



RELIANCE JIO SUCCESS STORY

CASE STUDY ANALYSIS



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LETTER OF TRANSMITTAL

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Sir,

This is with reference to the project assigned to all the interns under the guidance of Mr Ashish Kumar. As requested, I, kashish bindal has prepared a report analysing the success story of Reliance Jio. The purpose of this report is to present the findings based upon research and to provide an overview of the company's growth till date.

Any suggestions regarding the improvement to be made in the report are welcome from your end.

Thank you

Yours sincerely

Kashish Bindal

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ABSTRACT

Reliance Jio Info comm Ltd (popularly known as Jio), is an Indian mobile network operator launched commercially on September 5, 2016. Mukesh Ambani put storm in India's telecommunications by introducing Jio telecommunication Services in market which offer free SMS, Voice and Roaming services free with huge discounts, tariff etc. Owned by Reliance Industries, the entry of Jio revolutionised the telecommunication sector. In this project, the success story of this recent entrant and management principles adopted by the company were analysed on the basis of researches and studies conducted in these fields. The company's business model, planning and marketing strategy, its competitors, SWOT analysis, promotional strategy, the impact of Jio launch, its ventures, collaborations and future projects were also discussed in detail.

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INTRODUCTION

Reliance Jio Info comm Limited, popularly known as Jio, is an Indian mobile network operator. Owned by Reliance Industries and headquartered in Mumbai, Maharashtra, it operates a national Long-Term Evolution (LTE) network with coverage across all 22 telecom circles. Jio does not offer 2G or 3G service, and instead uses Voice over LTE (VoLTE) to provide voice service on its network. The launch of Reliance Jio has caused a revolution in the telecom industry. Now, Jio claims to be the world's largest data network, based on mobile data consumption. In 21st Century, Mobile Data Comes as Oxygen Data. There is Price War in Voice Calling but there is not Price War in Data.

Voice Call is Saturated Market but Internet Data is not a Saturated Market. According to the Telecom Regulatory Authority of India (TRAI), as of February 2019, there are 1.17 billion mobile-phone subscriptions in India, an increase of roughly 140 million subscriptions since August 2016—the month before Jio launched. The growth is especially pronounced in rural areas, where there are now over 500 million wireless subscriptions, roughly 80 million more than there were before the company formally began its operations. As more Indians gain phone subscriptions, more are coming online. A 2017 report by the Internet and Mobile Association of India estimated that nearly 50 million Indians gained internet access between December 2016 and December 2017, allowing many of them to surf the web, send WhatsApp messages and stream videos for the first time.



Jio Logo

The logo of Reliance Jio has a hidden symbolism in it. When you flip the Jio logo around, it is read 'oil'. The Jio logo seems to represent the past and future of Reliance. Oil is what had propelled Reliance to become India's biggest company in the 20th century. When flipped over into the 21st, it's probably going to be Jio.

Technology

Jio High Speed Internet service is the fourth generation (4G) mobile technology that enables the delivery of high-speed internet services. It uses voice over LTE to provide voice service on its network. LTE refers to Long Term Evolution of telecom technology that enables High Definition voice and high-speed internet access.

Network

Jio owns spectrum in 850 MHz and 1,800 MHz bands in India's 22 circles, and also owns pan-India licensed 2,300 MHz spectrum. The spectrum is valid until 2035. Jio shares the spectrum with Reliance Communications. The sharing deal is for 800 MHz band across seven circles other than the 10 circles for which Jio already owns. In September 2016, Jio signed a pact with BSNL for intra-circle roaming which would enable users of the operators to use each other's 4G and 2G spectrum in national roaming mode. In February 2017, Jio announced a partnership with Samsung to work on LTE - Advanced Pro and 5G.

Jio's Business Model

Mukesh Ambani brings a growth hacking strategy in the market. Initially, other telecom companies like Airtel, Idea, Vodafone used to get their 60-70% revenue from the voice call.

There was no price war for data.

In the starting when Jio launched, there were 105 Crore people who were using mobiles and only 10% were there who was using 4 G phones. In the saturated market, the biggest head home is on data not in the voice call.

Planning and Marketing

Strategy

Reliance Jio Info comm Limited revolutionised the telecom sector. The scenario of Indian telecom market before JIO entered was:

- There were more than 1 billion mobile users in India, out of which only 34% were connected to the internet.
- Only 12% from these 1 billion used 3G data or above.

Then came Jio which took the market by storm by offering Data Centric plans and free promotional data. The Biggest difference between JIO and others is its **Optical Fibre Network**. An optical fibre is a wire that converts your data signal into light and transfers them at the speed of light. Reliance Jio has the longest fibre optic network in the country, ranging over 2,50,000 km and 90,000 eco-friendly 4G Towers to provide the greatest 4G Coverage in all of India's 22 telecom circles. Reliance Jio invested Rs 150,000 crore to put this in perspective – this is more than two times the combined investment of Airtel, Idea, and Vodafone in the 4G Segment. The success of Jio can be mainly attributed to its clear operational planning which can be summarised into five distinct steps:

1. **Step One:** Undercut the market price by giving attractive discounts and free promotional Data.
 2. **Step Two:** Let everyone switch to Jio or at least buy a Jio sim to experience data for free.
 3. **Step Three:** Unleash the power of fibre optic network to give super-fast internet and make people realise that 1GB data is not really much.
 4. **Step Four:** Grow your subscriber base by having good customer care and awesome plans.
 5. **Step Five:** Recover your investment using the large number of users accumulated.
- Once the fibre optic network is laid down, the cost of operating is not very huge. On the contrary, the network can be at minimal cost; therefore, the only focus was to get more internet users. If 60% of the people in India use 1 GB internet per month then Jio can recover the initial investment in 3 years.

Market penetration strategy

The purpose of this strategy is, to disrupt the market and destroy everything of the competitor. Jio is on the way from competitive advantage to sustainable advantage. They became successful because they were customer-centric. With barrier pricing, Ambani used gun and bullet strategy. After when they distributed the free sim, they also made 4G mobiles.

Right now, we can also get mobiles in just Rs. 699 which is next to impossible for other companies to compete.

IMPACT OF JIO LAUNCH

● Impact on Digitalization of India

The Indian government was working on Digital India from last three year. The main aim of this scheme is to make all the government schemes and facilities online for which we need internet connectivity in low rates so that people can use these facilities. Reliance Jio has provided a big boost to this by providing fast pace internet at low rates. India is expecting to cross 500 million internet users this year which is a huge improvement over the last few years.

Low data usage rates made it possible not only in the urban area but also in rural areas. As per the reports in India, 48% of total internet users are from rural areas.

● Impact on Other Service Providers

Reliance Jio offers and data rates were so low that many people switched their existing network to Jio which cause a lot of unrest to the other operators due to which they have to make some drastic changes to remain in the competition. The merger of Idea with Vodafone and Airtel with Telenor are the result of that. Also, the data usage rates for other operators also came down drastically. It is safe to say that Jio has completely changed the way network operator used to charge the customers for the services.

Jio and Profitability

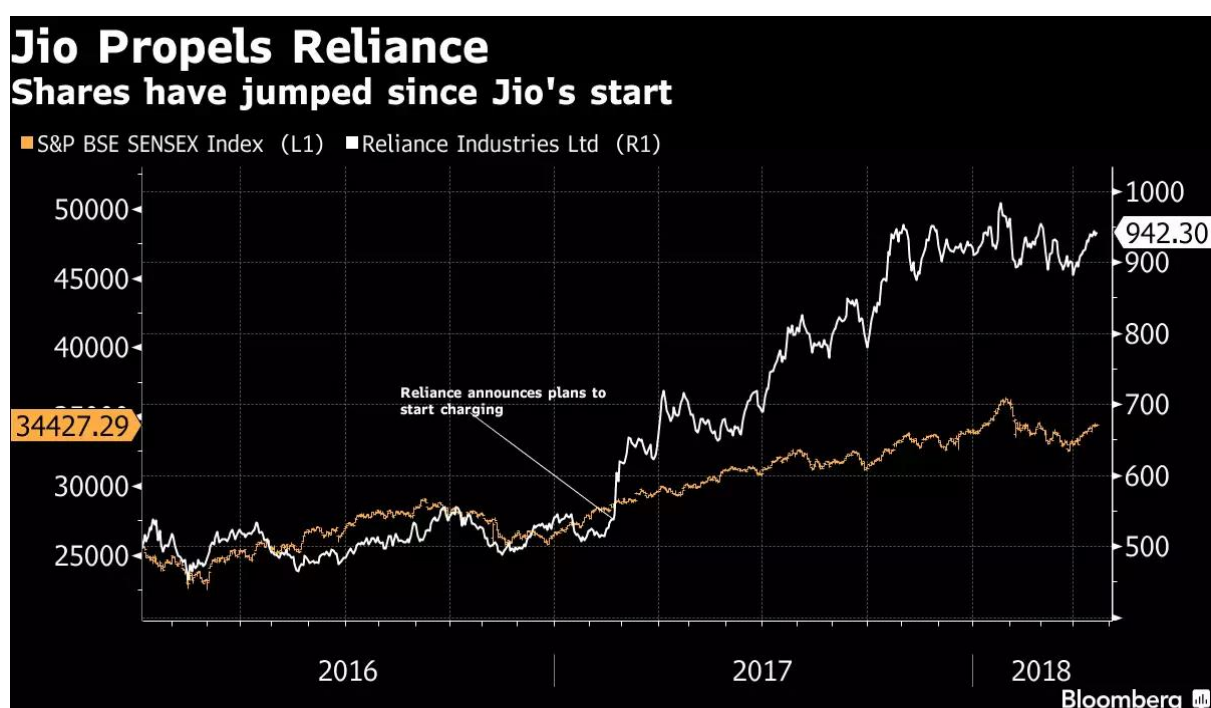
Indeed, when talking about making profits, it needs to be mentioned that at the moment, Reliance Jio is focused on building economies of scale and the concomitant efficiencies and leveraging the synergies that accrue from integrating the end to end mobile telephony value chain. further, Jio is narrowly focused on “stickiness” which is the term used to describe how users who once sign up to its offerings would stick to it and for this to happen, its pricing has to be very appealing and its discounting very aggressive.

Having said that, this alone does not guarantee profitability as users once used to freebies would immediately migrate to other players once the Punch Bowl is withdrawn. This is the reason some experts are sceptical about the longer-term viability of Mukesh Ambani’s strategy wherein Jio would be forced to come down to Earth and start behaving like other players.

Though Ambani has poured nearly \$36 Billion into Jio, the proof of the pudding is in the eating and at some point, or the other, there needs to be ROI or Return on Investment in terms of revenues and profits. Moreover, it is also speculated that Reliance is cross subsidizing Jio by investing profits from the other businesses into the mobile arm and such strategies work for a while before reality dawns.

How Jio propels Reliance?

It's a classic business disruption. Over a very short span of time, Reliance Jio became a phenomenon in India. Jio has quickly garnered 14 per cent of a market that is expanding rapidly, putting pressure on other mobile phone providers. Along the way, virtually every promise Ambani made about the company's performance in the marketplace has held up, from inexpensive Jio handsets to state-of-the-art wireless connections. But one claim merits a closer look: that Jio has been profitable virtually from its commercial launch. And it's a worthwhile exercise. A Jio spokesman said in a written statement: "The accounting statements of Jio are based on the applicable Indian Accounting Standards. The accounting treatment has been reviewed and approved by the audit committee of the company and also reviewed by the auditors. The vast majority of stock analysts who follow the conglomerate consider it a good investment. Reliance's shares, having languished for several years, took off in early 2017 after it said Jio would emerge from its trial period and begin charging for service. The shares have almost doubled since then. "I'm baffled by Jio's numbers," said Sanjiv Bhasin, executive vice president at India Infoline Ltd., a brokerage firm. "They are difficult to believe, but at the end of the day Jio is part of Reliance, which has a very strong balance sheet." A price war arose between telecommunication operators and people were able to access services at very cheap rates.



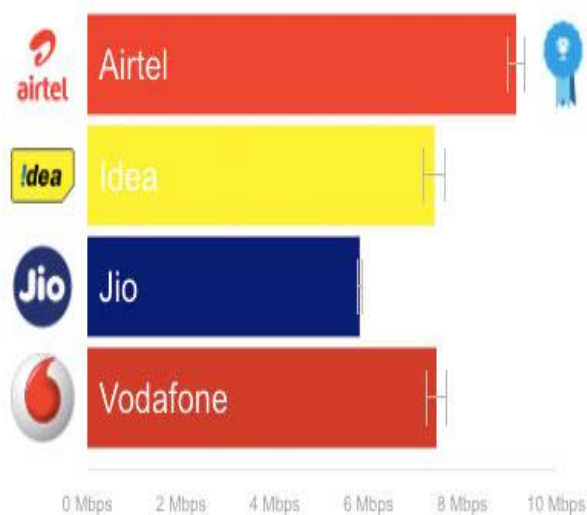
JIO AND ITS COMPETITORS



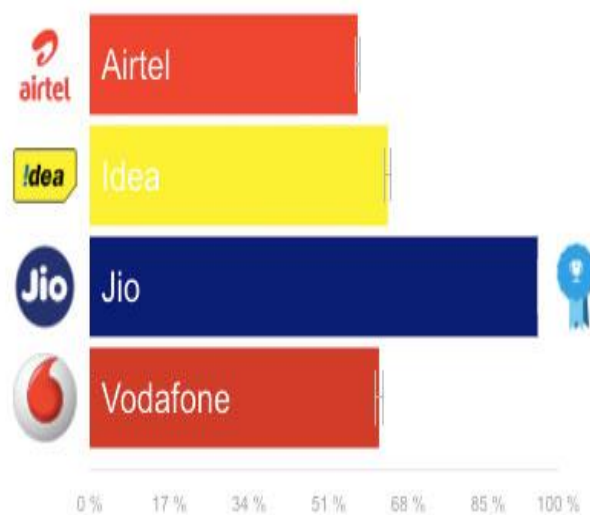
To say competition is heating up India would be understatement. Already one of the world's most diverse mobile markets with nearly a dozen operators, India got a jolt in September with the launch of Reliance Jio and its new virtually unlimited plans. Reliance Jio has the simplest offering compared to all operators. Thanks to its pan-India 4G license and transparent offerings, all Reliance Jio users can subscribe to any plan listed on the company's website without worrying about their telecom circle.

Airtel comes in second, thanks to its newly launched offers. There's a lot of room for improvement in Vodafone, Idea and BSNL's offerings. The complexity and price variations from circle to circle can be very confusing.

Download Speed: 4G



Availability: 4G



Ventures, Collaborations and Future Projects

Jio is a company which has launched and continues to launch new ventures every time into the market and be in the nascence of the market and thus extract the initial boom of consumer response at the most all the time.

Here is a list of some running projects, services, collaborations and future projects of Jio that are to be launched.

JIO Apps

In May 2016, Jio launched a bundle of multimedia apps on Google Play as part of its upcoming 4G services. Many apps were launched late too. While the apps are available to download for everyone, a user will require a Jio SIM card to use them.

Additionally, most of the apps are in the beta phase. Notable apps include:

- **JioChat** - instant messaging app.
- **JioXpressNews** - e-news app.
- **JioNewsPaper** - Newspaper app.
- **JioNet** - App connecting to Jio Wi-Fi.
- **JioTv** (Formerly Known as JioPlay) - Jio users can watch 642 Tv channels free with JioTv.
- **JioCinema** - Online HD video library.
- **JioCloud** - Cloud-based backup tool.
- **JioMags** - E-reader for magazines
- **JioMoney** - Online payments/wallet app.
- **JioSaavn** (earlier, JioMusic) - For online and offline music streaming in English and Indian languages.
- **JioSecurity** - Security app.
- **Jio4GVoice** (earlier, JioJoin) - VoLTE phone simulator
- **MyJio** - Manage Jio account and digital services associated with it.

Smart phones and other caller devices

Jio has released some phones extensively with lots of offers aiming average common man and has grabbed market.

- LYF Smartphones
- Jiophone

Other Services

Various services are also put up by Jio. Following are them.

- 4G Broadband services
- Jionet
- Jio Giga Fiber
- Jiofi



Other Collaborations

1. Star India

Reliance Jio and Star India have signed a 5-year partnership in 2018 to broadcast all televised cricket matches (T20, one-day international and test matches and BCCI's domestic competitions) on JioTV and Hotstar. The service will be free to Jio prime users, but customers of Hotstar will have to purchase a premier membership, which costs Rs 199 per month or Rs 999 per year to watch this content. This deal will finally enable Jio to telecast cricket content on its platform after it failed to secure the TV broadcast and digital rights for all international and domestic cricket played in India. At that auction held in April, Star India outbid Jio and Sony to secure these media rights for a whopping Rs 6,138.1 crore for five years.

2. Google

Reliance Jio has partnered with Google to manufacture affordable 4G handsets. These phones will run exclusively on Jio network. The two companies are also working on developing software for smart-TV services.

3. Cisco

Jio has embraced mass-scale automation during the build phase of the network using a robust, scalable, microservices-based purpose-built platform by Cisco for network rollout. By further building a complete automation stack for full lifecycle management using various best-in-class tools and integrating the same with the build platform as well as OSS/BSS, Jio and Cisco have together achieved the desired outcomes. The framework also became a proof point of how mass

-scale automation can help service providers stay competitive, while profitably adding new services and subscribers, thus leading the curve in a rapidly changing technology landscape.

4. Alliance

In February 2016 Jio announced a global alliance of Mobile Network Operators which include:

1. BT Group
2. Deutsche Telekom
3. Millicom
4. Orange S.A.
5. Rogers Communications
6. MTS
7. Telia Company
8. Telecom Italia



Future Projects

Following are the speculated future projects expected from Jio.

Jio DTH

Up next the company is expected to launch the Jio DTH services with Jio GigaFiber. Reliance Jio is offering a special Jio GigaTV box with its broadband service, which is expected to its next unannounced service. The company will roll out its DTH services once the GigaFiber is fully connected across all the homes. The company aims to power up more than 50 million users in its first leg.

Jio GigaTV

Reliance Jio will offer its Jio GigaTV with the Jio Suite when the broadband services are offered. The platform will use the bandwidth from its fibre network to offer TV channels which offer 4K support, video calling and added other services. The GigaTV set-top box will support voice commands with access to 600 TV channels, free collection of movies and millions of songs.

Jio 5G Network

Reliance Jio is already building a 5G ready network for the future, which may start as early as 2019. 5G is still years away to be available at a mass scale, but Reliance Jio has been working on the next-generation network for its consumers. A few reports suggest that the company may launch 5G services as soon as six months once the 5G spectrum is auctioned out to offer 5G-ready LTE networks.

Jio Phone 3

The successor to the Jio Phone 2 is expected at the Reliance Jio AGM in July. The third generation Jio Phone 3 may see a major jump in terms of hardware and software over the existing Jio Phone models. Reliance Jio have sold more than 40 million original Jio Phone units till June 2018 and holds more than 11 percent of the total worldwide feature phone shipments in the last quarter.

More Content with Jio (Disney Marvel Tie Up)

Reliance Jio has tied up with a number of content companies to boost its content offerings. You can also watch free movies from Marvel and Star Wars with a host of international films as well as locally created content with Jio in 2019.

Jio Enterprise Services

Reliance Jio up next will enter the enterprise server market. The pilot launch has already happened, and the company will officially launch it by next year. Reliance Jio will offer enterprise services for small and medium-sized businesses. Among the top upcoming Reliance Jio services in 2019, the enterprise services will include unified communications, cloud services, managed video conferencing, cybersecurity and more.

Jio Smart Home

Reliance Jio will soon launch its much-touted Jio Smart Home with Jio GigaFiber and GigaTV services. The company will bring a complete connected home platform to offer services connecting smart speakers, Wi-Fi extenders, smart plugs, door sensors, TV cameras, audio/ video dongles, smart locks and various connected cameras. Jio Smart Home platform will allow you to connect all your smart devices and control nearly every appliance at your home from an application.

Jio VoWi-Fi service

Reliance Jio will launch its voice over Wi-Fi (VoWi-Fi) service in 2019. The trials are on and will start with Andhra Pradesh, Kerala, Madhya Pradesh, and Telangana. Among the top upcoming Reliance Jio services in 2019, the Reliance Jio VoWi-Fi is in the first list. It will offer Wi-Fi calling to help users stay connected even without any cellular signal. BSNL already offers VoWi-Fi in select circle.

SWOT Analysis

Strengths

- Strongest Customer Acquisition strategy
- Strong backing by parent company
- Innovative technology
- Strong customer base
- Market share
- Brand management and advertising strategies
- Fast and wide network
- Multiple offerings under a single name
- LYF Smartphones

Weakness

- Will not support 3G
- Issues in calls
- The ad campaign of Reliance Jio showing the PM was controversial.
- Poor data connection
- High dependency on data
- Activation Issues

Opportunities

- Future driven technology
- Apps
- Competitive Pricing Strategies
- Expansion to other countries
- Data for billion people
- Focus on customer service and MNP
- Smartphones
- Partnerships and collaborations
- Focus on 3G customers also

Threats

- Mergers and collaborations of competitors
- Government policies
- Poor Code of ethics
- Criticism and negative image
- Loyal customer base of existing player
- Risk of loss of customers

CONCLUSION

As can be seen from the analysis so far, Jio is poised at an inflection point where the path it chooses now would determine its future prospects. Moreover, with Mukesh Ambani having staked his reputation on its success, both Jio and he cannot afford to let it lapse or fade away in the same manner in which Anil Ambani's foray into Telecom fared. Thus, the Hindi Phrase, Jio Jee Bhar Ke, seems to be apt as far as how the future would unfold is concerned. India's No. 1 telecom company created a monopoly in the market, one can also find his/her unique strength to create a monopoly which is called blue ocean strategy. Jio has become a fast mover rather than the first mover. So, no matter when you have started your work, the thing that matters is, what work you are doing and at how much rate.

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