



Reliance Jio: A digital boon

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Abstract

No wonder 2016-17 has been the best years for the Internet Surfers in India, who love to spend their time on the phone and the Internet because of Reliance Jio. Youngsters can talk for hours and parents can stay in touch with their children who live in other cities without fretting for cost charges, video calling becomes best-loved practices, late night internet surfing, downloading movies and songs and the list goes on and on. When Reliance Jio (the subsidiary of Reliance Industries) launched on 5th September 2016 officially, Indian users especially youngsters started thanksgiving Reliance Jio even in their dreams. Today, every house has Reliance Jio user. Reliance Jio has been recorded as the ultimate strategy in the Indian Telecom Industry. Reliance Jio has commended nightmares to fellow telecom providers like Bharti Airtel and Vodafone for their survival. With the population of 1.2 billion where there are 800 million mobile connection and 200 million Internet users, out of which 63% of the population under the age of 35 years, Reliance Jio aims to enable the transformation by creating a strong and powerful broadband network. This Paper deals with transforming India towards Digital Revolution.

Keywords: digital India, market share, TRAI, internet user, data usage

1. Introduction

Jio is one of the largest transformational digital initiatives anywhere in the world with an initial investment of more than Rs.150,000 crore. It really is the world's biggest start-up. The figure is far higher than the around Rs.85,000 crore Reliance Industries Limited.

2. Objective

- This paper aims at analyzing the marketing strategies absorbed by Reliance JIO.
- This paper focuses on the effect of JIO's strategy on the market share of its competitors.

3. JIO Network

Reliance Jio Infocomm Limited or Jio is an LTE mobile network operator in India. It is a wholly owned subsidiary of Reliance Industries headquartered in Navi Mumbai, Maharashtra that provides wireless 4G LTE service network (without 2G/3G-based services) and is the only 'VoLTE-only' (Voice over LTE) operator in the country which lacks legacy network support of 2G and 3G, with coverage across all 22 telecom circles in India. VoLTE promises HD call quality, faster calls, and better use of data. So, unlike right now, your network won't drop to 2G or 3G when you're making a call. A VoLTE enabled phone can handle calling and other data-based activities simultaneously.

India's first all IP network
 Mobile video network
 True 4G covering 18,000 Cities, 2 Lakh villages
 Voice over LTE (VoLTE)
 Data-strong network
 Built for Internet
 Future Proof - 5G, 6G ready

4. JIO growth hacking strategy

Growth Hacking is a process of both conventional and unconventional marketing experiments across the channels and product development to find the effective and efficient ways to grow a business. It's main focus on building, engaging, converting and retaining the user base of a business and Growth Hacker is the person who helps to accomplish that all.

Definition and concept of Growth Hacking were invented by Sean Ellis in 2010.

The algorithm revolves around 5 basic stages:

Acquisition, Activation, Retention, Referral and Revenue.

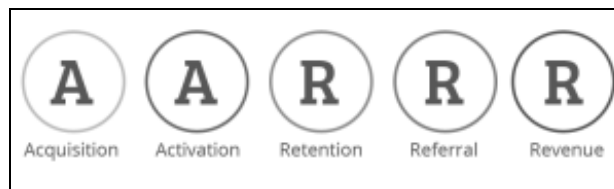


Fig 1

Reliance Jio has made sure to cover up all the stages in the best possible way.

1st & 2nd Stage- Acquisition & Activation

Acquisition stage defines how to acquire users from different channels and Activation is when the user decides to take action and use your product. Since September 2016, Reliance Jio has offered a completely free package to its users.

A Great Sign-Up Offer

This package has offered unlimited voice calls local and STD both, no roaming charges, free 4G internet surfing of movies,

music, TV, sports programs etc. till Dec. 2016, initially for users to get addict of free services.

Reliance Jio also made easy to buy 8 Jio Sims with same ID proof (9 Sims are allowed on same ID proof as per TRAI) that also free of cost. This package has sprouted a fanatic lust in the mind of Indian users and led to acquisition and activation of millions of users.

Massive Launch Event

Reliance launched the plan with a massive event that included who's who from Politics, Bollywood and Indian & International Media to ensure the offer can reach out to Maximum Individuals with multi channel coverage.

3rd Stage-Retention

Once the user has become an active user of your product, this stage helps the user to come back and stay engage with your product for a longer run. In December, Reliance Jio made another announcement of extending the free package plan till March 2017 in order to retain their existing users and shaped them to get in habitual of this honeymoon period. It has acted like a cherry on the cake to Reliance users and plan named as *Happy New Year Plan*. With this strategy, Reliance Jio has become the first ever Telecom Company to provide Six Months of free unlimited services with the focus to conjure revenues.

4th Stage-Referral

When the user starts to *refer or recommend your product to friends* and shares the positive reviews. Non-Jio users also started following the same path as Jio users have recommended Jio to their dear ones and having blast with these free services.

5th Stage-Revenue

Most important stage for a company, users fully understand the value of your product and paying for it. As free services are about to end by 31st March 2017, Reliance Jio has launched Reliance Jio Prime which is an extension program of Reliance Jio. Reliance Jio users need to subscribe to Jio Prime in which they can get same old free services within **Rs 303**. Under this plan, subscribers can avail 30GB of 4G data at the cost of Rs 303 which is the ideal plan as compare to other network. As Reliance Jio has managed to cross 100 million Subscribers, they plan to recover the cost of those 6 months within 5 years and start reaping profits. This whole Growth Hacking Strategy proves that Mukesh Ambani's main focus to acquire user base with the right vision to provide the best services in cheapest rates and then generate revenue by proving the value of Reliance Jio in the market. The approach of Reliance Jio is benefitting the users as they are getting twice the value of money while Reliance is confident to procure huge profits with an additional gain of user's trust and usage. We hope that reliance will be able to improve on network issues and will create a further win-win for users.

5. JIO's Network Speed

According to the latest report by the Telecom Regulatory Authority of India (TRAI), Jio had an all-time high download speed of 19.12Mbps. TRAI analyses internet connections using

data gleaned from its MySpeed app. Reliance Jio's 19.12Mbps beats the top spot it secured itself at 18.48Mbps. It's the fourth month in a row that the company has managed to stay ahead of competitors with 4G download speeds.

Reliance Jio has become the primary data connection on most of the mobile devices in India, with 42 per cent users having activated Jio in their 4G-enabled slot, Jio is also leading in data consumption, with a Jio-user logging 6.54GB on average compared to 1.28GB on Airtel, 1.29GB on Vodafone and 1.32GB on Idea. Mobile internet usage is expected to grow to over 500 million customers by the end of 2017 with a large portion of those picking Jio. According to TRAI data, in the month of November 2016 alone, Jio was leading in mobile broadband segment followed by Idea with net addition of 2.52 million new customers.

6. Jio's Urban and Rural usage

The share of Urban and rural wireless subscribers in total number of wireless subscribers was 57.52 percent and 42.48 percent respectively in July 2017. The number of broadband subscribers increased from 300.84 million including 18.14 million wired and 292.22 million wireless users in June 2017 to 310.87 million in July 2017 with a monthly growth rate of 3.33 percent.

Only 75.5% of Reliance Jio's 123.36 million connections were active during June 2017: a total of 93.14 million. This puts in near Reliance Communications, which has 77% of its mobile user base active. This was a month in which Jio added 4.28 million active mobile connections, according to data released by TRAI.

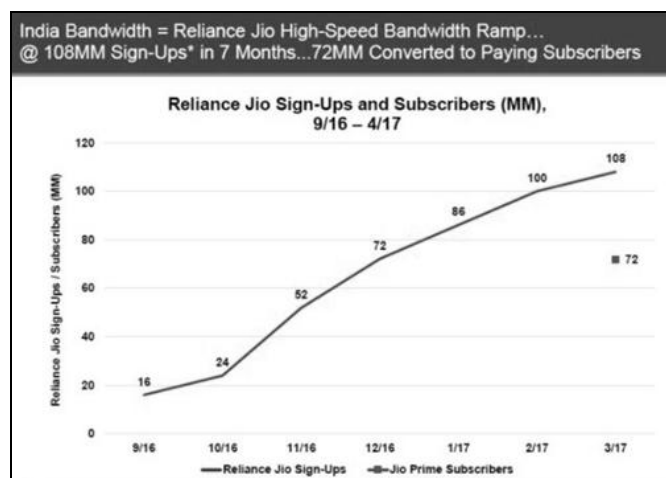


Fig 2: Reliance Jio Signups

7. JIO'S Postive impact on India's telecom

a) Jio has grown at a scorching pace:

A month after its launch, RIL claimed that the network had 16 million subscribers, which, it said was an all time record. Analysts believe, that by the end of the preview offer (the offer ends on 31 December, but there are reports that it may be extended till 31 March 2017), the network, which has been adding 1-1.2 million subscribers a day, will likely have 25 million 4G customers. This compares with Airtel, which has 35 million 3G and 4G users, and Vodafone and Idea, which together have 25 million. Mumbai-based financial consultancy

Edelweiss said in a report released in October that in the next three years Jio could have 100 million subscribers. This, if it happens, will be more than 2.5 times the number of subscribers Jio will require to breakeven. In a September report, brokerage Religare had said that to breakeven at the EBITDA level, the network will need to have at least 40 million subscribers.

b) Jio has sent demand for VoLTE enabled handsets soaring

As a Techcircle report noted on 1 November, demand for Voice over LTE (VoLTE) phones in the country had surged since Jio was launched in September. VoLTE technology allows voice calls to be transmitted as data, while a 4G network is being used. Citing market research firm Counterpoint Technology, the report said that 80% of LTE compatible smartphones shipped during the July-September quarter (Q3) were VoLTE enabled, as compared to 63% in Q2 and 30% in Q1. It further said that 90% of all LTE (4G) enabled phones to be shipped into India by the first half of 2017 will use VoLTE technology. According to Counterpoint, Samsung, Lyf, Lenovo and Xiaomi are among the leading brands in the VoLTE category.

c) Jio has set off a fierce mobile tariff war in the country

At its launch, Ambani said that Jio will offer the lowest data tariffs in the country, and will also let users make voice calls for free not just on its network but also from Jio to other networks. And, it gave its customers a free four-month trial period. Anticipating this, just a couple of days before Jio announced its data plans, Airtel slashed its prepaid tariffs by 80%, and the other operators followed suit.

d) Jio is hurting the balance sheets of other telecom companies

Airtel saw a 4.9% decline in its Q2 profit following the operator slashing data tariffs. Even with a decline in profit, Airtel bettered analysts' expectations, with a 24% increase in data revenue, but its rival Idea wasn't so lucky and actually saw its data revenue decline by more than 19%.

e) Jio is forcing the other players to join forces

The telecom industry has begun consolidating. Little less than a fortnight after Jio's launch, Ambani's younger brother Anil Ambani announced his company Reliance Communications' (RCom) merger with rival Aircel. The long-awaited move led to the creation of an Rs 65,000 crore entity, which is also reportedly in talks with Russia's Sistema, which already holds 10% in RCom. This, even as Jio itself shares RCom's network, fibre, spectrum, and towers. Analysts say that as Jio spreads its wings and Airtel, Vodafone, and Idea fight to hold on to their respective market shares, India's telecom industry could see a further round of consolidation involving smaller players who may find it hard to survive.

f) Jio could impact the online content market in India

Cheap and fast data means only one thing: people will gorge on more and more audio-visual content online. Jio has launched at a time when video streaming service Netflix is struggling to get a foothold into the price conscious Indian

market, where rivals like Hotstar are already jostling for space. The Jio suite offers more than 300 live streaming TV channels and hundreds of music albums and movies. Although this will be available free till the end of 2017, Jio hopes to cash in on this after that. This will force other incumbents to up their game in the online video streaming space, and we could see significantly more original online content, and significantly higher ad spends, especially around tournaments like the Indian Premier League.

8. Conclusion

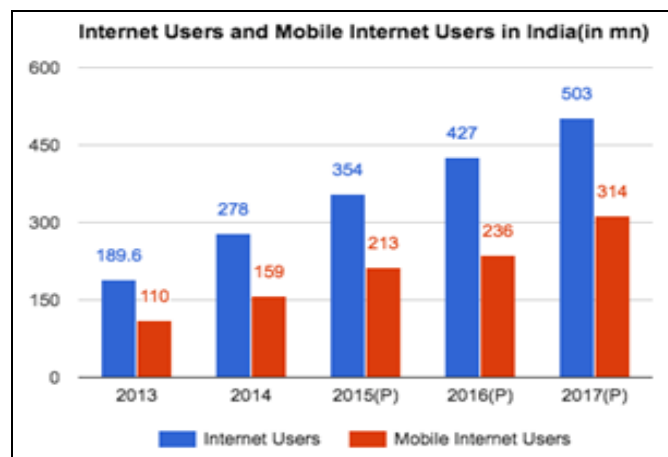


Fig 3: Internet users and Mobile Internet users

It is observed that after entry of Reliance Jio Infocom in telecommunication industry, the economic structure of market is still same but the level of competition has grown unexpectedly. No doubt there are various types of benefits provided by the service providers as well as the same is availed by the consumer, which revealed that the earlier losses shown by all telecom operators is only due to inefficiency in the market. If Reliance Jio Infocom will work at the same pace and follow same method of business and survive with any support from associated firms, it will definitely redefine competition in telecom sector. Then the best and honest will survive and vice-versa has to shut down their business

The future of the telecom industry remains uncertain. Whether we will see incumbent telcoms collude against Jio or whether the price war amongst them to get the highest market share continues, it will surely have an impact on the common man. Collusion might be a strain on our wallets as then they would surely charge a premium for their services. Competition would be a bonanza for consumers. Whatever might happen, one thing that we can say for sure is that due to the incoming of Jio more and more people have access to the internet. This will surely be a boost to the economy, reduce corruption, and help in faster spread of ideas. This might just be the impetus needed to achieve the dream of a double digit growth rate, and this means that it is a good time for investors to expand and diversify their portfolios.

Jio is a telecommunications revolution. Jio leaps us in advanced way of communication & Internet. We were lagging behind in terms of voice, data, network & technology. Jio empowered India.

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