

## **Jio Telecom: Navigating the Dynamic Landscape of Indian Telecommunications**

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### **Abstract**

This research explores Reliance Jio Infocomm Ltd's transformative journey in India's telecommunications sector. As the leading 4G network provider, Jio, a subsidiary of Reliance Industries, rapidly gained popularity since its 2016 launch. Operating a national LTE network with plans for 5G and 6G, Jio boasts a customer base exceeding 426.2 million, ranking as the third-largest global telecommunication operator. The study employs a literature review to identify Jio's growth trends and strategies, drawing insights from diverse sources. It provides a backdrop of India's telecom sector, emphasizing Jio's disruptive marketing strategy, target audience, and digital presence. As the sector anticipates 500 million new internet users, the research positions Jio as a masterclass in market disruption and growth.

**Keywords:** Reliance Jio, Marketing Strategy, Telecommunications Market

### **Introduction**

Reliance Jio Infocomm Ltd (RJIO), a subsidiary of Reliance Industries Limited, stands at the forefront of India's telecommunications landscape as the largest 4G network provider. Headquartered in Mumbai, Maharashtra, India, RJIO offers a comprehensive range of telecommunications services, including sim cards, mobile devices, internet dongles, and a spectrum of value-added services such as online bill payments, voice, internet data, and subscription services. Notably, it serves both individual and business customers, extending its operational footprint to the UK, the US, and Singapore (Ganapati, 2002).

Launched by Reliance, Jio quickly became India's fastest telecommunication network, earning widespread popularity. Positioned as a digital platform for India, Jio operates a national LTE network across all 22 telecom circles, providing 4G and 4G+ services throughout the country, with plans for 5G and even 6G services in progress (Gupta, 2021). With a current customer base exceeding 42.62 crore (426.2 million), Jio Limited not only dominates the Indian telecommunications sector but also ranks as the third-largest network and telecommunication operator globally. Demonstrating its commitment to technological advancement, Jio Limited launched a fiber-to-home service in September 2019, offering home broadband, telephone, and television services (Jain, 2020). As we delve into the case study of Reliance Jio, its journey unfolds as a transformative force shaping the telecommunications landscape in India and beyond.

It is felt that such a quick growth of a firm in an industry dominated by high infrastructural costs (Deloitte, 2022) presents an important case study of the unique strategies and tactics used by the company to enable rapid growth,

### **Objective**

The study is aimed at identifying the growth trend of Reliance Jio in the arena of Telecommunications market in India and the corresponding strategies used by the company for the same. From this we can derive lessons in successful strategies for market growth in adverse competitive trends.

### **Methodology**

The study adopts a literature review methodology to identify the growth pattern and performance of the target company and the market in which it is operating on. The sources of information includes research reports, newspaper articles, government and industry statistics on the industry and the company reports of Telecom companies operating in India. The search included research databases such as Google Scholar, SCOPUS as well as the internet sources besides the company

websites for the annual reports and other information about the companies. Search terms used included "Telecom Industry" "Jio Strategy" "Telecom Market Strategy" to name a few. The information gathered was sifted to identify the trends, strategies used and the results and presented in easy to understand patterns.

### Background of the Study

In the vast expanse of the global telecommunications market, India stands out as the world's second-largest player. As of June 2023, the tele-density in the country reached 84.43%, with a substantial growth in both wireless and wired broadband subscriptions, totaling 861.47 million. The sector's gross revenue in FY23 amounted to Rs. 3.1 lakh crore (US\$ 37.33 billion), reflecting the industry's robust financial performance (Government of India, 2023).

In the realm of data usage, India witnessed a monumental surge. The aggregated data consumed as of December 31, 2022, soared to 14,024,519 GB, marking a significant increase from 4206 petabytes in Q1, FY18 to 32397 petabytes in Q1, FY22. Notably, 4G data contributed significantly, accounting for 98.93% of the total wireless data usage. With a telecommunication landscape evolving at such a rapid pace, the number of internet subscribers reached 865.90 million in October-December 2022, and by FY23, it reached 881.25 million (TRAI, 2023).

The future seems promising for the Indian telecom sector, with expectations of adding 500 million new internet users over the next five years. This growth is anticipated to be driven by increased mobile-phone penetration and declining data costs, creating fertile ground for new businesses. Furthermore, a looming demand for skilled workers in 5G-centric technologies such as Internet of Things (IoT), Artificial Intelligence (AI), robotics, and cloud computing is projected to reach around 22 million by 2025 (TRAI,2023).

### History of Indian Telecom Industry

To understand the current telecom landscape comprehensively, it is essential to delve into its historical roots. The inception of telecommunications in India dates back to 1851, marked by the establishment of the first telegraph line under the Postal and Telegraph Department during the British Period. Fast forward to the 21st century, Bharat Sanchar Nigam Limited (BSNL) emerges as a key player, offering a range of services from landline to broadband and from 3G to 4G (BSNL,2020).

BSNL's journey reflects the transformative phases of the Indian telecom sector. From the introduction of GSM-based mobile services in 2002 to the launch of broadband Internet services in 2005 and the foray into 3G mobile services in 2009, BSNL adapted to the changing technological landscape. Noteworthy innovations include the introduction of multi-protocol label switching (MPLS) technology in 2013, VOIP-based phone service in 2018, and the launch of 4G LTE services in 2019 (BSNL, 2020).

In the race for technological supremacy, BSNL introduced the world's first satellite-based IoT network in 2020, emphasizing connectivity for machines, industrial IoT devices, and sensors in a unified network. Despite being the largest provider of wireline telecommunication in India with a 33.75% market share, BSNL faced financial challenges, with revenue dropping from 2.36 billion USD in FY19 to 2.3 billion USD in FY20 (Devadatta, 2021).

Zooming out to the broader Indian telecom sector, it is evident that India boasts the world's second-largest telecom network, with 1,187.90 million users as of February 2021. The sector's contribution to the Gross Domestic Product (GDP) has been substantial and steadily growing, reaching Rs. 691.1 billion (USD 9.35 billion) in FY21. The anticipation of adding 500 million internet users in the next five years is propelled by the declining cost of data and the increasing penetration of mobile phones (TRAI, 2022).

The Fig.1 provides the major drivers that had made these changes to happen and the landscape of the changes that took place in this history.

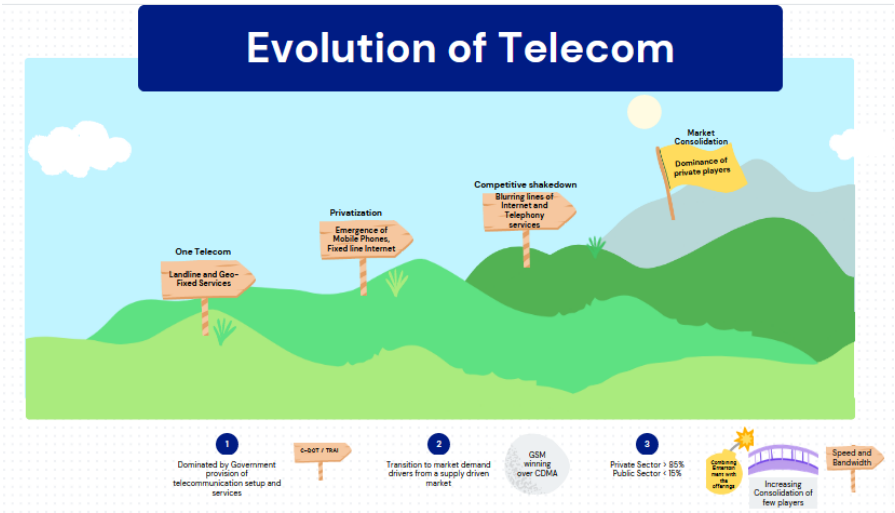


Fig: 1 – Evolution of Indian Telecom Industry

As of March 2023, the wireless subscriber base of Jio stands at a staggering 430.23 million, followed by Bharti Airtel (235.78 million) and Vodafone Idea (124.82 million). In the realm of broadband subscriptions, Jio leads with 438.58 million, trailed by Bharti Airtel (241.52 million) and Vodafone Idea (124.89 million) (IBEF, 2023).

The competitive landscape also witnessed the entry of new players, with Elon Musk's SpaceX venturing into satellite communication. The Starlink project aims to launch 40,000 satellites, promising to enhance internet speed and provide extensive broadband coverage in remote locations (News18, 2020).

The journey of Jio Telecom intertwines with the dynamic narrative of India's telecommunications sector. From historical milestones to the current competitive landscape and future projections, the Indian telecom saga is one of continual evolution, technological innovation, and market dynamism. As the industry braces for the challenges and opportunities ahead, Jio Telecom stands at the forefront, navigating this complex and transformative landscape.

Market Structure of Indian Telecom Based on Revenues (2021-22)

The data from the picture Fig.2 presents the current status of the players and their market shares.

As is evident the emergence of Jio Reliance as a force to reckon with in spite of its recent origins presents us an interesting view with their annual results over these periods.

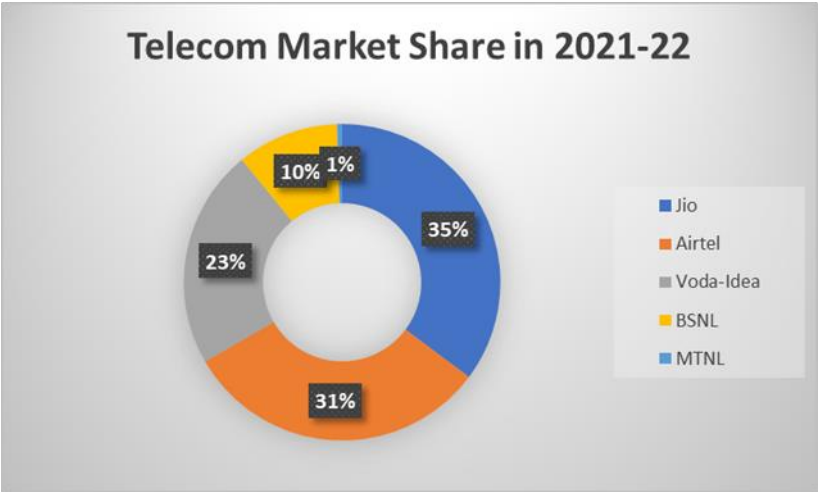


Fig. 2: Market Share of Companies in Indian Telecom Industry

## Analysis and Findings

Reliance Jio Infocomm Ltd (Jio), since its inception in 2016, has redefined the Indian telecommunications landscape with a strategic marketing approach that swiftly attracted over 50 million subscribers in just 83 days. Focused on enabling the digital revolution in India, Jio aimed to connect everyone by offering high-quality connectivity at remarkably affordable prices, differentiating itself from competitors like Airtel and establishing a strong brand value (Peppard and Rylander, 2022).

Jio's marketing strategy was marked by disruptive pricing and cutting-edge technology that reshaped the telecom industry. It disrupted the market dynamics, leading to the exit of several competitors unable to sustain the competition. The core strategy involved enticing users with free calls and subsequently tempting them with cost-effective data plans. By offering data at a fraction of the prevailing market rates, Jio exponentially expanded its target market size, resulting in significantly higher effective revenues (Ranaweera and Neely, 2023).

The company's visionary leader, Mr. Ambani, outlined an ambitious plan to reach 90% of India's population. By initially offering free data and calls, Jio strategically stretched its operational and strategic bandwidth. The 4G network covered 18,000 cities, towns, and over 2 lakh villages, providing extensive coverage. The pricing strategy, with a focus on affordable plans, allowed Jio to recover costs within five years and start generating substantial profits (Jain, 2020).

Jio's differentiated product offerings included a massive bandwidth to handle data traffic, coupled with remarkably cheap data plans. The IP network routed calls through the internet, minimizing marginal costs for call services. Jio also strategically utilized the acquisition of 'LYF' phones, offering them at low prices to attract customers through the allure of unlimited internet and voice calls (Devadatta, 2020).

The marketing strategy revolved around the Customer Lifetime Value framework:

The following elements of strategy closely follows the exploiting the Customer Life Time Value model of marketing strategies.

**Quick Acquisition by Value :** Offering free services for the initial three months resulted in Jio acquiring a staggering 16 million subscribers within one month of commercial rollout (Devadatta, 2020).

**Need Activation of customers' additional needs:** Providing an unparalleled user experience with unlimited high-speed 4G data and calling contributed to widespread activation.

**Customer Retention with Value addition:** Jio extended its free services for an additional three months, becoming the first telecom company to provide six months of free service. This strategy led to a rapid increase in active subscribers, surpassing 300 million within two and a half years (Mukherjee, 2019).

**Consumer Referral based expansion:** Positive customer reviews and user experiences became instrumental in attracting more customers, contributing to Jio's exponential growth (Pratap, 2018).

**Enabling Revenue:** Slashing prices to a fraction of the existing cost allowed Jio to lead in terms of revenue, marking a significant leap in the market (Pratap, 2018).

The target audience for Jio primarily included smartphone users seeking high-speed internet services, effectively creating a demand for 4G-enabled smartphones.

In the digital marketing sphere, Jio demonstrated a strong presence across platforms, amassing followers on Instagram, YouTube, Facebook, and Twitter. Notably, Jio's "Digital India, Home Delivered" campaign, offering home-delivered SIM cards, garnered substantial attention, reaching over 26 million prospective customers in 20 weeks with an impressive Click-Through Rate (Pratap, 2018).

## Profitability of the Company

The general feeling that offering so much value to customers will erode company profitability might be a common wisdom of the people. However as we analyse the financial statements of Reliance Jio, the picture is in total contrast.

Table 1: Historical Financial Performance of Reliance Industries (Jio Infocomm)

YEAR	NET INCOME (Rs. in crore)	SHAREHOLDER EQUITY (Rs. in crore)	RETURN ON EQUITY
2019	2982	40519	7.3595
2020	5599	171142	3.2715
2021	12071	183248	6.5872
2022	14854	198089	7.4986

Source: Compiled from audited company financial reports

On a comparative scale, even with such an aggressive marketing strategy, the company is able to get a good margin with a very high potential life time customer revenue opportunities. It is no wonder that the investors are happy to keep the stock price high of the holding company Reliance Industries Ltd. as seen from the chart below.

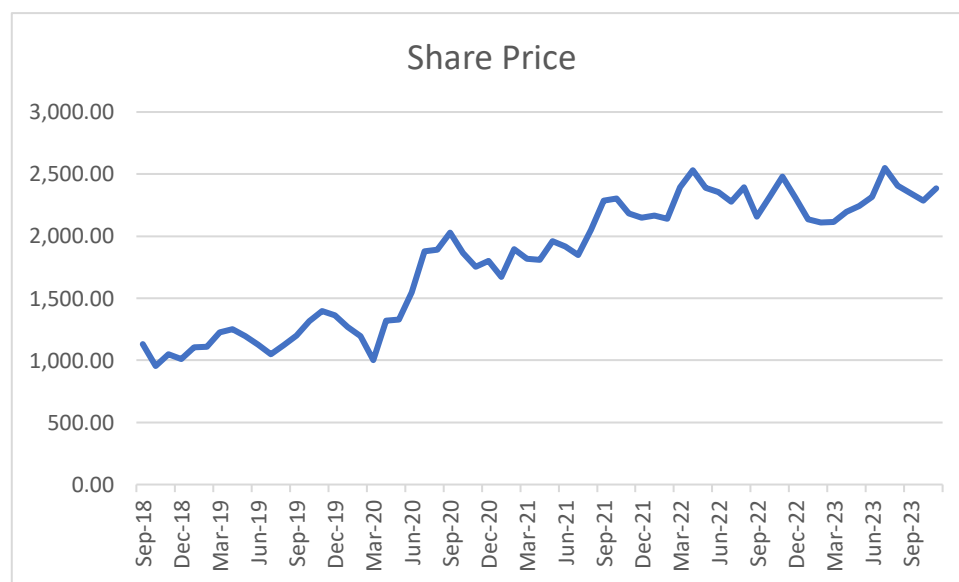


Fig. 3 – Share price movement of Reliance Industries

## Conclusion

In conclusion, Jio's marketing strategy was a masterclass in disruption, leveraging innovative pricing, technology, and strategic campaigns to become a dominant force in the Indian telecommunications sector.

The core of the marketing philosophy exploits the Customer Lifetime Value, rather than seeking immediate benefits. The resulting increase in the market share and the long term outlook on the revenues is also resulting in better returns to shareholders and increased investor confidence as well.

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