

TO STUDY THE IMPACT OF JIO ON THE INDIAN TELECOM INDUSTRY THROUGH THEIR MARKETING STRATEGIES

Siddharth Kalra, Maria Padacheril, Shubhashish Chandak
Student, Student, Student
School of Business Studies and Social Science
Christ University, Bengaluru, India

Abstract: The research behind this article is to find out how the marketing strategies of jio had impacted the customers of the Indian telecom industry and what were the main strategies that the customers had preferred and attracted them towards this network. A detailed survey was conducted to find out the impact of jio on the customers and how their monthly expenditure towards the sim had drastically reduced from before the entrant of JIO. This article also discusses about the competitors reaction towards this impact and the pricing strategies introduced by them to compete in the market.

Keywords – JIO, marketing strategies, competitor strategies

PURPOSE-

Due to aggressive pricing by Jio, pricing power in the telecom sector has gone. Other telecom players have no option but to match, follow what Reliance Jio is doing,” says Daljeet Kohli, Director and Head of Research. The main purpose of this research was to see the huge impact of the release of Jio had on the Indian telecom industry. We all have witnessed how their consumer base rapidly increased since last march when Jio was introduced into the market and we were keen on knowing and researching upon how much of an impact and the affect it had on the Indian telecom industry and to see how the other main players in the Indian telecom industry precisely Bharati Airtel, Vodafone and Idea were affected by Jio. We will investigate the consequences and the setbacks these companies faced and the various strategies they implemented to cope up with this release. We will further investigate what its impact was on the Indian telecom industry by studying the changes involved through the marketing strategies in this industry.

BACKGROUND INFORMATION –

The Indian telecom industry is one of the most dynamic industry and has predisposed an enormous contribution towards the development of the economy. The trend and patterns of the industry keeps on changing with time and technology and henceforth all the telecommunication companies have to come up with unique and unconventional strategies to keep up with cut throat competition. Recently the ingress of the Reliance Jio had an eminent impact on the Indian telecommunication industry. With the free unlimited internet and calling services, Jio tried capturing the main market share and created a greater demand for the services. People responded very well towards the entry of this service. There was a decline in the marginal revenue and market share of the rival companies in this industry who already had an upper hand on the market. Companies like Vodafone idea and Airtel which were the three main players in the Indian telecom industry were majorly affected by this bold move by RIL.

SCOPE –

We will be investing for about 4-6 weeks to conduct our interviews and complete our research in this field. We will engage ourselves in conducting interviews with various consumers who use Jio and figure out what are the benefits they receive from this service compared to their previous telecom facilities before using Jio. We will also conduct another set of interviews with the shopkeepers of Bharati Airtel, Vodafone and Idea and ask them how their service got affected by Jio more precisely to find out their number of recharges have changed since last march and the strategies behind to keep up with the competition with the other companies.

THEORETICAL FRAMEWORK-

The three incumbents, namely AIRTEL, Idea and Vodafone increased their advertising expensse by 10-15 % and jio is increasing the expenditure by 50% for a 100 million user base.

-sourced from Economic Times. We are going to analyse the different patterns set forth by these companies and Jio's reaction towards it. Everybody is currently talking about plans and tariffs. Going forward is when the power of the brands will come in," said Iyer-chief creative officer of Idea Cellular.

METHOD-

1. Create a literature review on the impact of jio on the Indian telecom industry and how the main players in the industry were affected by this release and how they tackled the problems with new strategies
2. Do a full study on the release behind Jio and do a full detailed research behind the implications involved and the various strategies behind this release and how it affected the Indian telecom industry and attracted the consumer base
3. Read many articles and case studies that involve the impact of jio.
4. Conduct first set of interviews with the consumer base of the Jio sim holders and find out the main reason they switched their service and what the benefits of shifting to Jio were compared to their previous telecom service. This interview would be more of an informal structured interview.
5. Conduct a second set of interviews with the shopkeepers of Bharati Airtel, Vodafone and Idea and find out the change pattern in the number of recharges for their service have been since the release of Jio and to find out the business strategies they imposed to survive and grow after this release. This would be a formal set of interviews.
6. Study the interviews that were conducted and form an analysis from it.
7. We will be devoting 6 hours a week conducting the interviews as well as analysing our results of the interviews.

LIMITATIONS-

Limited sample space as many people refused to give information about the status of their business. Biased opinion against Jio as there was no recharge or tariff for it because of which customers stop going to the shops. There was not elaborate time to do the full research because of the time constraints.

LITERATURE REVIEW –

Impact of Jio on Indian Telecom sector

This section of the chapter will discuss about the literatures on the influence of jio on the Indian telecom sector

D Satyanarayana and Dr.K Sambasiva (2017) analyzed all the aspects of the industry overview of jio such as the R-jio line of attack, then about the LYF smartphones as well as listed all the multimedia apps of jio, which boosted its position. The finding also did an industry analysis using Michaels Porter's five-force model, which mentioned that, the announcement of its free offers created major changes not only to its competitors but also to the subscribers. The study mentioned that Reliance Jio created a lot of unanticipated and unexpected changes in the competitor's strategies and consumers behavior pattern. They were also able to find out that this new service affected the stability in the mobile industry and made the rivals in this industry shaken that they had to subject to mergers and acquisitions in the telecom industry such as Airtel and Idea responding that way by acquiring Telenor and Vodafone respectively. The research paper makes an effort to analyze the impact of Jio on competitive strategies of competitors in the telecom industry.

The article by Chandigarh Institute of Internet Marketing (CIIM, 2017) elaborates on Reliance Jio's marketing strategy and case study. The article critically breaks down the whole services of jio and the strategies behind it.

The aim of this article is to list out all the plans set by jio and to analyze them, it mentions about the unlimited texts, the high speed 4G and the benefit of students getting an additional 25% data usage if they get their sim card through a student ID. This article talks about the downfalls from the new entrant as well few of them being weak signals and duration of the packs. The plan of Mukesh Ambani for Jio is mentioned in this article where he prepares to compete with his rivals such as airtel and expects to get 80 million subscribers by March 2018. The article also lists out the pricing strategies of Jio where it offers services to both high end as well a low to mid range customers offering it at reasonable prices.

Strategies by Rival companies because of the new entrant Jio –

According to economic times article (July 30,2017) Idea cellular has introduced a handset to compete with Jio phone so that they could have an upper hand in the battle. Idea's phone will allow the apps of the operator's choice but might be slightly more expensive to counter it. The main strategy behind this move by Idea was to attack Jio's phone by being an improved version where the

consumers are able to use whatever apps and Internet service they want while in jio the consumers are restricted to the jio apps and poor Internet service. The article analyses the pricing difference and justifies the price for both the companies.

(R. Sorna Priya and M. Sathiya 2016) discussed about the satisfaction among the customers using Jio. The company is using high speed internet, i.e., 4G VOLT. It was the first company to use 4g with a speed of 20-30-mbps. The network was being operated at 1800 MHz and 2300 MHz. This was easy to attract the customers. With this high speed of internet and availability of huge data limit, it was very easy for JIO to capture the market share. They also discussed about the disequilibrium created in the market due to this. They manipulated the marketing strategy and came up with the “app of everything” concept. In which you can not only know about your sim details but you can access other fascinating things like Movies, news, music, etc. This study also suggests from its observation about removing the coverage network and calling congestions.

(Arulkemilas.A, Esakkiammal.S 2016)The survey said that Jio’s free service is gaining reasonable traction with 26% respondents using JIO as primary and 21% as a secondary SIM. The brokerage’s findings indicated that the 4G entrant would be able to retain majority of customers. Interestingly, 26% of users are using Jio as primary SIM, which we think is more a reflection of constraints of current handsets where 4G is only available on primary SIM slot. Over 5% consumers have used Jio dongles. Voice calling is still an issue with only 22% have no problems at all. 32% users indicated that they use Jio as it is faster and 28% as cheap. While customer satisfaction is high for incumbents, 28% users find them still expensive.

(Pawan Kalyani 2016) starts with the entry of the private companies as compared to the existing public companies. Then he discusses about the latest distortion in the equilibrium by the entry of Jio in the telecom industry. He further discusses about the various strategies and policies introduced by JIO. In this he is evaluates the effects and awareness about JIO and the strategies taken by other competitors like, Vodafone, Airtel, Idea, etc. He also mentions about all the possible effects after the entry of Rel-Jio in the market.

(Sonu Singh and Shubham Bhardwaj 2017) they discussed the entry of JIO in the market, that how they created a lot of buzz and attracted the majority of the customers. They talked about the free sims and internet usage which was gives to the customers for more than a year. They made internet a necessity from a luxurious item. They mentioned about how fast they captured the market. Companies like Vodafone and BSNL took years to capture the market share of 50 million customers, they did it in a year. The research talks about how Jio is going to work for the common people and what are the different strategies behind it.

(Dr. Gowthami Chinthala , Ms. H.Madhuri , Mr. Kranthi Kumar 2017) the study was done to analyse the know about the satisfaction of the customers. This was done with done with SPSS. They took 100 respondents from the city of Telengana and Andra Pradesh. They concluded that majority of the customers are highly satisfied with services provided by Jio. They also did a gender wise analysis of the people and they concluded that there was not much difference in their opinions.

MARKETING STRATEGIES ADOPTED BY JIO

- **Pre-Launch Offer** – Jio’s success owes a lot towards the pre-launch offer by them which was the main reason towards the attraction and capture of the consumer-base. Jio made everything completely free to users till March 2017. Some of the things included were Jio’s data, voice and video as well as a whole array of applications that came along with it. The main reason behind this strategy was to allow users to get comfortable with Jio and enable everyone to try it out without spending any money. They used this time to also generate feedback from customers to improve their services.
- **Reliance Jio is 4G only** – This was also another advantageous strategy of Jio by marketing it as 4G only, by taking a dig at the competitor networks who falls to 2G and 3G. To access this facility the consumers needed a 4G compatible phone with a VoLTE support. Jio also introduced their portable wifi hotspot for Rs.1,999.
- **Coverage** – Reliance Jios coverage is significantly higher than other operators. The network cover more than 20,000 cities and towns and has a "good coverage in 80% of the cities" it is an growing number and is yet to capture a larger coverage.
- **Free voice calls and roaming** - Ambani had mentioned jio would not charge for voice calls even if it is to any other operator and even if it is in roaming also which is a huge added benefit for Jio to capture the customers from other operators
- **Cheapest Data** - Jio had introduced the cheapest data plan of only Rs.50 per GB which was the main attraction of the customers towards this operator it also had offered many other packages of lower prices which changed and impacted the whole industry. Through this introductory cheap price of a reputed company they were able to capture the market share and millions of subscribers.
- **Variety of entertainment services** – by subscribing to this operating network, Jio had also come up with a variety of entertainment apps for the customers to use which includes streaming platforms and live TV services.

- **E-KYC** - By realising the hectic process of carrying paper documents and waiting for hours to get sim card service activated, Ambani made the process easier for customers with an Aadhaar card to get the Jio sim in a matter of just 15 minutes.

Because of the impressive marketing strategies adopted by Jio many of the competitors reacted vigorously towards these by coming up with their own strategies to counter the effect. Market leader Bharati Airtel had cut down their prices by around 80% and it had also adopted many new packages like free data for 90 days to compete with Jio. Vodafone also had revised their prices to continue to compete in the market by slashing their prices and coming up with new plans.

RESULTS FROM CUSTOMERS TOWARDS JIO

According to the survey conducted many users now were currently jio users, to be precise 60% of the people we surveyed were Jio users.

Attraction towards telephone service	Frequency	Percentage
Lower price	12	40%
Accessibility	8	26%
Quality	10	33.3%
Total	30	

From the above data it is clear that the customer base towards any telephone service is the lower prices involved with the package from the service and Jio had done just this to attract subscribers towards its service by slashing their price by a huge margin from the competitors.

Monthly expenditure on sim usage before Jio -

Expenditure before Jio	Frequency	Percentage
Less than 200	3	10%
200 - 400	5	16.66%
400-600	10	33.33%
More than 600	12	40%
TOTAL	30	100%

From this data we could clearly see that the most number of the people were spending more than 600 on their sim plan before the entrant of Jio

Monthly expenditure on sim after Jio -

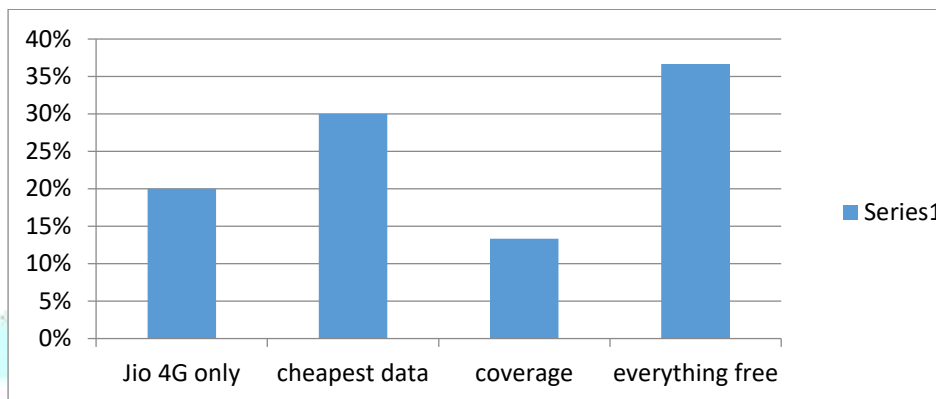
Expenditure	Frequency	Percentage
Less than 200	10	33.33%
200-400	11	36.66%
400-600	6	20%
600 and above	3	10%
TOTAL	30	100%

The above results clearly show the change in the expenditure on the sim usage of the customers the expenditure shifted from the majority of people spending more than 600 to 200 – 400 now after the entrant of Jio nearly cutting down the customers expenditure by 50% on sim services.

Best Marketing Strategy by Jio-

Marketing strategy	frequency	Percentage
Jio is 4G only	6	20%
Cheapest data	9	30%
Coverage	4	13.33%
Everything was free	11	36.66%
TOTAL	30	

Figure 1 – Best Marketing Strategy by JIO



From the above results it is clear that the best marketing strategy adopted by jio was the introductory offer when everything was free for a limited period of time which attracted a large customer base towards this operator knowing that India is a price conscious.

CONCLUSION -

From the above results and analysis we can say that a majority of the increasing customer base of jio is primarily because of the impressive marketing strategies tackled by Jio. The introductory free offer created a huge impact on consumers behaviour and as well as on the competitors strategies to compete in the industry. The impact of Jio was a changer for the telecom industry and led to mergers and acquisitions within the industry. Jio's marketing strategies had left many of the competitors in a vulnerable state. From the above data we found out that the low price offered by Jio was the major attraction of consumers towards this service which reduced their monthly expenditure on sim usage by almost 50%. The free voice and roaming service by Jio was also a big marketing strategy by them as this seemed as a very viable service to have by consumers. From the article we could also interpret that Jio had put into a lot of effort and research behind the marketing strategies adopted by them by capturing the areas where they knew consumers were lacking from other operators.

ANNEXURE

Name- _____

Locality- _____

QUESTIONNAIRE

1. What is the Sim are you currently using now? _____

2. What is the Sim you were previously using? _____

3. what attracts you towards a telephone service brand?

- (a) lower price
- (b) accesibility
- (c) quality

4. What was your monthly expenditure on you Sim Usage before JIO?

- (a) less than 200
- (b) 200-400
- (c) 400-600
- (d) 600 and above

5. What is your monthly expenditure on Sim Usage Now?

- (a) less than 200
- (b) 200-400
- (c) 400-600
- (d) 600 and above

6. How do you like the Previous Brand?

Highly Satisfied	Satis fied	Neut ral	Dissati sfied	Highly Dissatisfied
(a)	(b)	(c)	(d)	(e)

7. How do you like JIO?

Highly Satisfied	Satis fied	Neut ral	Dissati sfied	Highly Dissatisfied
(a)	(b)	(c)	(d)	(e)

8. Has your Calling and Internet Usage increased?

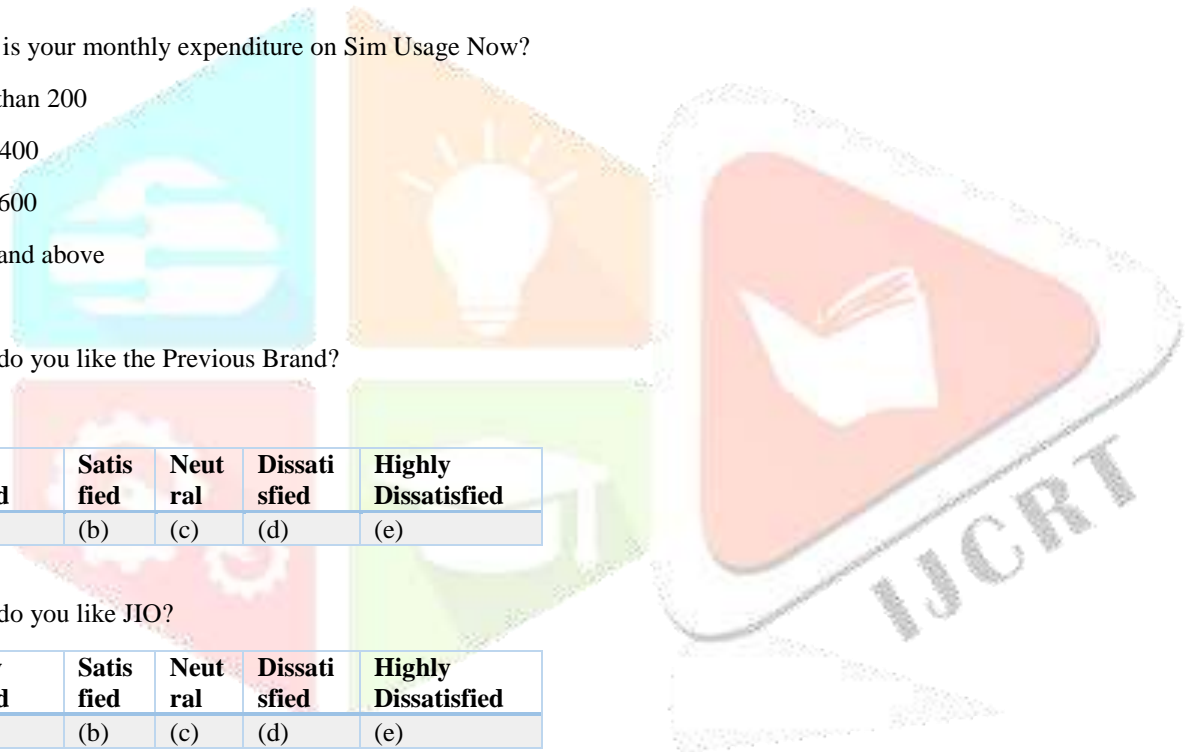
- (a) Yes
- (b) NO

9. How do you like JIO?

VERY WEAKLY---- (-2) (-1) (0) (1) (2) ----VERY STRONGLY

10. Which marketing strategy attracted you towards Jio?

- (a) Reliance Jio is 4G only
- (b) everything was free
- (c)coverage



(d) cheapest data

10. Are you satisfied with the other brand? (if not Jio)

VERY WEAKLY---- (-2) (-1) (0) (1) (2) ----VERY STRONGLY

11. Effect of new plans?

- a. Calling and Internet usage increased with a decrease in cost.
- b. Calling and Internet usage increased with an increase in cost.
- c. Calling and Internet usage decreased with a decrease in cost.
- d. Calling and Internet usage decreased with an increase in cost.

12. Frequency of new best offers introduced by your service provider?

NOT VERY FREQUENTLY---- (-2) (-1) (0) (1) (2) ----VERY FREQUENTLY

REFERENCES-

How Reliance Jio could impact RIL and the telecom industry - ET Telecom

www.ETTelecom.com - <http://telecom.economictimes.indiatimes.com/news/how-reliance-jio-could-impact-ril-and-the-telecom-industry/5745475>

The Reliance Jio Effect: Telecom Industry Revenue Falls

Soumeet Sarkar - <https://www.bloombergquint.com/markets/2017/03/03/the-reliance-jio-effect-telecom-industry-revenue-falls>

A., & S, E. (2016). A Study on Emerging Business Strategy in Reliance JIO. A Study on Emerging Business Strategy in Reliance JIO. Retrieved from <http://www.internationaljournalsrg.org/IJEMS/2016/Special-Issues/NCEBSED/IJEMS-NCEBSED-P103.pdf>

Bhatia, J. (n.d.). Reliance Jio: Predatory Pricing or Predatory Behaviour? Retrieved from <http://www.epw.in/journal/2016/39/web-exclusives/reliance-jio-predatory-pricing-or-predatory-behaviour.html>

Kalyani, P. (2016). An Empirical Study on Reliance JIO Effect, Competitor's Reaction and Customer Perception on the JIO'S Pre-Launch Offer. Retrieved from <http://oaji.net/articles/2016/2725-1478889115.pdf>