Case Study: failure of AT&T, 2009

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**Introduction**

American Telephone Telegraph Company AT&T was founded as Southwestern Bell Corporation in 1882. Late in 1885, it renamed American telephone and Telegraph Company which again rebranded as American Telephone and Telegraph Corporation in 1982. The head office of this company is in Downtown Dallas, Texas. AT&T provides a range of Telecommunication services including Mobility services, internet, and networking, cyber security, voice and collaboration, directive for business, cloud and Warner Media. This company enhanced its working in 2005 by providing its services in different other parts of the world including Latin America and other western regions of America. The company expanded its business by collaborating with other companies like it made agreements with Frontier Communications to expand its wire line operations. AT&T was ranked the world's no one telecommunication corporation in Forbes Global 2000 (“Global 2000—The World’s Largest Public Companies 2019,” n.d.). This company was ranked no 12 on the global list. AT&T has a market worth of roughly 233 billion USD. In 2009, this company had to face a severe problem of communication. In this study we will try to figure out the dimensions of the communication problem that AT&T had to face.

**Analysis of Communication problem**

AT&T is one of the leading companies in telecommunication services. This American based company is the innovator in the mobile industry. AT&T is the 3rd largest company in the state of Texas with a subscription of more than 250 million customers and over 2 million employees. This company throughout its long journey remains trusted by its customers. AT&T has currently extended its business in different areas of telecommunication. This company is now providing Direct TV, wireless cellular services, and Mobility. This company has always been the leader of innovation in telecommunications by providing the latest technologies to its valuable customers. But this leading company of the world in telecommunication services also had to face a communication problem in 2009 that did a lot of damage to the repute of the company.

2009 was the worst year for AT&T in the entire history of its working. This company was facing many problems in providing MMS and data problems. Although each telecommunication company has to face some technical problems in the providing of services the problem of AT&T at that time was exceptional. The voice quality of calls was very low and customers had to face often dropped calls. Its services especially related to cellular were badly affected. The consumer's feedback was very disappointing over the services of AT&T. A consumer survey that incorporated the views of 50,000 AT&T customers belonged to 26 different cities of America. That survey of 2009 ranked AT&T as the worst telecommunication company in America (“AT&T,” n.d.). So, what happened in 2009 that made AT&T from the consumer's most trusted company to the worst company in telecommunications? AT&T had to face a communication problem at that time and the company failed to address it. In 2008, AT&T agreed with Apple and most of the customers of AT&T were using iPhones at that time. IPhone is a data eater. On average, iPhone users use 10 times more data as compared to other smartphone users. AT&T made a mistake in the forecasting of this fact. Before AT&T agreed with Apple, it should have upgraded its system according to the new demand for data and other telecommunication services. The company failed to address this issue and could not upgrade its system accordingly which caused the company a lot of damage.

**Analysis of Data**

AT&T was the company that enjoyed its customers trust throughout its long journey except for the year of 2009. The company had to face severe issues regarding its telecommunication services. Most of the issues we're faced by the iPhone users. There were frequent dropped calls, failure in MMS services and data services were not working properly. The company had to face a lot of damage to its reputation as well as its economic benefits. In 2009 the company decreased its number of employees from 302,660 to 282,720 in its department of operations. The operating income of the company decreased by 6.8% in 2009 as compared to its operating income in 2008. This decrease in the operating revenues was primarily due to a decrease in the revenue from the voice callings and a decrease in the sale of other high costs wireless section especially the iPhone. AT&T's operating revenues also decreased by 0.8% in 2009. On the other hand, the expenses of AT&T also increased by 1.7% in 2009 as compared to its expenses in 2008 (“AT&T Is A Big, Steaming Heap Of Failure,” n.d.). This increase in the expenses was due to higher equipment and services cost that was needed to upgrade the system according to the new demands for AT&T's telecommunication services.

**Conclusion**

American Telecommunication Company AT&T is one of the world's leading telecommunication company which had to face a severe communication problem in 2009 when the company failed to upgrade its services according to the increased demand. The company made a five-year agreement with Apple which dramatically increased AT&T's iPhone user customers. This company failed to anticipate the exact burden of this increased demand for its cellular services especially services that were related to the iPhone and the company had to face severe economic losses in 2009. AT&T had to face this crisis only because of its one core mistake and that mistake was of communication problem. The company could not forecast its demand accurately and as a result, could not upgrade its system accordingly. To survive in the market of telecommunication, AT&T must have to adapt the requirements of the market.

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