

# COMPARATIVE ANALYSIS OF MARKETING STRATEGIES OF BSNL AND AIRTEL

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**Abstract:** *Telecommunication sector plays a vital role in our life, today. It act as a life line to connect to our friends, relatives or knowns who live far away from us through phone call, internet etc. With the growing needs of customers the industry also witnessed a growth in it. Firstly, the mobile phones with 1G technology are introduced by Japan. Later on, due to new innovations and drawbacks of old ones, more new features are introduced and technologies like 2G, 3G, and 4G etc. are launched. The study covers the analysis of the two main service providers of the country i.e. BSNL and Airtel. BSNL is a public company and Airtel is a private company. The marketing strategies of both the companies are studied by taking different grounds. The 7 P's of service marketing of both the companies are studied and comparison is made to find out the difference. Views of different dealers and customers are collected through questionnaire. BSNL being an old company and a public sector undertaking enjoys good status in the market and Airtel has a good customer base due to its different and attractive services that compel customers to use the services of the company. The effect of introduction of Reliance Jio on both the companies is also taken into account to make study more reliable and interesting.*

**Keywords:** *Telecommunication, Marketing, Technology, Telegraph*

## Introduction:

Radio phones have a long and varied history going back to Second World War. The first mobile telephone call was made from a car by using belt system mobile telephone service in the St. Louis Missouri, USA on 17th June 1946 but the system was impractical. The weight of the equipment which was used is 36 kg and the AT&T service, basically a massive party line, cost US \$30 per month plus 30-40 cents per local call, equal to \$3.37 to \$ 4.5 today.

In the year 1956, in Sweden a mobile system named, Mobile System A (MTA), was launched. These mobiles contain vacuum tubes and had a weight of 40 kg. This is improved with launching of another mobile system that is Mobile System B (MTB) in 1962. In this Mobile System vacuum tubes are replaced by transistors which are small in size and provide better sound quality. As a result its weight decreases to 10 kg. In 1971, the MTD version was launched, opening for several different brands of equipment and gaining commercial success. The credit of launching a practical mobile phone goes to Martin Copper, a Motorola researcher and executive for a handheld device. The first call was made by Martin to his rival Dr Joel S. Eagle of Bell Labs on 3 April, 1973.

In 1979, in the Metropolitan area of Tokyo, Japan launched first commercially automated cellular network which is called 1G. This innovation becomes popular in the few years and within 5 years it becomes first nationwide 1G network. Further many new innovations are made by different scientists in the different parts of the world, like in Norway, Sweden, and Denmark etc. International roaming is also first introduced by NTT of Japan. The First 1G network was Chicago-based Ameritech by Motorola Dyna Tac mobile phone in the year 1983 launched in the USA. Several countries then follow it in the early-to-mid 1980s including the UK, Mexico and Canada. But 1G Technology has some drawbacks in it. The most important among all is that 1G uses analog rather than digital signals, which is less effective means of transmitting information. The next drawback is that 1G is comfortable in voice communication only; it does not allow data transmission. The phone which is used is also of large size and voice quality and battery life is also very low.

## COMMUNICATIONS IN INDIA.

In this knowledge-intensive world, communication sector has assumed the position of an essential infrastructure for social-economic development. The reach of telecom services to all regions of the country has become an integral part of an innovative and technologically-driven society. According to different studies, the GDP of a country grow because of the Internet and mobile services. As a result of different efforts made by the government over the years, the Indian telecommunication industry is the world's fastest growing industry with 1099.97 million mobile phone subscribers as on November 30, 2016. It is also the second largest telecommunication network in the world in terms of number of wireless connections after China (Ministry of Finance, Government of India 2016-17). The call tariff rates are very cheaper in India as compared to the other countries of the world. Almost all the parts of the country are linked by mobile networks. After the high pace of market liberalization and growth since 1990s, a rapid growth is measured in telecom sector due to the entry of private players. As a result of increase in competition, prices are dropped and calls in India are now one of the cheapest in the world. The rates are supposed to go down further with new measures to be taken by the information ministry.

## DEPARTMENT OF TELECOMMUNICATIONS

The Department of Telecommunications (DoT) plays an eminent role in the field of telecommunications and is responsible for Policy Formulation, Performance review, Monitoring, International cooperation and Research & Development and also for enforcing wireless regulatory measures and monitoring the wireless transmission of all users in the country. The following are some of the functions of the DoT assigned by the government of India (Allocation of business), Rules 1961, after the formation of BSNL in October, 2000

- All the Policy, Licensing and coordination matters relating to Telegraphs, Telephones, Wireless, Data, Fascimile, Telematic services.
- Promotion of standardization, research and development in telecommunications.
- Promotion of private investment in telecommunications.
- Cooperation in international matters related to telecommunications including matters relating to all International bodies like, International Telecommunication Union (ITU), its Radio Regulation Board (RRB), Radio Communication Sector (ITU-R), Telecommunication Standardization Sector (ITU-T), Development Sector (ITU-D), International Telecommunication Satellite Organisation (INTELSAT), International Mobile Satellite Organisation (INMARSAT), Asia Pacific Telecommunication (APT)
- Financial assistant for the furtherance of research and study in telecommunications technology.
- Administration of laws in the matters related to telecommunications.
- Telecom Commission, Telecom Disputes Settlement & Appellate Tribunal (TDSAT) & Telecom Regulatory Authority of India (TRAI).
- All matters relating to Centre for Development of Telematics (C-DoT).

Some of the reforms initiated in the 2016-17 by Department of Telecommunication

1. **Spectrum management:** The success of telecom industry also depends on the proper utilisation of its resources. Radio frequency spectrum is one of the scarce and finite resource in this regard. Many initiatives have been taken in this direction.
2. **Spectrum sharing:** It means operators were allowed to pool their spectrum holdings for using the whole spectrum block. This was first time allowed in India on 21st April, 2016.
3. **Spectrum trading:** Spectrum trading is allowed by government to optimise the resources as in this one service provider can allow or transfer its spectrum usage rights and obligations to another service provider. This facilitates ease of doing business through greater competition, better services, and new innovations.
4. **Spectrum Harmonization:** This helped to improve quality of service as harmonisation results in rationalisation of spectrum holdings of telecom service providers and transferring defence holding to the defence bands.
5. **Spectrum auction:** The auction of October, 2016 is the mega auction of spectrum in 700, 800, 900, 1800, 2100, 2300 and 2500 MHz bands and is undoubtedly the most complex and sophisticated auction of natural resources but conducted very smoothly resulting an end to the scarcity of spectrum in the country.
6. **Bharat Net:** Bharat net is an incentive of the government to connect all the rural areas of the country with broadband. It acts as the first pillar of Digital India Programme. Through its various e-services and applications like e-health, e-education, e-governance and e-commerce are delivered to the ruler citizens of the country.
7. **Aadhaar based e-KYC:** This is the best reform taken by the government towards the goal of 'Green Telecom' started from September, 2016. This reduces time and paper work as in this a subscriber can authenticate himself using his biometric at the point of sale and get a new activated SIM in just 30 minutes.

## HISTORY OF INDIAN TELECOM

Telecom sector is gone through a long journey. The popular meaning of telecom always involves electrical signals and as a result, people often exclude postal or any other raw telecommunication method from its meaning. Many new innovations are developed in Telecom industry in India and it can be started with the introduction of telegraph.

## INTRODUCTION OF TELEGRAPH

The first experimental electric telegraph line was started between Kolkata and Diamond Harbor in the year 1850. Within one year in 1851 it is open for the use of British India Company. At that time, The Posts and Telegraphs Department occupied only a small corner of the Public Works Department (The Indian Telecom Industry-BSNL).

Subsequently, the construction of 4000 miles of telegraph line connecting Kolkata and Peshawar in the north along with Agra, Mumbai through Sindwa Ghats, and Chennai in the south, as well as Ootacamund and Bangalore was started in 1853. This work is done by Dr William O'Shaughnessy who worked for Public Works Department. A separate department for Telegraph is opened in 1854 by British East India Company in which facilities were opened to the public.

## INTRODUCTION TO TELEPHONE

In 1880, two new companies which provide telecom service namely The Oriental Telephone Company Limited and the Anglo-Indian Telephone Company Limited approached Government of India to establish telephone exchange in India. They didn't receive permission from the government. In 1881, the government later reversed its earlier decision and a licence was granted to the Oriental Telephone Company Limited of England for opening Telephone Exchange in Madras, Bombay, Calcutta and Ahmedabad. Soon all major cities are linked with telephone exchanges, while others are linked during the British period. Almost 80,000 telephones are working in the year 1948. Growth of this number is still slow even after the Independence because at that time telephones are taken as status symbols. The number of telephones is 980,000 in 1971; 2.15 million in 1981 and 5.07 million in 1991. Time to time certain measures is taken to boost the Telecom Industry but the real transformation has gone place in the year of 1994 with the announcement of the National Telecom policy of India.

### 1.5.3 INTERNET IN INDIA

In 1986, with the launch of ERNET the history of internet in India began. At that time the network was only made available to educational and research communities. ERNET began as a multi protocol network with both the TCP / IP and the OSI-IP protocol stacks running over the leased-line portion of the backbone. Almost all tariffs are carried over TCP / IP, since 1995. The first leased line was installed between Delhi and Mumbai in January, 1991. NICNet was established for communication between government institutions in 1988. National Informatics Centre operated this network. The first publicly available internet service in India was launched on 14 August, 1995 by state-owned VSNL. The Internet service was made available immediately from Mumbai, Delhi, Kolkata and Chennai. The name given to Internet service was Gateway Internet

Access Service (GIAS). At the end of 1995, it was made available in Pune and Bangalore. The service was plagued by several hardware and network issues.

## 2 MARKETING STRATEGIES OF SELECTED SERVICE PROVIDERS

The selected two companies i.e. BSNL and Airtel have developed their sales and marketing strategies by analyzing their own internal strengths and their current market conditions. Through this process the cellular service providers can create their marketing and sales strategy to leverage their competitive advantages with a unique marketing strategy, thus establishing these organizations as the nation's leading wireless communications service provider for businesses and consumers.

### MARKETING STRATEGIES OF BSNL

- **Umbrella branding:** BSNL uses umbrella branding for its different services as it creates a uniform identity. This will also help the company to promote a single brand and shift the focus from non famous brands to famous one. Some of the brands of BSNL are BSNL Broadband, BSNL VSAT, BSNL Landline, BSNL WLL, BSNL Internet etc.
- **Social Responsibility:** BSNL has inbuilt the principles of Corporate Social Responsibility in its Corporate Philosophy. The company has created a Staff Welfare Board to implement different welfare programs for the employee's welfare.
- **Brand Equity:** Brand equity is the value premium generated by a company from a product with a recognisable name. BSNL is doing very well using this strategy. The company knows how to make profits using its brand equity.
- **Delighting Customers:** Customer delight means surprising the customer by fulfilling their expectations. BSNL always work on delivering the right quality at the right time at the right place. BSNL also launched a campaign named 'Behtar Sewa ki nai lagan' to know customers feedback.
- **Relationship Marketing:** Relationship marketing works on CRM (Customer Relationship Management) that focus on customer loyalty and long-term customer engagement. BSNL works on relationship marketing as many of BSNL customers are old and still wants to stick to the BSNL. Time to time, BSNL makes new policies and launches new schemes to retain their old customers.
- **Direct Marketing:** BSNL is also using direct Marketing concept to sell it services to the prospective customers. BSNL has made an agreement for DSA (Direct Selling Agent), that discloses all terms and conditions of direct selling. BSNL also open its own CSCs from where customer can avail BSNL services.

### COMPETITION GIVEN BY OTHERS

Competition is another interesting fact which researcher tries to find out. Competition is the challenge given by others. In this case, BSNL and Airtel face the challenge given by the Reliance Jio. Both the company's dealers replied that tough competition is given by Reliance Jio. It would seem a simple task for a company to identify its competitors, but the range of company's actual and potential competitors is actually much broader. A company is more likely to be hit by emerging competitors or new technologies than by current competitors. In this, Reliance Jio is imposing much competition. When the researcher asks the question regarding competition given by others interesting replies are:

Reliance Jio is posing competition on Airtel/BSNL?

a) Strongly Agree	398
b) Agree	66
c) Uncertain	30
d) Disagree	04
e) Strongly Disagree	02

Table no.-1 Competition given by others

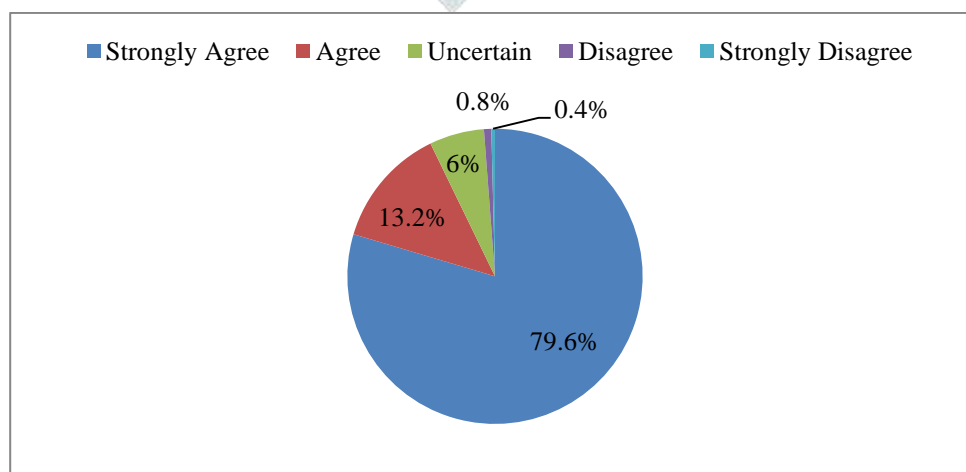


Figure: 1 – Competition given by others

The researcher asked dealers that whether Reliance Jio is posing competition on Airtel/BSNL or not. In reply 398 dealers told they strongly agree with this as Airtel and BSNL are getting tough competition from the Reliance Jio. This is due to the reason that the services which are provided by Reliance Jio are more economical than that of Airtel and BSNL. The researcher also finds that 66 dealers agree with this while 30 dealers are uncertain about this point. Dealers told the researcher that after the entry of Reliance Jio in the Telecom industry, the sale of all other service providers got affected because customers prefer Reliance Jio due to its attractive services. The researcher founds that Airtel is getting more competition from Jio as compared to BSNL, the reason behind this is that BSNL maximum customers are of old age group, who do not want to leave their current service provider.

### Conclusion

In our country telecommunication industry is growing at a fast pace. The actual evaluation of the industry started after the separation of the Department of Post and Telegraph by the government. In 1985, the government set up the department of telecommunication and department of Post. Telecommunication is growing with a fast speed and its speed can be perceived by the fact that it becomes the second largest sector in the world in 2016-17 having 1124.41 million telephone connections including 1099.97 million wireless telephone connections. A large share of India's GDP depends upon the telecom sector.

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