# CHAPTER 1

# INTRODUCTION

## 1.1 Background

"A lot of people think that the new economy is all about the internet. I think that it's being fueled by the internet - as well as by cell phones, digital assistants, and the like - but that it's really about customers." (Patricia Seybold, 1999)

Who can express how important customers are if not Ms. Patricia, the CEO of Patricia Seybold groups who is a consultant. She advises her clients on how to attract and retain the customers. A company will not be able to retain its customers if the customers are not satisfied. Therefore they should try their best to keep the customers happy, or even better, exceed their expectations. This is especially very important in the telephone industry.

Initially, the telephone industry was a monopoly, as Company A was the only telephone company. It then became a duopoly as Company B entered the market. After that, Company C entered the cellular industry. The last GSM Operator to enter was Company D, with its product "3(Three)" in June 2007. There are few other players offering CDMA services too. Competition is therefore very tight, and each of them tries to come up with the latest technology and the most creative marketing schemes as quickly as possible. This includes discounted fares for both SMS (Short Messaging Service) and talk time for local, national, and international calls. By using JI Card from Company C, for example, one only needs to pay Rp 500 per 30 seconds to make a call to Singapore (as per April 2007). This is possible due to a technology called VOIP (Voice over Internet Protocol). Initially, our only choice was by using SLI (Sambungan Langsung Internasional) through the numbers 001, 007, or 008 to call overseas. It would be very interesting to see what products these companies have come up with, and how they manage their customers.

To manage the customers, the companies use CRM. There are three main types of CRM. They are Operational CRM, Collaborative CRM, and Analytical CRM.

### 1.2. Scope

This thesis will be focusing on Collaborative CRM practice in the three major companies: Company A, Company B, and Company C.
The thesis will also observe the customers who are using GSM services, not the other services (CDMA and others).
First, the study will check their backgrounds and company profiles. Second, the study will investigate the Collaborative CRM of the respective companies. The study will also find out how satisfied the respective customers of the respective companies are. The study will then analyze them and recommend on how to improve the systems. The respondents of this study were selected randomly. Sixty respondents were interviewed for this study. Twenty respondents were chosen from each of the telecommunication companies. Furthermore, the twenty respondents were further segmented into those using prepaid services as well as those using the post paid services. Their responses and the companies' statements on CRM practices will be discussed and analyzed to describe the application of Collaborative CRM in the cell phone industry in Indonesia.

### 1.3 Aims and Benefits

This research will be very beneficial to those who are interested in the CRM of the cellular business and what to learn more about it, and how it has developed. They would therefore be able to chose an operator if they decide to buy a new package from the same company, or shift to a different company if they need to. It is also useful to the companies in the cellular business, as they would be able to know more about each other's strengths and weaknesses. Furthermore, it would be beneficial to managers and executives as well as the public who want to learn more about the marketing strategy of the GSM industry. Furthermore, the thesis would be able to put CRM (Customer Relationship Management) knowledge into practice.

### 1.4 Structure

The study compares 3 companies: Company A, Company B and Company C. Previously, they were strictly dealing in GSM (Global System for Mobile Communications) services. Now however, they have branched into other technologies such as CDMA (Code Division Multiple Access), and VOIP. The study will concentrate on their CRM as well.