

Reliance jio – one year's journey from a disruptive 4g telecom network player

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Introduction:

As the current Chairman, MD of Reliance Industries Limited, Mr Mukesh Ambani quoted that Reliance has been the creation of the vision of one individual – the founder, Shri Dhirubhai Ambani, the company with a vision of “ making life better for everyone” followed by motto “ Growth is Life” has been truly proving its existence for the betterment of not only the owners but the entire stakeholders together. The legacy of touching people's life through great business idea has passed on to the founder, Reliance Jio Infocomm Limited, Mr Mukesh Ambani.

Jio was launched on the birthday eve of Mr Dhirubhai Ambani on 27 December 2015 with a beta for partners and employees, and became publicly available on 5 September 2016. When reliance communications was launched in 2002 by Dhirubhai Ambani, it brought a revolution in telecom industry by providing affordable cellphones with low call rates. Now Jio has come up with disruptive strategy of free calls and huge data packs at highly affordable rates. Though reliance Jio Infocomm has surprised the world by reporting huge profits in the first year of its launch, yet there has been series of managerial decisions to bear the huge set up and maintenance costs with profits. The initial years when any business hardly be able to reach break even, the company has set benchmark of huge profits with low pricing strategy and making high profits. With a net profit of ₹723 crore on turnover of ₹23, 714 crore in its first year of commercial operations, Jio has become the world's largest and fastest growing mobile data network .

Industry:

As on 31st may, 2018, India stands as the second largest telecommunication network in the world and has the world's second-largest Internet user-base with 432 million internet subscribers in the country. India shot up to World No. 1 in mobile data consumption within months of Jio's launch.

In the past few years, technological advancements and transformative initiatives by companies like JIO have made India an epitome of digital transformation. Since it is providing affordable broad band internet plans, the overall internet penetration has reached 34%, skewed in urban India, which has 76% internet penetration. Rural India is still underpenetrated with only 15% penetration. With a total rural population of 906 million, approximately 750 million users still do not use internet. As per EIU forecast, Indian households have been witnessing an upwards increase in their disposable income since the last few years. Deloitte has predicted that rising affluence of households will lead to an increased demand for consumer goods, entertainment systems, etc. which will further drive demand for internet services. These untapped households are representing the next wave for internet growth in India.

Jio and Digital India

Supporting Digital India and its key value propositions on commencement of services are

- affordable,
- high quality and abundant data;
- connected intelligence;
- smart, simple and secure services;

- and bringing people together

Shaping the future of India through

- transformative,
- quality and affordable access of end-to-end digital services for every Indian and
- making digital India vision a reality.

Fig. Annual Report, 2017-18, RIL

Marketing Strategy of RJIL

As a small component of the grand vision that a leader has, marketing strategy flows from the basic thought of the leader when the leadership is “absolute. The execution must “ fulfill” the grand vision of the leader.

1. The bottom of the pyramid -There have been several stories about the marketing strategy of RJIL. One of them is that Dhirubhai's Telecom vision was that communication on telephone should be as cheap as writing a postcard. With this view, he suggested Mukesh Ambani to keep the prices of telecom services as low as is affordable by a labour class to be able to directly call and make his voice heard to his dear ones like that of sending message on a p[ostcard. The concept has been talked about in Prof C. K. prahalad's book, “ the bottom of the pyramid”

2. Price Penetration – With cheapest and affordable prices alongwith good network, RJIL made itself one of the most attractive networks

3. Exit price strategy- Before the launch of Jio, management was very clear that entering into telecom businesss is a very expensive matter. Even to

enter into old existing technology spectrum, huge investment is required. Hence, the idea was to capture the new technology at huge investment and creating entry barriers through loss leading strategy for the competitors while existing huge investment has already created an exit barrier for them. Winning over competition was one of the marketing strategies that worked for RJIL.

4. Loss Leading strategy – This strategy applies when the manufacturer is selling the product or service at lower than manufacturing cost. Though it leads to loss, but in case of JIO this strategy brought so much of turnover that eventually all costs were recovered. Moreover, JIO is charging only for data and voice calls, SMS and roaming are provided free of cost

5. Growth Hacking – Growth hacking strategy is based on the different stages:

Acquisition- Activation – Retention – Referral – Revenue

RJIL took advantage of acquiring as many customers as possible through various promotional schemes. Through mobile portability network facility, and new users, Rjil was able to capture huge share of market.

The customers are further retained through

- new schemes and offers,
- additional value added services
- most importantly, quality service i. e. good network and reachability

Bonus points and additional discounts are offered for referral to new customers. RJIL in its initial phase of setup was more concerned with providing benefits and making market space rather than earning revenue.

Marketing Mix – Product:

To promote the digitalization of country and making India more internet penetrated, Reliance Jio was launched as in 2016 which became as a leading telecom operator in India. It has not only disrupted the Indian market with its services but has transformed the entire system how telecom operators and services were running in India. The nation where 2G, 3G were premium services paid for now has its first affordable 4G phone. It has offered peripheral services like messaging and music along with the various data and voice over services. RJIL was in terms with Intex for handsets but eventually ended up making its own handsets compatible with the 4G VoLTE technology i. e. LYF.

Price:

The biggest disruption came with the most surprising strategy offered by JIO in its pricing. People from low class to high class are all satisfied and happy with the pricing and services being offered by the company with the aim to make the availability of Internet to people from all walks of life, The initiative by Reliance of providing SIMs free of cost to any individual against their Aadhar number and unique mobile number identity was successful as the company was able to selling up to 14 lakh SIM cards to individuals within the first few days of its launch. Following the stint of rolling out services free of charge for the users, Jio has rolled out reasonable pricing plans wherein

consumers are charged reasonably for the huge amount of data consumption that they use. Voice calling however, is still free for its users who mainly pay for the data usage. Reliance Jio handsets were priced affordably with a security deposit of Rs 1500 that could be withdrawn by the user after usage of the phone for three years. LYF devices start at prices as low as Rs. 2999 and JioFi is priced at ranges as low as Rs1999.

Place:

Owing to the penetration and position that Reliance Industries Limited has in india, it was not very diifcult for Reliance Jio to make a strong presence in the Indian subcontinent. All states and major cities are covered with Reliance Network availability. The digital infrastructure created by Jio around the country has penetrated its roots deeper and will play a significant role in accelerating India's economic growth in the coming years

Promotion:

RIL has its linkages with high elite groups to promote their various business ventures and for RJIL the brand ambassadors are the most iconic stars of the Bollywood film fraternity: Shahrukh Khan and Amitabh Bachchan. Jio has also partnered with a number of organizations and agencies like The BT group, Millicom, Orange S. A, Samsung for rolling out LTE Advanced Pro and 5G in the country. Reliance Jio was responsible for launching the much talked about Augmented Reality game called Pokémon Go, which excited the youth and revolutionized the way games were thought as. Through campaigns on Television, Social Media, print Media, outdoor media publishing activities and so on, RJIL is one of the most extensively advertised brands in India

People:

Jio has always been people's product from the very first day of its inception and is extensively providing its employees and customers an entire ecosystem which lets them leverage the digital life to the fullest. Like any other organization, a vast majority of employees who work at Reliance Jio come from a socio-economic environment that is extremely dynamic and diverse yet all the employees are treated with respect and given enough autonomy to lead processes the way they wish to.

Process:

RJIL got its Volte (Voice Over Long Term Evolution) first in India. It is currently the market leader with 39% market share and capital investment of 1.50 Lakh Crore. Jio in the process of digitalization is providing a large number of mobile applications and services at reasonable rates or free of cost from the Google Play store. Also, Reliance has successfully implemented GST with the first invoice being issued in the early hours of the 1st July, 2017. The compliance system was developed in-house based on complete automation to achieve what Reliance called a 'Driverless GST'. A number of remarkable innovations were used to achieve this seamless and technology-driven transition to the new tax regime which included development and setting up an in-house GST Suvidha Provider as JioGST to serve not only Group entities but also the larger tax community. A robotic system has also been developed in-house for generation of E-way bills. Phase 1 of Driverless GST will be the lodestone and foundation for a future 100% touchless system of IDT compliances in the next Phase. The innovations that have driven Driverless

GST will also drive the next wave of automation as Reliance moves to a comprehensive Financial Management System platform

Physical Evidence:

Reliance Jio promotes itself with the Jio Digital Life campaign in order to attract the youth of the country with the broader vision that the leadership of the country has in terms of Digitizing the Indian Society. The company is appealing not only the youth but all age groups who are looking actively for internet services at affordable prices.

India's digital services market is continuing its exponential growth trajectory with Jio expanding its coverage and further deepening in existing areas to achieve 99% population coverage during FY 2018-19. With over 186.6 million subscribers – Jio has ushered in an era of data abundance in the nation.

Reliance Jio has set the benchmark for Indian telecom industry triggering its growth at higher pace. Unlike other network providing service companies, Reliance Jio has not only served the purpose of telecommunication of bringing people closer, but at the cheapest prices. Competitors are facing huge challenge to retain their revenue making customers. In this case, the only way is to provide data offers or services equal to that of JIO's offers. Indians are very price sensitive customers and JIO's strategy is to focus the price sensitive market segment, still now the customers are satisfied but in future!

JIO adopts “ Competitive Kills Strategy” in pricing to acquire the leadership in the market.

SWOT Analysis of JIO:

Strength:

RIL in itself is the most trusted brand in the country. The fact that JIO is launched by RIL, is one of the biggest strengths of the company.

Services offered by Jio are themselves providing great set of strengths to the company. Some of them are free voice calls, 4G data at reasonable prices, free subscription to Apps

A strong customer base with existing brand loyals in other businesses.

RIL has great employees to work upto the best of their efficiency. Also RIL is known for high employee satisfaction. Family Day etc types of functions make employees more loyal and associated with the company

Highly target oriented in its upcoming projects.

Strong financial position in the market enables JIO to attain the highest technology in the market and create new trend.

Weakness:

1. In the initial times of its launch, JIO's user faced connectivity problem like call drops while in the time of calling, putting negative impression towards user.

JIO is operative only in 4G supported handsets. Thus it makes limited scope for JIO to grow as existing handsets may not incorporate JIO technology because JIO preferred only for LTE (4G) and voLTE.

It is difficult for some customers to understand and accommodate with new technology

Opportunity:

With many rural areas deprived of network services, JIO can tap those untapped areas and has a potential to digitalise 99% of the country

More people prefer Smart phones and thus more data usage and requirement will accelerate their business

Opportunity in DTH services alongwith devices production and distribution

Threat:

A lot of competitors have a strong customer base who tend to be loyal with existing network providers

Technology is dynamic in nature.

Many companies which may provide auxiliary services may not support JIO because of potential threat out of competition

Changes in Government policies

PEST Analysis of JIO:

1. Political: Though RIL, since the times of Dhirubhai's leadership has, always came up as the transformational leader. The family is known for supporting

government and administration in policy making. Hardly there would be any time that RIL is affected by political issues. “ TRAI” that frames the rules and regulations for telecom industries was appealed by competitors on seeing the rapid growth of JIO

2. Economic: JIO has contributed in GDP tremendously both directly as well as indirectly. Directly the business has flourished and contributed to the economy in terms of income and employment generation. Indirectly it has been the reason of many new ventures and supporting businesses which in turn with their growth are adding to GDP

3. Social: Jio has always considered people and their requirements upfront rather than its returns. As nicely said that serving the society should be the motto of any business, income is a byproduct that comes in abundance. The company has served a larger portion of society like youngster, middle age people and old person at the same time through its digitalization and affordable services in all means.

4. Technology: The entire business stands at the crux of technology. With other countries already developed and India still being into developing nations have always been into requirement of strong infrastructure for its growth.