

IMPACT OF RELIANCE JIO ON TELECOM INDUSTRY OF INDIA

¹Mrs. Reetu Singh, ²Miss. Arnima Srivastava

¹Assistant Professor, ²Research Scholar
STEP-HBTI, Kanpur, Uttar Pradesh, INDIA.

Abstract: Telecom industry is under severe competition where number of players is using different marketing strategies to lure and retain the customers [1].

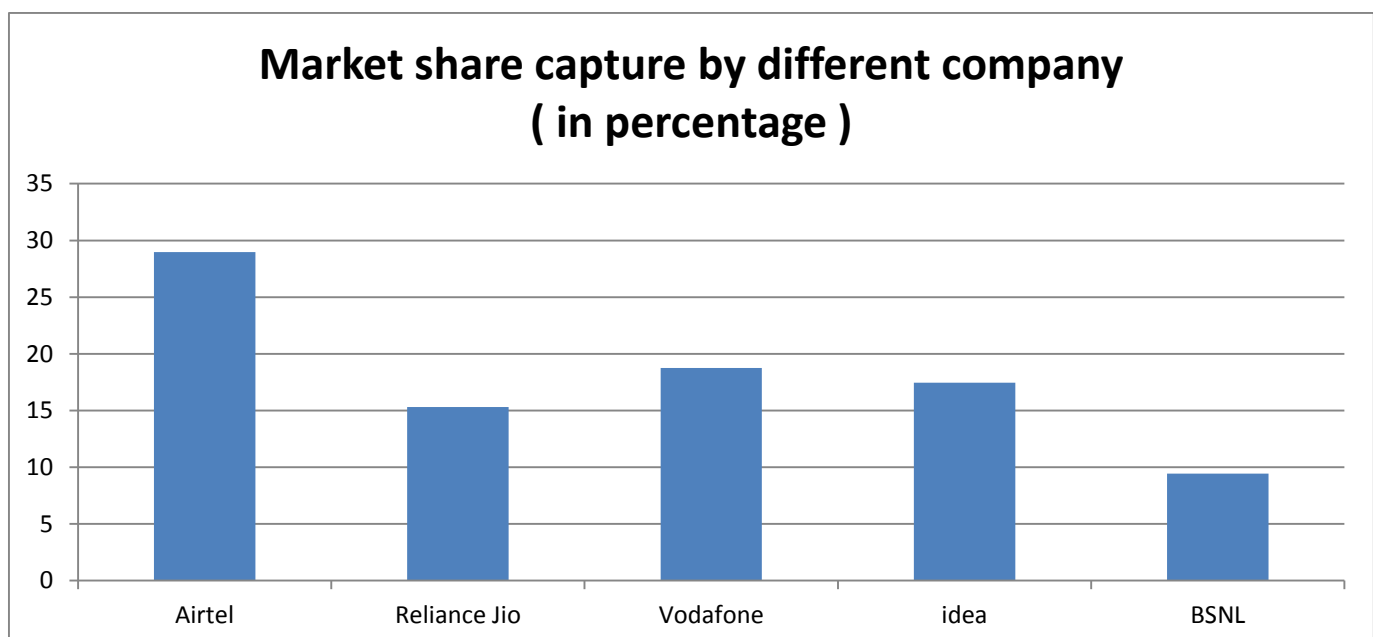
Telecommunication industry is one of the most rising industries which has shown a speedy growth in last decade. In the present scenario India is the world's second largest telecommunication market. After the emergence of Reliance Jio there has been a revolt in telecom industry. In this paper, I will analyze the impact of Reliance Jio on telecom industry. My study is based on secondary data and the sources of data are journals, paper, blogs articles, reports etc. the study covered analyzes the major strengths, weakness, opportunities, and threats to Reliance Jio in Indian telecom industry.

Keywords: Telecom Industry, Telecommunication, Reliance Jio, analyze.

INTRODUCTION

Indian telecom industry largest growing industry, has huge potential to serve people and still improving. Awareness about telecom industry spread in young generation day by day and demand is on the peak and continuously increasing. The competition in the telecom industry is very high specially after the arrival of Reliance Jio. In today's scenario almost everyone using mobile phones and networks so demand of this sector is high that's why all major services providers from across the world entered in this sector and still many new competitor want to enter in this sector. Telecom industry also provide millions of employment opportunity in India. Government also makes reformist and liberal policies to facilitate investors to invest more and more in this sector.

On 5th September, 2016 the revolutionary launch of Reliance Jio that brought the flood in telecom industry. This revolutionary launch has changed the telecom industry as a whole. In the present scenario Jio has announced 16 million subscriber who are using this facility. Jio had given 1 GB per day data for 83 days which had changed the statistics of subscriber from 16 million to 50 million. Before September 2016 the data packs were in purchasing power of 1 GB per month, Now with the tremendous effort of Jio it synthesis up to 1.5 GB per day[2]. The first offer of Jio was reliance Jio welcome offer in which the company has provided the user 4GB of free data per day at 4G speed and unlimited calls. This offer has started from September 5 and lasted till December 31. After that reliance Jio has announced happy New Year offer on 1 December, but benefits start from 1 January till 31 March. There is a major difference – the free data was capped at 1GB per day. After the end of happy New Year offer, Mukesh Ambani has announced a new subscription service named Jio prime that costs Rs. 99 for whole year and with a Rs. 303 recharge user get free services for three month. After the success of initial stage offers, Jio has finally announced reliance Jio dhan dhan offer [3].



Reliance Jio capture 6.4% market share in the end of 2016 as per the data of Telecom Regulatory Authority of India (TRAI)[4]. And this market share convert in to 15.31% till February, 2018. This is highest marketing share capture by any company in telecom industry in very less time period. Airtel still the market leader in telecom industry of India with 28.97% market share till February, 2018. Vodafone market shares stood at 18.76%[5], few point higher than Reliance Jio. After the Arrival of Reliance Jio Market share of their rivals shrinking and Reliance Jio capture a big amount of market share in very less time. Other challenges faced by telecom operators after the launch of Jio is fall in pricing power .Due to tremendous pricing of Jio ,pricing power of telecom operator has vanished. Other telecom operator has no other option but to match with Reliance Jio. If more than 50% of the subscriber continues using Jio then it will create a drastic impact on other telecom operators. It will be difficult for telecom players like Airtel, Vodafone, Idea etc to maintain their stability in the market. There will be continuous fall in the number of subscribers.

RESEARCH METHODOLOGY

In this paper, I analyze the impact of Reliance Jio on telecom industry in India. My study is based on secondary data; the sources of data are articles, journals, paper, blogs, report etc.

In the introduction of Reliance Jio in the telecom sector it has affected telecom industry in various ways. Reliance Jio create a revolution in telecom industry with their free data packs and free voice calls. After few months of free services Reliance Jio give very cheaper plans that affect rivals so much.

There is comparison in data plans before Reliance Jio and after the arrival of Reliance Jio. Which show changes in data plan and voice call plans. Earlier data plans were costly and amount of data is very less but after the arrival of Reliance Jio data plans are cheaper and amount of data is more. The total number of internet user also increase since Reliance Jio enter in the telecom market because before everyone not able to afford those costly plans but plans are so much cheaper so everyone able to afford it. Total consumption of internet data hugely increase in India after the Reliance Jio arrival. India ranks first in the world in terms of broadband penetration consuming more mobile broadband data than users in US and China. just one year back, India was ranked 150th in the world for mobile broadband[6]. And now it is number one, after the launch of Reliance Jio. The comparison of data plans given below before Reliance Jio and after the Reliance Jio.

VARIOUS COMPANY'S DATA PLAN AFTER THE RELIANCE JIO ARRIVAL

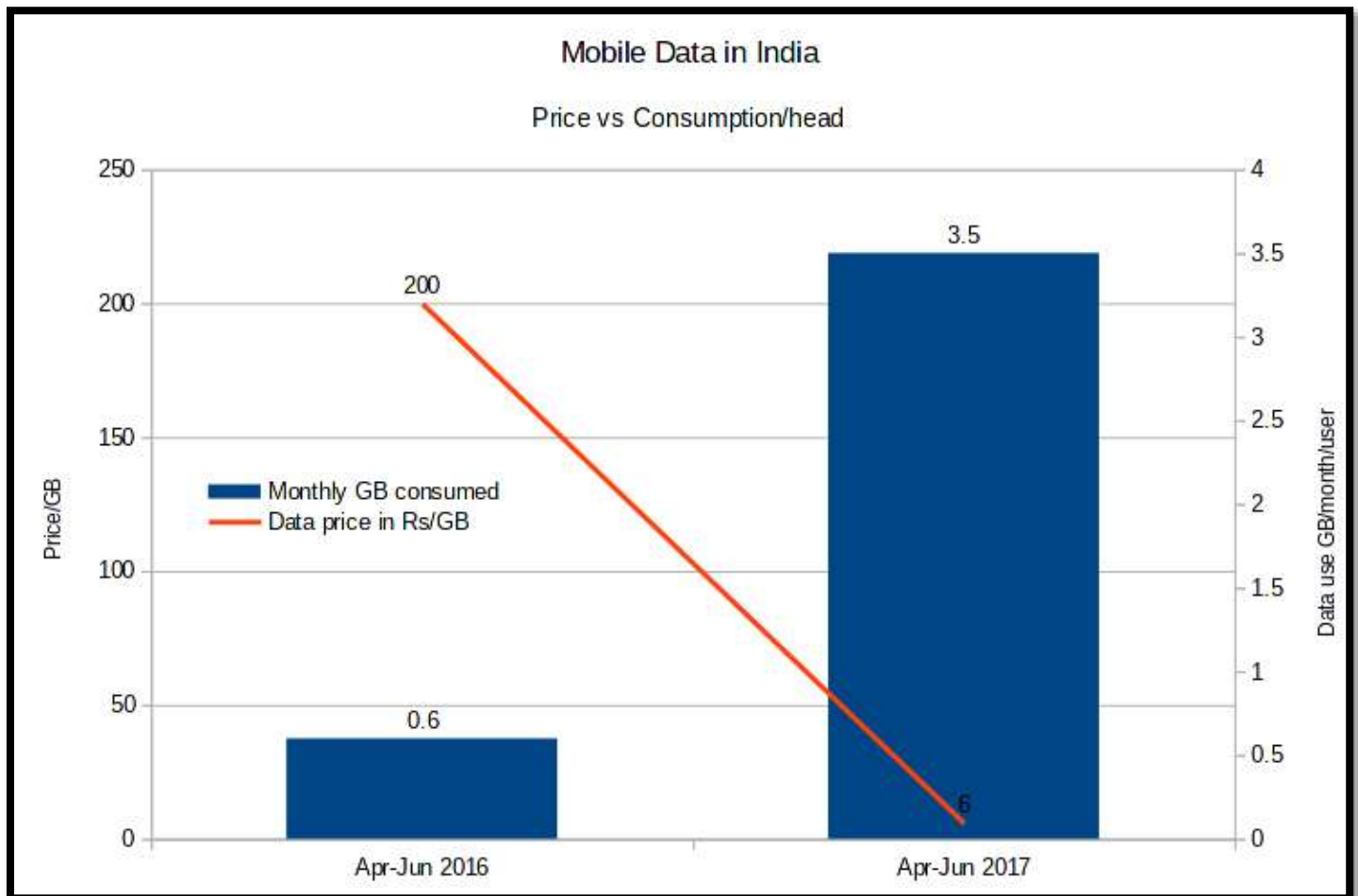
Heading	Airtel Rs.449 Plan	Airtel Rs.293 Plan	Vodafone Rs.244 Plan	Idea Rs.347 Plan	Jio Rs.399 plan	Jio 309 plan	Aircel Rs.348 plan	BSNL Rs.395 Plan	BSNL Rs.444 Plan	Idea Rs.453 Plan
Validity	84 days	84days	70 days	28 days	84 days	56 days	84 days	71 days	90 days	84 days
Data	84GB	84GB	70GB	28GB	84GB	56GB	84GB	142GB	360GB	84GB
FUP	1GB /day	1GB /day	1GB /day	1GB /day	1GB /day	1GB /day	1GB /day	2GB /day	4GB /day	1GB /day

Calls	Unlimited to any network	Unlimited to airtel number	Unlimited to any network (only valid for new customer)	Unlimited to any network	Unlimited to any network	Unlimited to any network	Unlimited to any network	3000 minutes of BSNL calling and 1800 minutes of calls to other networks	Chargeable	300 minutes per day and 1200 minutes per week
Price	449	293	244	347	399	309	348	395	444	453

VARIOUS COMPANY'S DATA PLANS BEFORE RELIANCE JIO ARRIVAL

Heading	Airtel 449 plans	Idea 449 plan	Vodafone Plan	Aircel Plan	Tata Docomo Plan	BSNL Plan	Reliance plan
Validity	28 days	28 days	28 days	30 days	30 days	60 days	30 days
Data	2.5GB	2 GB	1 GB	5 GB	2 GB	2 GB	4 GB
Price	449	449	252	465	325	451	246

In the above table's we can see the comparison between before Reliance Jio data plans and after Reliance Jio data plans. If we notice the first column of the both table so we can easily differentiate data plans, before Reliance Jio arrival Airtel provide 2.5GB data for 28 days in Rs.449 and now after the Reliance Jio arrival same Airtel provide 84 GB (1 GB/Day) data and unlimited calls on any networks for 84 days in same price (Rs.449). Same happen with Idea too before Idea provide 2 GB data for 28 days in Rs.449 and now idea provide 84 GB (1GB/day) data and 300 minutes per day for voice call for 84 days in Rs.453 only [7], [8]. It's happen with all the companies in the telecom industry before they provide costly data packs but Reliance Jio cheaper data plans force them to cut their plans price for survival in the market. Some small competitor like Telenor, Tata Docomo and Aircel out from the market and big companies like Vodafone and Idea did merger for survive in the market.



The following statistics shows the fall in price of data plan and growth of data consumption in India from the April – June, 2016 to April – June, 2017. Source: <https://ultra.news/s-e/33531/jio-impact-india-mobile-data-usage-500-price-97-1-year> [9]

If we look at the above statistic graph so we can easily understand the impact of Reliance Jio in telecom sector of India. The average data consume by user in India increase by 500% in last one year as shown in graph, even prices decrease by 97% due to arrival of Reliance jio. The total number of data subscriber was around 400 million in April- June, 2017, that gives an average usages of 3.5GB data per month per user. Before launch of Reliance Jio, that average consumption was 600MB data per month per user. So we can say that there has been 500% growth in total average data consumption since the Reliance Jio came in telecom industry of India.

SWOT ANALYSIS:

Strengths:-

- Reliance Jio has launched its brand with very low tariffs in comparison to other telecom industry.
- Reliance Jio has its brand value from its initial stage which has helped them to create a goodwill in the market.
- Reliance Jio has used the 4G LTE with VOLTE service for the first time in history of telecom industry.
- Reliance Jio has creted a wide network which involves a investment of around \$20 billion [10].
- Jio has tied-up with affordable LYF phones to increase its brand value.

Weakness:-

- As per the current scenario, the revenue of 60-70 percent comes from voice call which is great loss to a company ,there profit is mainly dependent on ,data consumption.
- Mobile number portability is not much successful which is hampering the customers to port their number.
- Due to late entry of Jio it is difficult for the company to increase their market share.
- Presently, Jio is offering many services for free of cost which has increased its sales but the company may not continue in the long run which can affect the business.

Opportunities:-

- Reliance Jio came with a low cost service provider which can be used as a weapon to target more market and can increase their market share as their competitor's cannot afford their prices.
- Presently Reliance Jio, is operating only in India .There is a lot of scope for the company to expand its business to foreign counties.
- Due to its unique VOLTE technique Reliance Jio can offer chargeable or even free initially and pay per use later apps in terms of band with.

Threats:-

- There are various free services which are associated with Reliance Jio ,when these services are removed there can be fall in sales of the company.
- Customer prefer Reliance Jio because of its offers and low prices in comparison to other telecom operator but after some point company has to increase its price which can result into downfall of the customer preference.
- Existing telecom operator has a goodwill in the market and has a loyal customer base which is a big threat to Reliance Jio.
- After the launch of 4G services there can be advancement to 5G and 6G services which needs a huge capital investment to fight in the market.
- There are various government policies which are changing according to the market environment which will create uncertainty in market.

CONCLUSION

Reliance Jio has completely turned the industry on it's head, it has brought a drastic change in the telecom industry. It has set up the standards so high that competitors are struggling to meet the standards various small players like Aircel and Uninor has diminished from the market .Most of the people in India are using Reliance Jio because of its cost-effective policy's. Reliance jio has increased its market share in last two years either by forcing the competitors to exit the market or by buying the shares of other companies. With low cost beneficial plans jio has bagged the majority chunk of the telecom users. The entrance of jio in th Indian market does not only affected the service provider but also affected the purchase pattern of the mobile phones by the consumers. Internet users has been drastically increased in last two years and made India one of the leading mobile internet user country. This has increased the usage of mobile wallet and helped government to track the records of transactions made by the users. In coming years the no of users will increase and dependency on internet will also increase.

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