

# “Impact of Disruptive Innovations of Reliance Jio on Telecommunication Brands – A Study”

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## Abstract:

The usage of mobile in recent days is rapidly increasing and technology is widely advancing and used in all the fields . And also due to some new innovations in telecommunications there are lot many disturbances in the telecom industry . Reliance Jio has given a big push to Indian telecom industry, offers such as free internet, free calling, 4G network provide a serious threat to others network operators . Reliance Jio emerge a new choice and mother service providers face a new kind of challenge and find difficult to cope up with new circumstances. . This paper mainly concentrates on the disruption by Reliance Jio in telecom sector . The paper discusses the innovative strategies adapted by Reliance Jio to capture Indian market. Currently India is the world’s second largest telecommunication market and still growing . The increasing mobile economy in India will significantly add to the GDP growth of the country. In Indian mobile industry both Indian network providers and international providers receive considerable market share. This study analyses operational strategies made by jio to acquire market share in India .

## Introduction:

In the recent survey it is known that India is currently the world’s second largest telecommunications market with 1.183 billion base subscribers and it ranks 3<sup>rd</sup> in the internet market. The android users are rapidly increasing in India hence , India stands in 4<sup>th</sup> position in the app economy in the world. The Reliance Jio is being linked as one of the biggest start- up in telecommunication sector in the world, with the venture of almost Rs 1.5 Lakh crore. From this decade Indian telecom sector is becoming the backbone for fast economic growth in the country. The main objective behind introducing Jio was to make huge revenue by providing quality service at less cost . The main advantage of Jio was first biggest 4G network coverage across all 22 telecom circles in India (**Jai Bhatia, 2016**). In Indian market Reliance Jio is giving best quality services at less rate and also stands as the competitor and enters into more than 30 businesses related telecom sector (**according to Paulasset, 2016**).

## Keywords:

Disruption , Reliance Jio , Telecommunication , Strategies , 4G highspeed data .

## Objectives of the Study :

1. To analyse the level of disruption caused by Jio in Telecommunication Industry.
2. To study the operational strategies adapted by Jio to acquire Indian Market .

## Research Methodology :

A descriptive study was undertaken to study “**Impact of Disruptive Innovations of Reliance Jio on Telecom Brands**” the data was collected from different secondary sources such as published journals and online websites.

## Literature Review:

- **Rajbinder Singh, (2017).**

The paper “Impact of Reliance JIO on Indian Telecom Industry: An empirical study” discusses the various features of Reliance Jio and also it takes through some aspects of competitive edge over other service providers.

- **Mahalaxmi & Kumar N, (2017).**

In the paper “Changing the Indian telecom sector: Reliance Jio” discusses the various factors influencing the customer preference and their impact towards Reliance Jio. The expectation level for the consumers towards Reliance Jio is made understood through questionnaire surveys in this study (Mahalaxmi & Kumar N, 2017).

- **Chinthala, Madhuri, & Kumar, (2017).**

In the paper “Customer Satisfaction towards Telecommunication Service Provider – A study on Reliance Jio” discusses various determinants involved in customer satisfaction. The gender wise analysis concludes that there is no difference in opinion of male & female respondents on the satisfaction level towards Reliance Jio.

- **Debarun Chakraborty, (2013).**

“Customer Satisfaction and Expectation towards Aircel: A Research Conducted in West Midnapore”, Debarun Chakraborty examined the perception of customers towards cellular phone services where his study revealed that selection of service provider depends mainly on principal amenities like decent coverage, decent connectivity, good network quality and the call rate. The study also revealed that innovative marketing strategies can be used to penetrate into current market scenario. The service provider should solve problems like network call drops, connectivity issues and improve network connectivity so that the customers are satisfied .

- **Pinki Gupta, (2015).**

The paper “Perception of Customers towards Cellular Phone Services” by Pinki Gupta, reveals that the price is a major factor in selecting the service provider.

- **Telecom Authority of India,( 2012 -2017).**

The reports like financial data from Telecom Authority of India (TRAI)explains about the gross revenue, adjusted revenue, license fee, spectrum charges of various telecom operators. The telecom subscriptions reports from TRAI discuss about market share of various telecom service providers.

## Hani Sarkis (2009).

This exploratory study explores the disruptive innovations and technologies in the telecommunication industry, first by defining the difference between sustaining innovations and disruptive innovations, using examples of past and current technologies from the telecommunication industry. Then, it describes the context of the manufacturing segment of the telecommunication industry and it explains how the disruptive technologies led to an intense wave of acquisitions in this segment and the development of the acquisition and development business model by some companies.

## Findings and analysis:

### A. Disruption caused by Jio in Telecommunication Industry .

Reliance Jio was commercially launched on September 5<sup>th</sup> , 2016 with the free and quality services at the cheaper rates . After the launch of Jio there can be seen a tremendous growth of 77.7 million base subscribers in quarter 4 of 2016 . All the other service providers were eager to capture new market and to retain the existing

customers after the launch of Reliance Jio. Compared to 2016 after Reliance Jio entering into the market the market share of all the players in the wireless subscribers have increased in 2017. And some network operators categorized like Tata , Aircel , MTNL , Telenor and Sistema these players were not successful in retaining their customers due to the reasons like 4G and VOLTE to compete with Reliance Jio and high data charges but Jio had provided free and quality data pack at reasonable rates. With the introduction of Jio some of the existing network providers revenue had been reduced the network providers such as Bharati Airtel (1124.23 Crore), Idea (529.28 Crore) Vodafone (524.54 Crore) and BSNL (694.42)in Q4, 2016 faced huge reduction in the revenues and the overall revenue of the major players in 2017 was less compared to 2016.

#### ▪ **Effects of Jio on Indian Telecom Industry.**

Jio has acquired 43 % of the mobile broadband subscriber market , more than the three incumbent telecom operators Bharati Airtel , Vodafone and Idea cellular put together . Its customers use over 1.2 billion GB of data a month , 80% of all the data consumed in a country . The total data use in the country has risen from 200 million GB a month before Jio to 1.5 billion GB now, making India the world's largest data user.

#### ▪ **Effect of Jio on 4G / LTE and VOLTE devices in India :**

At launch of Jio it was made sure that there was no dearth of 4G/LTE or VOLTE devices in the country by launching its own brand of compatible '**LYF Smartphones**'. However the global players have started introducing 4G handsets . Reliance has intentionally made the LYF series take a back seat.

#### ▪ **Current Standing of Telecom Service Providers.**

Jio's entry has led to consolidate in the Indian Telecom Industry with Vodafone and Idea come together . Currently there are five major telecom players in the country – Jio , Idea , Vodafone , Bharti Airtel , and BSNL . The first three account more than the 90% of market share and other telecom players are merely surviving.

### **B. Strategies adapted by Jio to capture Indian market .**

Jio is offering an exceptional blend of telecom , rapid info , computerized trade, media and payment services . The various strategies adapted by Jio to acquire market are explained as below:

#### • **Free voice, JIO apps, SMS & data initially:**

SIM's was initially given free to attract the customers. The customers were asked initially to use whatever amount of data they like later they made into a restriction of data to 1GB/day. The customers were made addictive to data by giving them free. This strategy really pulled 100 million subscribers to take JIO within 170 days.

#### • **Bundled entertainment JIO apps:**

The customers of the Reliance JIO were offered access to a substantial suite of digital services. These traverse over the zones of news, music, video, financial services, healthcare, education & communications.

#### • **Low cost mobile phones:**

Most of the rural population in India uses low cost mobile phones and they uses technologies like 2G & 3G. By the introduction of low cost mobile phones Reliance Jio has a target of achieving rural consumers in India. Reliance Jio offers Jio feature phone at low cost with the latest technology of 4G.

- **Introduction of new pricing strategies:**

Reliance Jio have changed the spending and frequency of recharges made by customers in telecom market. Traditional pricing strategies were having 12 billing cycles (recharges) but it got reduced to about 3 to 4 billing cycles (recharges).

- **Construction of towers & laying fibre optic cables:**

Before the launch RJIL have made various agreements with Tower Vision, ATC and Viom networks for about erection of 61400 towers in India. Reliance Jio has laid in excess of 2.5 lakh kilometres of fibre-optic links, covering 18,000 urban societies and further one lakh townships, with the fact of 100% covering of the country's population by 2018.

- **Construction of international networks like BBG gateway:**

Reliance Jio was involved in shaping a multi-terabit capacity global grid and an 8,100km cable system, BBG i.e. the Bay of Bengal Gateway. The Bay of Bengal Gateway offers straight connectivity to Middle East and South East Asia, there on to Africa, European and Far East Asia from end to end unified interconnection with current cable systems.

- **Investments in licenses:**

Reliance JIO signed the Unified License Agreement with GOI i.e. Government of India, Ministry of Communication and IT, Department of Telecommunication (“DoT”) in 2013 October. This license favours offering any telecom facility (containing voice, except GMPCS i.e. Global Mobile Personal Communication by the satellite service) using any technology within the licensed areas.

- **The vision for upgrades like 5G:**

Reliance Jio has most advanced features such as the NFV i.e. Network Functions Virtualization and the SDN i.e. Software Defined Networking. It has an advance new gen network that is amid the finest in the globe. It is prepared for the future development innovation like progress to 5G with negligible extra capital use in systems.

- **4G Data Speed:**

The 4G data download speed and upload speed was taken from TRAI My speed portal(My speed Portal, 2018) where the results represent the average of data speed samples, which were collected from various customers of the Telecom service providers(TSP's) on a crowd sourcing basis during speed test initiated by the customers over the last 4 months.

- **Technological Advancements like Voice over Long Term Evolution (VOLTE):**

The usage of Voice over Long Term Evolution deals numerous advantages, mutually in price and operations. It affords an extra effective usage of spectrum in contrast to traditional voice by providing a clear calling experience. It abolishes the necessity to have a data on one network and voice on another i.e. parallel instances. Video calls over LTE and multimedia services including multimedia messaging, video share, chat and file transfer can be deployed in parallel.

- **Call Quality & Experience Rating:**

JIO was having higher call rating when the people are traveling compared to other operators . Compared to other operators Jio was rated highest for its call quality and experience.

**Conclusion :**

In the recent days Reliance Jio is the 4<sup>th</sup> largest wireless telecom service which has captured 13.71% of market share in the shortest time span. Compared to other network service providers the revenue of Reliance Jio has been increased in the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2017. With the introduction of Jio into market the other service providers such as Tata , Bharti Airtel , MNTL , Telenor and Sistema has reduced in demand and trying to overcome jio with mergers and other strategies . Jio has totally changed the pricing behaviour in the Indian telecom sector , it was flexibly changed from monthly package to various plans and prime offers to the end consumers. Reliance Jio has changed the customer perceptions by making data service as a commodity. Compared to other service providers Jio has the highest 4G download speed about 20.03 Mbps , and the upload speed of 4.4 Mbps and ranked 3<sup>rd</sup> in India compared to other networks . In order to acquire the Indian market share Jio had adapted many innovative strategies and many other plans to widen the market , no doubt it has acquired a wide customers and market share with its attractive and tactical plans / offers. It is said that the company would have generated a significant share in next 3 to 5 years . At the end Jio has given a cut throat competition to other service providers and has targeted the deep pockets to invest.

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