

Study on bharti set to acquire zain africa marketing essay



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As stated in the newspaper Airtel, the country's leading mobile network has announced its completion of acquisition over the Kuwait based Zain's groups of mobile operation. This mobile operation is spread over 15 countries across Africa and this makes it the world's 5th largest telecom firm. Since Zain is having a considerable wide area of network in different African countries, so Airtel is also possessing its dominance in those countries. The acquisition of this Zain's African unit(Zain Africa BV) is actually based on an enterprise value of USD 10.7 billion. All the other details will be exposed in due course of time.

INTRODUCTION:

COMPANY PROFILE:

BHARTI AIRTEL : C: UsersuserPicturesbharti-airtel-logo3. png

Bharti Airtel Limited, a group company of Bharti Enterprises, is among Asia's leading integrated telecom services providers with operations in India and Sri Lanka. In South Asia, the company had an aggregate of over 125.3 million customers as of end December 2009, including 120.23 million mobile customers. Bharti Airtel has been ranked among the six best performing technology companies in the world by BusinessWeek.

Bharti Airtel is structured as four strategic business units – Mobile, Telemedia, Enterprise and Digital TV. The mobile business offers services in India and Sri Lanka. The Telemedia business provides broadband, IPTV and telephone services in 95 Indian cities. The Enterprise business provides end-to-end telecom solutions to corporate customers and national and international long distance services to carriers. The Digital TV business

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provides DTH services across India. All these services are provided under the Airtel brand. Airtel's national high-speed optic fibre network currently spans over 118, 337 Rkms across India. Airtel's international network infrastructure includes ownership of the i2i submarine cable system and consortium ownership in five global undersea cable systems, SEA-ME-WE 4, EIG, I-ME-WE, AAG and UNITY.

Highlights for Third Quarter ended December 31, 2007

Market leader with a market share of all India mobile subscribers at 23. 6%.

Highest ever-net addition of 63. 9 lakh customers in a single quarter.

Total Revenues of Rs. 6, 964 crore (up 42%Y-o-Y).

EBITDA of Rs. 2, 963 crore (up 48%Y-o-Y).

Cash Profit of Rs. 2, 882 crore (up 35% Y-o-Y).

Net Income of Rs. 1, 722 crore (up 42%Y-o-Y).

ZAIN TELECOMMUNICATION: D: TERM 2finance funczain-logo. gif

Zain is the pioneer of mobile telecommunications in the Middle East. It's began life in 1983 in Kuwait as the region's first mobile operator, and since the initiation of the expansion strategy in 2003, it has expanded rapidly. Today, It is a leading mobile and data services operator with a commercial footprint in 8 Middle Eastern and African countries with a workforce of over 5, 000 providing a comprehensive range of mobile voice

and data services to over 34. 2 million active individual and business customers as on June 30, 2010.

On September 8, 2007 MTC Group announced it has re-branded to Zain, which becomes the Group's corporate master brand with immediate effect.

In the Middle East it operates in Bahrain, Jordan, Kuwait, Iraq , Saudi Arabia and Sudan as Zain, and in Lebanon as mtc touch.

It is important to Zain that its economic, social and cultural projects have a positive impact on the people of all the countries in which we operate.

ABOUT THE CASE STUDY:

Entering AFRICA – LEADING THE WAY

Bharti AIRTEL , as we know , is the worlds largest 5th ranking telecommunication provider with operation over 18 countries. The total customers of BHARTI is about 179 million and after including ZAIN AFRICA'S customers of 42 million customers of 17 countries its footprints cover upto 1. 8 billion people across Asia and Africa.

Bharti Airtel Limited the Asia's leading telecommunication service provider, today announced that it has legally entered into an agreement with Zain Group (" Zain") , thus inculcating the change in telecommunication based on an enterprise value of USD 10. 7 billion . Thus this is a huge achievement of Bharti overseas.

The INDIA'S leading wireless provider Airtel will acquire over Zain's total customers of over 42 million . Zain is leading in many African countries and

by taking acquisition over ZAIN , Bharti will be having its rank 5th worldwide with operations over 18 countries. Its footprints will have its expansions to 21 countries alongwith the operations in Seychelles, Jersey. The network of the company will now cover over 1. 8 billion people , the 2nd largest population coverage among Telcos globally.

Mr. Sunil Bharti Mittal the Chairman and Managing Director of Bharti Airtel said, “ This agreement has been a landmark for global telecom industry and it has also been a game changer for Bharti. Most importantly this acquisition has made a pioneer effect upon the relation bonding of India with Africa, thus helping in bridge making between these two continents. With the help of this acquisition, Bharti Airtel will be a truly global telecom company having its operations across 18 countries, thus fulfilling our vision of building a truly world-class multinational.

Excitement is truly there as due to the growth opportunities in AFRICA, the continent of hope and opportunity. We believe that there is a complete blend of historical Indian connections with the African uniqueness , thus coupling our thoughts of business models which will help us to unlock the potentials of these emerging markets. We have committed to provide affordable telecom services to the remotest geographic of these territories by partnering with the Governments. Besides the world class infrastructural operations in Africa by Zain has truly helped to reach our mission, as stated by Mittal. That is truly a majestic performance by Bharti Airtel in Africa.

Mr Mittal further added, “ The extremely tight time and it is the commitment of our thoughts that has made our mission an anticipatory.. Bharti was able

to achieve this important achievement only through hard working and support from SingTel and the external advisors. Appreciations are in order for all the team members who are genuinely involved in this rigorous process.”

Mr. Asaad Al Banwan, Chairman, Zain Group said, “ Since we have acquired Celtel in 2005, we have heighten our abilities to become one of Africa’s leading mobile operators, and we are proud of the contribution of Zain Africa that has made to the development of the telecommunications far across the continent.”

He added, “ Bharti Airtel has a fantastic record of maximizing the market value through different achievable propositions and we are delighted that the African telecom assets that we so assiduously built are becoming a part of such a committed and reputable telecom powerhouse. We wish Bharti Airtel all the very best for their future success in Africa.”

Zain Africa BV has mobile operations in the following 15 countries – Burkina Fasoc, Chad, Congo Braizzaville, Democratic Republic of Congo basin, Gabon, Ghana, Kenya, Madagascar, Niger, Malawi, Nigeria, Sierra Leone, Tanzania, Zamibia, and Uganda. The total population of these 15 countries stands at over 450 million with telecom penetration of approximately 32% which is exceedingly high in such a continent.

With this acquisition Bharti Airtel’s total customer strengths will increase to around 179 million in 18 countries. Bharti launched its mobile services in India in 1995, Sri Lanka in 2009 and acquired Warid in Bangladesh in January 2010.

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Standard Chartered Bank is the Lead Advisor to Bharti on this transaction and has the helping hand in its growth too.. Barclays Capital is the Joint Lead Advisor and SBI Group is the Lead Onshore Advisor. Global Investment House KSCC is the R

egional Advisor to Bharti on this transaction as stated by Mittal.

CONCLUSION : Thus we find a considerable height of increament in the quality operations in Bharti Airtel telecommunication. There is not only a gradual expansion of market worldwide but there is a great blend of marketing strategies that they have adapted in Africa. Besides they have reached to the commitment level also. Expansion of market in the world markets is really a great achievement and it is of high caliber too. Airtel has been always focusing on its quality and that has made its gradual heightening of its exposure. Leading strategy in Africa is truly worldclass.

RESEARCH METHODOLOGY