

# A Study of telecom subscribers and strategy thereof: Role of Reliance JIO in Indian Telecom Industry

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## ABSTRACT

Indian telecom industry is the second largest in the world with a subscriber base of 1.18 billion. A tremendous growth in the past decade and half is recorded. In the present era of competition telecom industry players have made total transformation in their strategies from attracting new customers to retaining the existing customers and growth model to value added models. Mobile subscriptions continue to rise steadily, but the telecom sector finances will come under increasing strain in 2018. Present study aims at discussing the marketing and the customer retention strategies. The purpose of the study is to analyze the overall trends in the telecom and broadband customer base. Current research also highlights the trends of private market leaders that are Bharti Airtel, Idea and Vodafone. After the entry of Reliance JIO, telecommunication industry faced a complete change so efforts are made by the author to portray the role of reliance JIO in grooming telecom industry. It's been found at the end that reliance JIO has totally changed the game and forced all the telecom service providers to lessen the calling and data services rates. That at last resulted into the increased total revenues of the telecom industry and the decreased average revenue per user (ARPU).

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## 1. Introduction

Communication is a vital part of human life. It would be right to call communication all pervasive because nothing is out of the purview of communication. It is of utmost importance to lead a life as it used as a tool at home and every other place say business and non business spheres both are under its scope. Even birds and animals communicate in their own way. Long distance communication has been around for years. And when it comes to long distance communication, telecommunication strikes our mind as one cannot think of life without the services of telecom industry. Telecommunication is an integral part of the infrastructure of our Indian economy. India's telecommunication network is the second largest in the world based on the no. of telephone users. Without telecommunications it is impossible to fly on planes and helicopters and space travel would also goes beyond prediction.

Globalization focused on telecommunication in Indian economy. In the present era of competition telecom service providers have made a U turn in their strategies from growth model to value added model. Telecom subscribers' base is continuously going up and that too more in the rural areas. Indian mobile economy's growth is substantially increasing to India's GDP as per the report of GSM association in collaboration with BCG. The greatest technological advancement we have till today is the cell phones and the internet. Our Indian telecom industry has the world's third highest no. of internet users. Telecom sector has supported the socio economic development in India and has played an important role in narrowing down the digital divide of rural and urban up to some extent. Government also has used it in realistic ways by using modern facilities of communication for the rural India in the form of mass education programmes. A

transformation from the government owned enterprises to the competitive firms can be easily observed. Regulatory framework of telecom industry is governed by Telephone Regulatory Authority of India (TRAI). In today's fast changing and technologically updating environment only few survive and stand erect who goes beyond the traditional methods of maintaining the customer base. Trend of attracting new customers has been shifted to the trend of retaining the old ones by preventing them from the rivalry firms.

## 2. Reviews

**Zahoor Zaraq (2015)**, in the paper entitled "An overview of Indian telecom sector" emphasized on the history and development of telecommunication sector in India. For conducting this study data has been collected from various secondary sources mainly books, journal, newspapers etc. Author has made deliberate efforts to cite factors facilitating and hindering the growth of the telecom sector in India. Conclusion of the study revealed that India's teledensity has been improved from 4% in March 2001 to around 75.23% in the march 2014.

**Pritish & Dr. saxena (2015)** in their paper "An analysis of Indian telecom industry" analyzed the history and evolution of the Indian telecom industry but putting emphasis on its major segment of policies framed by the government. Study also identified present trends and future growth opportunities in the industry. Data collection for this purpose was made from secondary sources like TRAI, DOT, government reports, newspapers and journals. Study concluded that telecom industry contributes significantly to the overall socio economic development.

**Mishra, Singh et.al (2015)** in their study entitled "Comparative study of major telecom service providers in india" presented the comparative analysis of leading telecom service providers like bharti airtel, tata, idea reliance communication, vodafone, BSNL in india. Study has taken base of secondary data of last five years on the profit after tax, total income and expenditures. Level of satisfaction of telecom consumers is measured by evaluating network coverage, customer service, tariff rates etc. Mailed questionnaire method of primary data collection was used in the study. Study came out concluding the facts and figures that bharti airtel is the overall leader on the basis of the parameters taken under study.

**Sharma & Sonwalker (2016)** in their study entitled "Customer retention strategies for telecom service industry in India: A theoretical perspective" highlighted the importance of the relationship marketing concepts in developing and maintaining lifelong healthy relationship between consumers and the firms. Author discussed theoretically about the role and the key determinants of the consumer retention. Reducing attrition rate, bringing back the lost sheep, courtesy system and welcoming complaints and suggestions etc were the strategies discussed for the consumer retention. Study has been made via considering three main constructs of consumer's retention namely consumer satisfaction, consumer loyalty and switching barriers and obstacles.

**Kalyani Pawan (2016)** in the study "An empirical study on Reliance JIO effect, competitor's reaction and customer perception on the reliance JIO's pre launch offer" tried to find out the effect and awareness about the Reliance JIO offer and highlighted the competitive offering made by rival firms like Vodafone, airtel idea and BSNL. Paper has put light on the market strategies adopted by the game changer reliance JIO to capture the huge market share and become market leader. Also this paper cited the effect of reliance JIO on the Indian telecom industry.

**Satyanarayanan, Rao et.al (2017)** in their study "Impact of reliance jio on Indian mobile industry- a case study on mergers and acquisitions of Idea-Vodafone & Airtel-Telenor" traced the impact of the game changer, "reliance jio" on marketing and other competitive strategies. It has been observed that greater price sensitivity and the lower switching costs were the main reasons behind the success of reliance jio in the short duration. Free introductory offer of the reliance jio had brought radical and unexpected changes in the consumer's behavior and the competitor's strategies. It had increased vulnerability of the rival service providers in the industry that it leads them to resort to the mergers and the acquisitions.

**Dr. Sharma & Dr. Gupta (2017)** in their study entitled "Reliance jio ( a pack of services) : impact on Indian telecom market" attempted to analyze the impact of jio in respect of its various services offered like jio money, 4G data services, wi-fi hotspots etc. Author has also discussed the redirection and reformation of policies of major service providers in in telecom market after the superb entry of reliance jio in the industry. Concluding remarks of the study highlighted that reliance jio had scattered fibre optics cable over 2.5 lakh kilometers which

is covering 18,000 cities and more than a lakh villages. It also aimed at covering cent percent of the nation population by the year 2018. The current market trend analysis of the reliance jio is specifying that reliance will affect the other earlier leading companies to the great extent.

**Jain Vasundhara (2018)** in the study entitled "A Study on marketing strategy of reliance reliance JIO" attempted to analyze the viability of consumer acquisition strategies adopted by the reliance JIO in holding tight the consumers even after the forfeiture of the free offers. Research design of the study is found descriptive and data used was secondary in nature. Study concluded that the marketing strategies of reliance JIO were successful as both the customers and marketers seem satisfied. Very soon Initial massive capital investment of the reliance reliance JIO is expected to be recovered.

### 3. Research Methodology

The present study is descriptive in nature and conducted with the help of secondary data collected from TRAI, DOT, Journals, websites of concerned service provider etc.

### 4. Objectives of the study

1. To study the marketing and customer retention strategies of the telecom industry.
2. To discuss the overall growth of telecom subscriber base.
3. To study the total additions of wireless and broadband subscribers of three major private Telecom Service Providers (Bharti Airtel, Idea and Vodafone) in respect to reliance JIO.

### 5. Strategies of telecom industry

Telecom industry mainly focuses on marketing strategies and the customer retention strategies. Marketing strategies of telecom industry involves product pricing place and promotion related services. Brand value and the quality of telecom service providers TSP are reflected mainly through product related strategies. Dimensions of service quality that need to be focused upon are tangibility, reliability, empathy and responsiveness. Three more P's that needs to be strengthened in respect of services are people (human resource), physical evidence (environment related), and process (activities undertaken).

Customer retention is an act of convincing customers to continue their usage of the services along with providing better quality services. Customer retention is not only a one time activity rather than it is a lifelong effort of the firm to serve better. Strategies to be adopted by the telecom service providers should include keeping the customers updated , providing free trial value added services, collecting bills at doorstep, sending wishes on special days like birthday and anniversaries, never make them feel neglected, calling customers as per their scheduled free time and know about their needs and problems, serving them the facility of consultant, reducing attrition, selling and selling again, providing extraordinary services, quality controls, welcome complaints etc.

Reliance JIO has made competitive edge through strategies which differ from that of other service providers in the telecom industry. Reliance JIO's strategies includes acquisition of major chunk of telecom customers by providing everything for free in the early stage, retention through 6 months unlimited free data and calling services, referral advertisement mode and prime membership revenue

generation plans. It's been observed that mainly private telecom service providers are focusing on retaining their customers by valuing and serving them better. Because the leading firms in telecom companies are all private, public sector undertakings are left behind this can be made clear through the table no.

**Table no. 1 Market share in terms of wireless subscribers**

	PRIVATE (%)	PSU (%)
31 <sup>st</sup> march 2014	89.16	10.84
31 <sup>st</sup> march 2015	91.68	8.32
31 <sup>st</sup> march 2016	91.30	8.70
31 <sup>st</sup> march 2017	91.06	8.94
31 <sup>st</sup> march 2018	90.55	9.45

Source: TRAI

From the given data above in table 1 ranging from year 2014 to 2017 it can be known that market share of the public sector undertakings is decreased from 10.84% in 2014 to

8.94% in the year 2017. Furthermore it is observed that in the last one year the market share of the public sector in terms of wireless subscribers is increased.

**Table No. 2 TOTAL TELECOM SUBSCRIBERS (fig in millions)**

YEAR	Total subscribers	URBAN SUBSCRIBERS	% of the total	RURAL SUBSCRIBERS	% of the total
31 <sup>st</sup> march 2014	932.99	555.26	59.51	377.73	40.48
31 <sup>st</sup> march 2015	996.49	577.18	57.92	419.31	42.07
31 <sup>st</sup> march 2016	1058.86	609.69	57.57	449.17	42.42
31 <sup>st</sup> march 2017	1194.58	692.97	58	501.61	41.99
31 <sup>st</sup> march 2018	1206.22	681.61	56.50	524.61	43.49

Source: TRAI

In this table data on subscriber base of the telecom sector is given. The study has segregated the total subscribers in two categories i.e. urban and rural. It can be observed that over the years 2014 to 2018 there is something that needs to be focused upon. There is increase in the no. of subscribers from the year 2014 to 2016 while in the year 2017 it has been declined from 42.42% to 41.99%. Again a wonderful increase

in the year 2018 is observed. The incremental change from the year 2014 to 2018 is 273.23 million out of which rural increase is 146.88 million while urban increase is 126.35 millions. In terms of percentage 53.75% out of the total increment is found in rural subscribers and 46.24% is observed in urban subscribers.

**Table no. 3 Service provider wise additions in wireless subscriber base at the year ends from 2014 to 2018.**

SERVICE PROVIDER	MARCH,2014	MARCH,2015	MARCH,2016	MARCH,2017	MARCH,2018
BHARTI AIRTEL	18,92,970	28,97,698	25,47,018	29,99,736	84,02,064
IDEA	22,37,758	23,54,292	4,46,551	20,99,116	91,42,651
VODAFONE	22,16,816	3,58,651	12,00,472	18,34,391	56,37,695
<b>Total additions</b>	<b>86,31,845</b>	<b>98,93,828</b>	<b>74,38,702</b>	<b>1,48,50,786</b>	<b>3,51,75,267</b>

Source: TRAI

**Table no. 4 Percentage increase in wireless subscriber base over years 2014 to 2018**

	March,2014	March,2015	March,2016	March,2017	March,2018
<b>Airtel</b>	21.93	29.28	34.24	20.19	23.88
<b>Idea</b>	25.92	23.79	6.0	14.13	25.99
<b>vodafone</b>	25.68	3.62	16.13	12.35	16.02

Source: TRAI

Figures in this table no. 3 & 4 depicts the net additions in wireless subscribers base at the end of the years ranging from 2014 to 2018. In the year 2014 the total additions in the subscribers was 86,31,845 in which Idea's share was the largest constituting 25.92% of the total. While in the year 2015 total additions were 98,93,828 and bharti airtel contributed 29.28% to this amount and stood first while idea stood second with its contribution of 23.79% and Vodafone stood last in the list of three with 3.62%. In the year 2016 it can be observed from the table that airtel's contribution in the total addition rose up to 34.24% of the total of this year. Glimpse of the table

reveal that idea's contribution is slipped down drastically and contribution found was only 6% of the total whereas totally opposite is the case of Vodafone in the year 2016 with 16.13% with respect to the 2015 with 3.62% and if we talk about its difference it is 12.51%. Now comes 2017 which is bad for airtel as its total additions stood at 20.19% only because it was the time reliance made a awesome entry in the telecom industry. Reliance JIO independently contributed 58,39,734 to the total additions to the wireless subscribers. If we talk in terms of % it comprises of 39.32% of total additions of the year. 2018 is the year of a complete change for the telecom industry because of

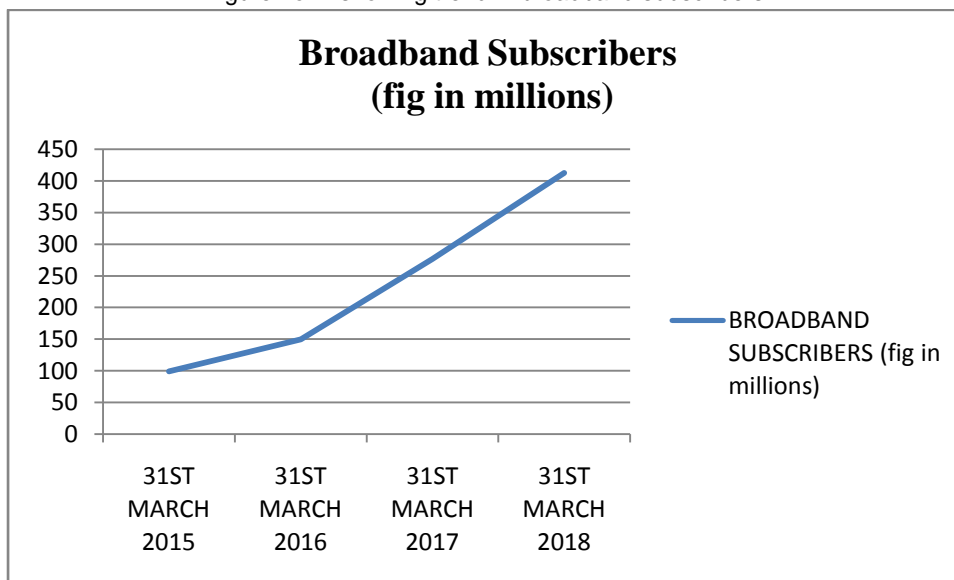
reliance JIO's revolution. Total additions in the subscriber base rose up and stood at 3,51,75,267 in which alone reliance JIO holds 26.80%. Now if we go in further deep analysis it can be observed that reliance JIO's addition in respect to its first year is declined because plans of free calling and data came to end.

Still reliance JIO is the leader because of cheap data and calling plans. This Reliance JIO's decision has further led to the cheap plans of the Airtel, Vodafone, Idea and other competing firms.

**Table no.5 No. of Broadband subscribers from year 2015-2018**

YEAR	BROADBAND SUBSCRIBERS (fig in millions)
31 <sup>ST</sup> MARCH 2015	99.20
31 <sup>ST</sup> MARCH 2016	149.75
31 <sup>ST</sup> MARCH 2017	276.52
31 <sup>ST</sup> MARCH 2018	412.60

Figure no. 1 showing trend in broadband subscribers.



In the table no. 4 and figure no. 1 broadband subscriber data is given over the years 2015 to 2018. Its been observed that there is rise of 50.55 millions broadband subscribers from the year 2015 to 2016.while the change in the following years is spontaneous figures noted in the year 2017 is 276.52 million

in contrast with the 149.75 in the year 2016. Furthermore the increase in the no. of broadband subscribers in the year 2018 with respect to 2017 is 136.08 which is even more than the total of the no. of broadband subscribers in the year 2015.

**Table no.6 SERVICE PROVIDER WISE MARKET SHARE OF BROADBAND SERVICES (fig. in %)**

SERVICE PROVIDER NAME	31 <sup>ST</sup> MARCH 2014	31 <sup>ST</sup> MARCH 2015	31 <sup>ST</sup> MARCH 2016	31 <sup>ST</sup> MARCH 2017	31 <sup>ST</sup> MARCH 2018
BHARTI AIRTEL	20.30	22.19	25.69	17.77	20.76
IDEA	11.87	14.64	15.31	8.93	9.66
VODAFONE	11.54	19.53	18.54	13.64	14.49

In this table service provider wise market share of broadband services is given. In our current study three service providers are included namely Bharti Airtel, idea and the Vodafone over the years 2014 to 2018. Figures in the table reveal that Bharti Airtel is leader in all the five years from 2014 to 2018. Although when we analyzed the table critically we came to know that Airtel's market share had started declining from the year 2017 which forces us to go deep into the reasons behind the declining share. Actually it was the time when reliance JIO made a brilliant entry into the telecom industry with free calling and data services. Reliance JIO ate up the sales of all the leading brands of the telecom industry. Reliance JIO is the game changer of the Indian telecom industry. Now for standing and retaining one's existence in the industry all service providers came out with cheap data plans. That at last resulted into the position where total revenues of

the telecom industry are increasing but the average revenue per user (ARPU) is constantly declining.

**6. Conclusion**

In a nutshell it can be concluded that Indian telecom sector is contributing significantly to the socio economic development. The overall telecom and the broadband subscriber base is continuously increasing from past many years but a big increase is found in the last two years after the entry of reliance JIO in the market. By doing deep analysis we came to know that rural subscribers are increasing more than the urban subscribers. Reliance JIO has transformed the telecom industry. Cheap calling and data services are the gift of reliance JIO. What has been observed as a resultant is no

doubt the total revenues of the telecom industry are increasing

but there is a drastic decline in the average revenue per user.

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