

**A NEW PARADIGM IN STRATEGY TRANSFORMS BUSINESSES
AND DISRUPTS THE MARKET – RELIANCE JIO INFOCOMM
LIMITED – CASE IN POINT**

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Abstract

In the 21th Century, businesses are leveraging the overwhelming effect of Digitalisation. Companies are rethinking and modifying their business strategies in the light of intense competition. In the pipeline, only few companies are able to churn out success and stay ahead of the curve. Survival of the fittest is the order of the digital era and many have failed to stay relevant in the long run. Redefining and remodelling the business strategy calls for innovative business instincts, enormous efforts, huge investments and bold decision making. This paper attempts to throw light on the recent surge in the market penetration and competitive pricing strategy of Reliance Jio Infocomm Ltd. which has hit hard most of the market leaders in the telecom industry. The Jio effect has disrupted the market in a profound way and has eroded the profitability of the industry. The major players in the industry are quite wary about the impact of Jio on their businesses and are forced to rethink and adopt new strategies. Big players in the telecom industry like Vodafone and Idea Cellular are driven to merge for better market potential in the future. Likewise, the incumbent's dynamic penetration pricing strategy and unmatched service quality has disrupted other telecom players in a great way. As an after-math of this digital transformation, the rival firms are mustering their muscle, finding innovative unexplored paths to survive in the industry with a reasonable market share.

Keywords: *Reliance Jio, Competitive pricing, Digital transformation, Market penetration, Profitability, Service quality*

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1. Introduction

Indian Telecom industry has evolved over the past decade in a phenomenal way. The digital transformation has contributed towards growth of the nation. Telecommunication has promoted the socio-economic development of the nation and has greatly narrowed down the rural-urban gap in the recent years. The mobile phone and internet user base has surged manifold during the last ten-year period. Promotion of education programmes and spurring industrial growth are an outcome of the immense potential of the Telecom industry. Indian telecommunication network is the second largest in the world in terms of number of telephone users. The call tariff rates are lower when compared to other nations in the world. This may be the outcome of intense competition with many players offering competitive pricing plans. In the recent past, the number of internet usage has surged massively. As per the reports of Internet and Mobile Association of India (IAMAI), the internet user base is predicted to increase to the extent of 450-465 million by June 2017. Indian demographics and rising digital awareness has offered immense potential to the various telecom players. In addition, the digital services like e-governance, e-education have mobilised the creation of more opportunities to the telecom companies as well as stakeholders at large. The initiatives of the government promoting cashless economy will boost integration of activities of banks, telecom companies and payment providers. With more projects in the pipeline to transform and digitalise all activities in the value chain promotes the growth of not only the telecommunication market but other sectors. For instance, the e-commerce industry is surging high in a fast pace. Most of the e-commerce companies are looking towards Indian markets, exploring new avenues to earn scaling returns.

1.1 Digital Era – Indian Perspective

India has been embracing digital transformation profoundly in the recent times. In India, April 14th is observed as the day of “Digital India”. Digital India campaign is a pinnacle in transforming businesses and empowering people economically. Digitalizing the activities in varied spheres is translating into growth and enabling greater momentum in business activities. As a cascading effect, it will promote development of efficient processes and operations. Businesses can leverage the potentials of digitalization to provide better customer experience and offer effective customer service. The digital revolution has increased the expectations of the consumers and they are looking for better services. Organizations are leveraging the opportunities at stake and embracing technology thriving to create value. The demographical advantage coupled by prospects for growth in an emerging Indian economy has provided varied opportunities to businesses to flourish tremendously. The recent initiatives towards development of cashless economy encouraging digital payments have paved way to digitalization of banking activities. India has become the hotspot for most of the corporate companies aiming to leverage its talented minds and beaming economic opportunities.

In this context, technological innovations are the talk of the day expanding businesses to newer horizons. Technological trends like artificial intelligence, virtual reality, cloud computing, big data, IoE (Internet of Everything) etc. are creating tremendous opportunities

to service providers globally and have been instrumental in changing the way businesses operate. These developments have provided service providers with profound opportunities to enhance the service quality and create value to the end customers. It has paved way to increased profit potential for businesses. For instance, Cisco has estimated IoE to create business value of up to \$511 billion over the next decade in India. Likewise, mobile device proliferation, Machine – to – Machine (M2M) connections are gaining momentum in the light of digitalisation. The Cisco Visual Networking Index has estimated the Global Mobile Data Traffic Forecast for 2014 to 2019, which has predicted 5.3 billion mobile users as well as 11.5 billion mobile-ready devices, including 8.3 billion personal mobile devices and 3.2 billion M2M connections by 2019. As per the reports of Gartner Research, network leaders have to remodel their WLANs to deal with proliferation of personal mobile devices in the workplace. The reports suggest replacement of desktops by mobile devices connected to the network in more than 63% of enterprises.

2. Objectives

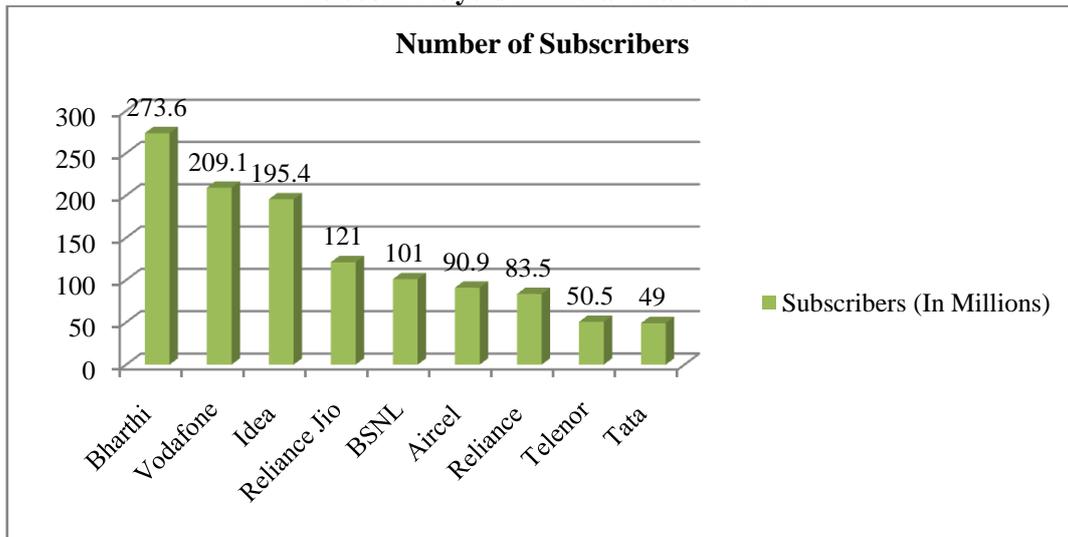
The objectives of the study are

1. To analyze the business strategy adopted by Reliance Jio Infocomm Ltd.
2. To highlight the success story of Reliance Jio.
3. To explore the market potential of telecom players in India.

3. Market Potential of Telecom Players in India

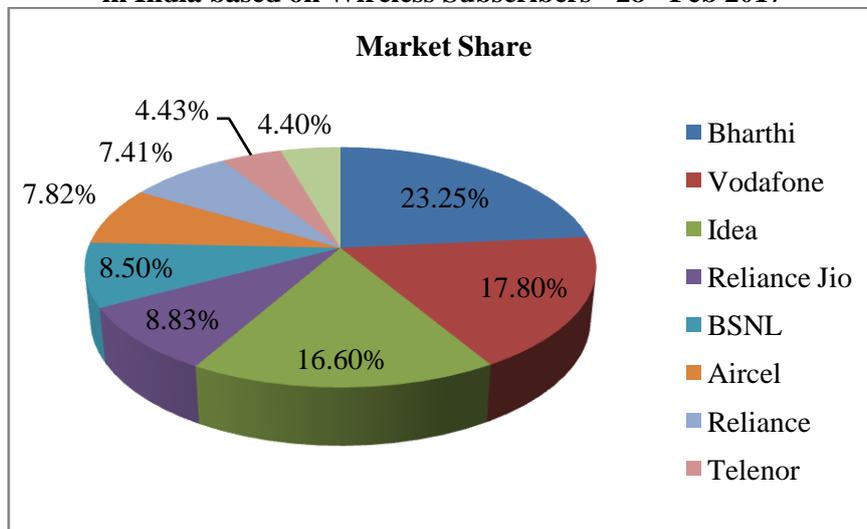
In India, the market potential for telecom players has surged and the subscriber base has expanded massively at a CAGR of 19.96 per cent over the past decade. The demographics and agile economy has contributed immensely for the growth of telecommunication market. At present, the nation's telecommunication market is contemplated as the second largest in the world. As per the latest report released by Telecom Regulatory Authority of India (TRAI) on 28th April, 2017, the total telephone subscriber base in India has been estimated to be 1185.55 million which includes both wireless and wireline subscribers. The wireless subscriber estimates stood at 1164.20 million at the end of Feb 2017. Likewise, the overall Tele-density stood at 92.59%. The market share of private access service providers in terms of wireless subscribers stood at 91.19% and that of PSU's like BSNL and MTNL was only 8.81%. Out of the total wireless subscribers, 86.81% account for active wireless subscribers. The chart below depicts the subscribers of the major telecom players in the month of March 2017.

Fig 1: Chart Showing Total Subscribers of Major Telecom Players in India -March 2017



Source: https://en.wikipedia.org/wiki/Mobile_network_operators_of_India

Fig 2: Chart Showing Percentage of Market Share of Major Service Providers in India based on Wireless Subscribers - 28th Feb 2017

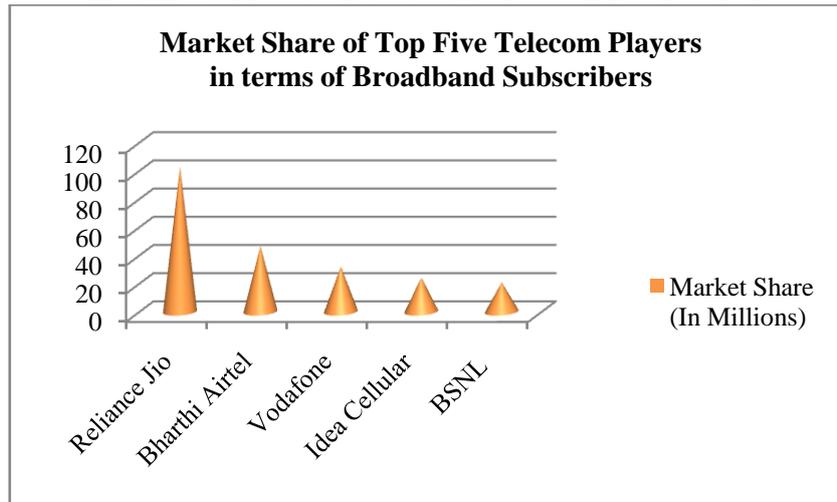


Source: www.trai.gov.in

The market share of service providers in terms of broadband subscribers stood at 86.76% at the end of Feb 2017. In that, the market share of the top five broadband service providers is depicted below.

Table 1: Market Share of Top Five Service Providers in India in terms of Broadband Subscribers as on 28th Feb 2017

Service Provider	Market Share (In Millions)
Reliance Jio	102.84
Bharthi Airtel	46.69
Vodafone	32.06
IdeaCellular	24.31
BSNL	20.81

Fig 3: Chart Showing Market Share of Top Five Telecom Players in India in terms of Broadband Subscribers as on 28th Feb 2017

Source: www.trai.gov.in

4. Documenting the Success Story of Reliance JioInfocomm Ltd. – Case in Point

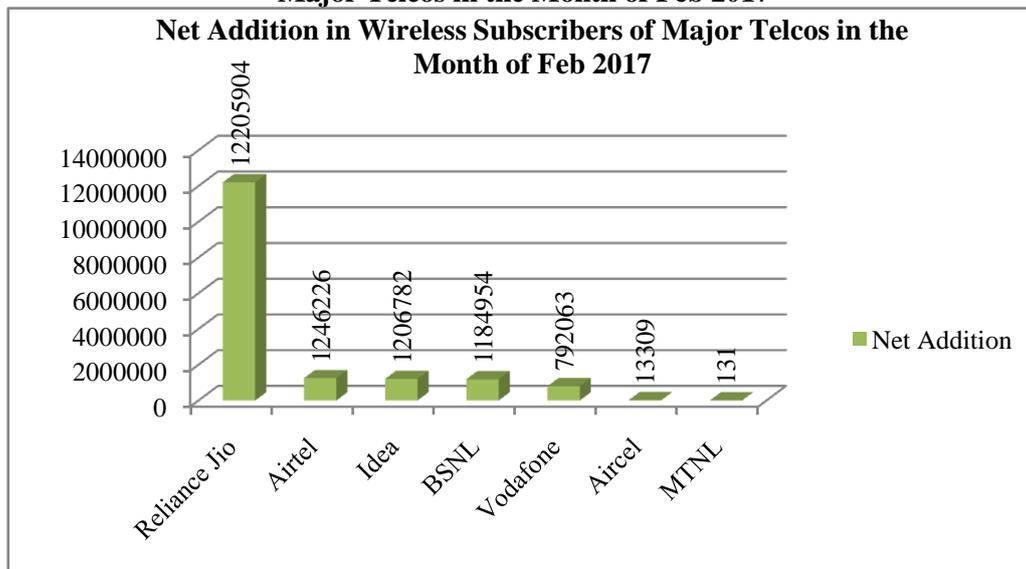
Mukesh Ambani led Reliance Jio had created history by its aggressive market penetration strategy. The telecom firm has been able to attract customers in huge numbers within a short span of less than a year. The marketing strategy adopted by them offering cheap tariff plans providing free data and voice call services has disrupted the telecom market immensely and has eroded the profits of incumbents in the recent times.

On 1st September 2016, Mukesh Ambani, Chairman and Managing Director of Reliance announced in the annual general meeting about the firms' novel plan offering free voice calls, SMSs and national roaming in its network using VoLTE (Voice over Long-term Evolution) technology. The welcome offer was proposed to be available free of cost till 31st December 2016. At first, many would have been wary about its success. But soon, the new plan kick started with more acceptance from people at large which surged the number of subscribers to more than 10 crores. There was quite a dilemma as to how many of these subscribers will become paid customers. But, the recent survey results suggest that more than 50% of the prospective customers have enrolled in the latest tariff plan offered by the company. Major telcos like Bharthi Airtel, Vodafone, Idea etc., are facing tremendous pressure to withstand the intense competition and are beating around the bush exploring innovative strategies to combat the present market scenario.

Telcos like Bharthi Airtel, Vodafone and various other players have started inventing new options and subsidizing their tariff plans in light of the aggressive market penetration and pricing strategy of Jio plunging the market share of incumbents in the longer run. They are exploring new strategies to sustain in the longer run. Though the market potential is quite optimistic, the average revenue per user (ARPU) has been declining as an effect of subsidised data offers and decline in the number of subscribers, triggered by Reliance Jio's business strategy. As per the reports of CLSA, the annual revenue of Indian telecom firms has declined for the first time since 2008-09 to Rs1.88 trillion in 2016-17 (from Rs1.93 trillion the previous year), and will decline further to Rs1.84 trillion in 2017-18.

In the wireless subscribers' segment, Reliance Jio has outpaced the market leaders in the telecom sector with respect to net additions in wireless subscriber segment in the recent times. Jio set a pinnacle in monthly additions to the extent of 15.98 million subscribers in September 2016. As per the latest TRAI reports, Jio has topped in the net addition in the wireless subscriber base since October 2016. The company has acquired the number one position among the major telecom players with more than 12 million subscriber additions as on February 2017. The success of Jio stems from a well-articulated business strategy aimed at digital inclusion of the rural masses at large. The low tariff plan combined with aggressive marketing strategy and huge investments has bolstered the revenue prospects of the company. Jio's subscriber base has increased profoundly after the introduction of welcome offer and subsequent New Year offer. The provision of free of cost data and voice calls has translated into increase in active subscriber base. The chart below portrays the net addition in terms of wireless subscribers of major telcos in the month of February 2017.

Fig 4: Chart Showing Net Addition in Wireless Subscribers of Major Telcos in the Month of Feb 2017



Source: www.trai.gov.in

Reliance Jio's business strategy aimed at market penetration whereby reducing the digital divide between urban and rural masses. It focused on offering digital services particularly 4G services at a lower price. The introduction of low priced LYF handsets promoted the

accessibility to 4G services by all fractions of the society. It has been a new paradigm shift which facilitates the idea of providing 4G services even in low cost handsets which were unavailable before. Thus, the innovative strategy of Reliance Jio has been a turnaround in the telecom sector revolutionising the impending need of provision and adoption of 4G services throughout India.

Jio Services and Applications

The free services offered by Reliance Jio have profoundly impacted the telecom industry since its launch in September, 2016. Jio has put tremendous pressure on major telecom players who have been strategizing on various facets to hold their market share in the long run. The initial free services followed by competitive tariff plan making voice calls tovaried networks free has provided greater market penetration to the firm in the recent few months. At first, the firm promoted and extended the complementary offerthrough “Jio Prime”summer planoffering voice calls free with unlimited 4G data and access to Jio apps for a period of three months to those enrolled in Rs. 303 or higher Jio prime membership plan before 31st March 2017. The company ensures better customer experience and service quality to Jio prime members for their unstinting trust on Jio at the start. Also, the deadline for enrolment in the Rs. 303 Jio Prime plan was extended till 15th April 2017 to ease the migration from free to paid services for Jio customers. The regulations imposed by TRAI persuaded the firm to change thethree-month complementaryoffer and it came up with competitive tariff plan ranging between Rs.96 to Rs. 999 for Jio prime membership (Pre-paid and Post-paid). Likewise, Jio promoted LYF-powered 4G hotspot which is a portable broadband device introduced by Reliance Digital. It provides high speed internet connectivity and enables access to multiple users and mobile devices. It is easy to carry anywhere, anytime with a powerful in-built rechargeable battery supporting 5 to 6 hours of surf time. The LYF-powered JioFi device can connect a minimum of 10 devices + 1 USB connection, with some models having the ability to support many more connections. Jio prime members will enjoy a collection of apps free of cost till 31st March 2018. The table below portrays the bouquet of apps promoted by Jio.

Table 2: Jio Apps – Best Features

S.No	Apps	Best Features
1.	My Jio	Balance and Validity checks, Download account statement for past 6 months, Service requests, Wifi Hotspot across India, Store locator
2.	Jio Chat	Audio/Video conference calls, Video stories, Sharing files, Group creation upto 500 members
3.	Jio TV	Anywhere, Anytime TV with 400+ channels and past shows of 7 days, Sharing favourite programme in social networks, Plan TV viewing, Mini Player
4.	Jio Cinema	Download and watch movies and TV shows offline, Speak and search content, Add any movie or TV show in My watch list for viewing it later
5.	Jio Music	Search favourite music in more than 20 languages, Create playlist, Share music with friends on any social network
6.	Jio Mags	Download and read articles offline, Voice command for content search, Manage device space with auto-delete, Sync downloaded magazines across all devices

7.	Jio XpressNews	Instant breaking news, Cricket updates, Xpress view mode for reading articles offline, Customized reading experience in more than 10+ Indian languages, Search stories, Share articles
8.	Jio Cloud	Automatic backup, Share files, Restore contents of old phone to new, Sync contacts across all devices, Easy categorization of photos, videos and music
9.	Jio4G Voice	Share content while on call, Conference calls
10.	Jio Money	Record of previous transactions, Convenient cashless payments, Bookmark merchants
11.	Jio Security	Cyber Security, Scan for malware, Phone lock when lost, Remote access to lost phone enabling selective deletion of data
12.	Jio Newspaper	Access to leading dailies in 10+ languages, Offline reading, Personalized reading experience
13.	Jio Net	High speed wi-fi, Navigation guide, Share hotspots instantly

Source: www.jio.com/en-in/apps

Conclusion

Reliance Jio Infocomm Ltd. has created a pinnacle in digital penetration enabling access to internet and provision of digital services to all strata of the society. It has been a massive success in the history of Indian telecom industry. The company which is a subsidiary of Reliance Industries Limited has built a strong network with latest 4G LTE technology, empowered by VoLTE technology. The innovative approach of Reliance Jio conceived to harness the fullest potential of latest technology can easily be upgraded further to support next generation technology in the coming years. The success of Jio is a turnaround which will bolster the “Digital India” initiative and in turn propels the nation towards growth. It has facilitated affordable access to digital services by provision of varied applications, devices, network etc. The market potential in rural India is yet to be harnessed by the telcos. Still, there are millions who have not explored the benefits of digitalization. The need of the hour is to promote digital learning among rural population and create awareness about the benefits thereon. It is obvious that Reliance is riding high towards revolutionising the Indian telecom market in the recent times.

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