

Airtel limited is a leading global telecommunications company marketing essay

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Introduction

Bharti Airtel limited is a leading global telecommunications company with operations in 19 countries across Asia and Africa. The company offers variety of services in the field of telecommunication like mobile voice & data services, fixed line, high speed broadband, IPTV, DTH, turnkey telecom solutions for enterprises, national & international long distance services to carriers . It operates in GSM network in all countries and provides 2G or 3G services depending upon the country of operation (About Bharti Airtel, 2010). It has a customer base of over 200 million customers and has been ranked among the sixth best performing technology companies in the world by business week in 2010. (Balwani, 2010). The case study examines the (various) strategies adopted by Bharti Airtel Cellular Ltd to consolidate its position in the Indian market, gradually making it a leader in the cellular service providers in India.

Airtel's Marketing Plan

Efficient marketing can make a company with a mediocre product successful while poor marketing can send a good company out of business (Philip Kotler, 2007). Bharti Airtel started its journey in India in 1995 by the tagline “Airtel celebrates the spirit of Leadership”. They targeted the elite, up market professionals and entrepreneurs as customers and positioned themselves to be an aspirational and Lifestyle Brand. The initial campaign proved to be successful and Airtel got the expected results. However by 2000, India witnessed a revolution in the telecom industry . The Indian Government had reduced the tariff and taxes considerably (Telecom Regulator Authority of

India, 2000) which meant that even the most common of people could now afford cellular services and with norms relaxed many new entrants in the cellular markets were observed as direct competitors to Bharti Airtel. Since the cellular service using population started growing manifolds, many competitors in the market started offering mobile services at much lower tariffs leading to the downfall of Bharti Airtel as a brand. This forced Bharti Airtel to rethink on its marketing and they decided to go in for complete image renewal by rebranding and repositioning the Airtel brand. In 2002 came in the new Airtel Logo, A R Rahman became the brand ambassador and gave out the Airtel tune “ Live every moment” which was the most downloaded ringtone in the telecommunications history. (Bharti Airtel Annual Report 2002-2003, 2003). Since then Airtel has seen an upward trend, it kept improvising on it marketing and finally became the sixth best performing Technology Company in 2010. (Bharti Airtel 15th Annual Report 2009-10, 2010)

Rebranding and Repositioning

Airtel's foray into the cellular domain in 1995 was grand, with the theme - Spirits of Leadership, the prime audience being the ELITE. As marketing concepts suggest, marketing is a continuous process and renewal in the process is required. Sticking to the same process for long without taking into consideration the market condition would take you nowhere (Armstrong G, 2009). Attractive marketing and persuasive messages to attract larger audience had become the need of the hour. India being a developing Country had maximum of its population being middle class or lower middle

class who would want affordable stuff rather than a high end product. As Airtel projected itself as an elite brand while the other telecom providers brought out plans that attracted the larger audience, Airtel started incurring losses and lost quite a lot of its customer base. (Business Week - A Crucial Call for Indian Telecom, 2002)

Airtel had to revive its marketing plan in line with the changing Government policy of tariffs and taxes and the growing competition. To gain back the huge customer base that it had Airtel decided to go for rebranding and repositioning. The main objective behind this was to make the customers take a fresh look at the brand and thus get a renewed identity, thus giving an altogether new perception about the brand. The start of the 21st century saw Airtel having a new logo, new tagline not only was Airtel rebranded but the company worked on its repositioning so that they could target rural as well as the urban population. (Bharti Airtel Annual Report 2002-2003, 2003)

Market segmentation was done to allow their marketing/sales program to focus on the subset of prospects that are "most likely" to get them the desired customers. If market segmentation is done properly then it helps to insure the highest return for your marketing/sales expenditures (Brownlie, 2008). Airtel marketing team segmented the market based on the Indian demographics and geographical variables, taking into consideration various factors they decided on a diverse choice of calling plans suitable for rural and urban population. The urban population plan again was segmented based on the demographics. They used young Indian film actors like Shahrukh Khan, Kareena Kapoor to be the brand ambassador so that the

young audience could relate with the brand, thus also maintaining its image of lifestyle brand unlike other competitors. They targetted women and senior citizens by introducing post paid plans. (Bharti Airtel Annual Report 2002-2003, 2003). New plans like Friends were introduced which had free calling within the group thus attracting the younger audience. Corporate plans were rolled out so that Office goer could be targetted.(Airtel - About Us, 2002) The rural areas had low population density and difficult topographical & climatic conditions which made it difficult to provide telecommunication services, hence Airtel had quite less competition on the rural front. The biggest challenge was to do the entire set up with good quality and at an affordable price. Bharti's strategy of extensively roll out ahead of competition, especially in new villages, yielded them rich dividends. The rural market was a niche market where the potential demand was not met by any supplier; Bharti hit the iron at the right spot and thus tapped on the virgin rural market (Goyal, 2002). Airtel followed the matchbox strategy to target the rural audience; it made its service available at all possible retail shops (Bharti Airtel Annual Report 2002-2003, 2003). The key to capitalize on a niche market is to find or develop a market alcove that has customers who are accessible, that is growing fast enough, and that is not owned by one established vendor already. (Philip Kotler, 2007)

Airtel smartly selected its brand ambassadors such that they could connect to the rural as well as the urban audience. Figure 1 indicates the growth in the subscriber base after the rebranding and segmentation for Bharti Airtel as compared to its competitor.

Figure 1: Subscriber Base 2003 (Source: Telecom Regulatory Authority of India - Performance Indicator Report 2003)

The financial as well as operating performance of the Company during 2002-03 was gratifying with an operating profit of ₹107.33 Million and the revenue being doubled to ₹430.33 Million within a year (Bharti Airtel Annual Report 2002-2003, 2003). Special mobile packages targeting youth, women and senior citizens as part of its market segmentation strategy were also introduced later. Airtel continued its study of Market segmentation, repositioning and rebranding and thus kept climbing the ladder of success, becoming the strongest telecom Provider in India and expanded its base to Africa and Srilanka as well (Airtel's new attractive packages, 2004).

Conclusion

A lot of effort goes into brand building, companies invest enormous amounts of time and money however with stiff competition, brand building strategies have to be unique and extraordinary so that they stand out in the competition, making a conspicuous impression on the consumers who have variety of options to choose from when there are hundreds of advertisements being flashed over the television making the task all the more thorny. Retaining the existing customers is another big challenge. Marketing the right product or service for the target consumers at the right place with the right price using the right promotion is becoming very difficult due to the various internal and external forces prevailing within and outside the Organization and Market. (Shukla, 2008) It was a great risk to change the market plan, undergoing market segmentation and repositioning the Bharti

Airtel brand when new entrants were attacking the market but sometimes risks do pay off. Airtel has evolved with changing times quite rapidly. From a very small and loss making telecom company in the late '90s to almost a mammoth multinational, it has traversed a long distance. They faced significant challenges on their way from strategic introduction of CDMA as a rival platform to emergence of newer players. To the credit of the company's founders, so far the challenges have been met with ample confidence and style. Their effective marketing management helped them to maintain its growth even after the myriad & byzantine legal/regulatory apparatus of Indian Telecom sector.

Airtel's plan of packaging the same services to urban and rural audience differently by taking into consideration the suitability of the plan made them survive in the ever growing telecom market. This knowledge and understanding of continuous marketing plan renewal and adapting to the market conditions is very important for me as a neophyte market learner.