.

♦ Chapter 3, describes the research methodology and techniques used in the collection and analysis of the survey data

♦ Chapter 4, covers the analysis and discussion of the survey findings.

♦ Chapter 5, concludes the study. It summaries the findings and makes some recommendations.