



**vs**



**Jio vs Airtel Face-off:**

**Here's the fastest 4G network!**

# **Business Case Study of AIRTEL vs JIO, THE TELECOM WAR**

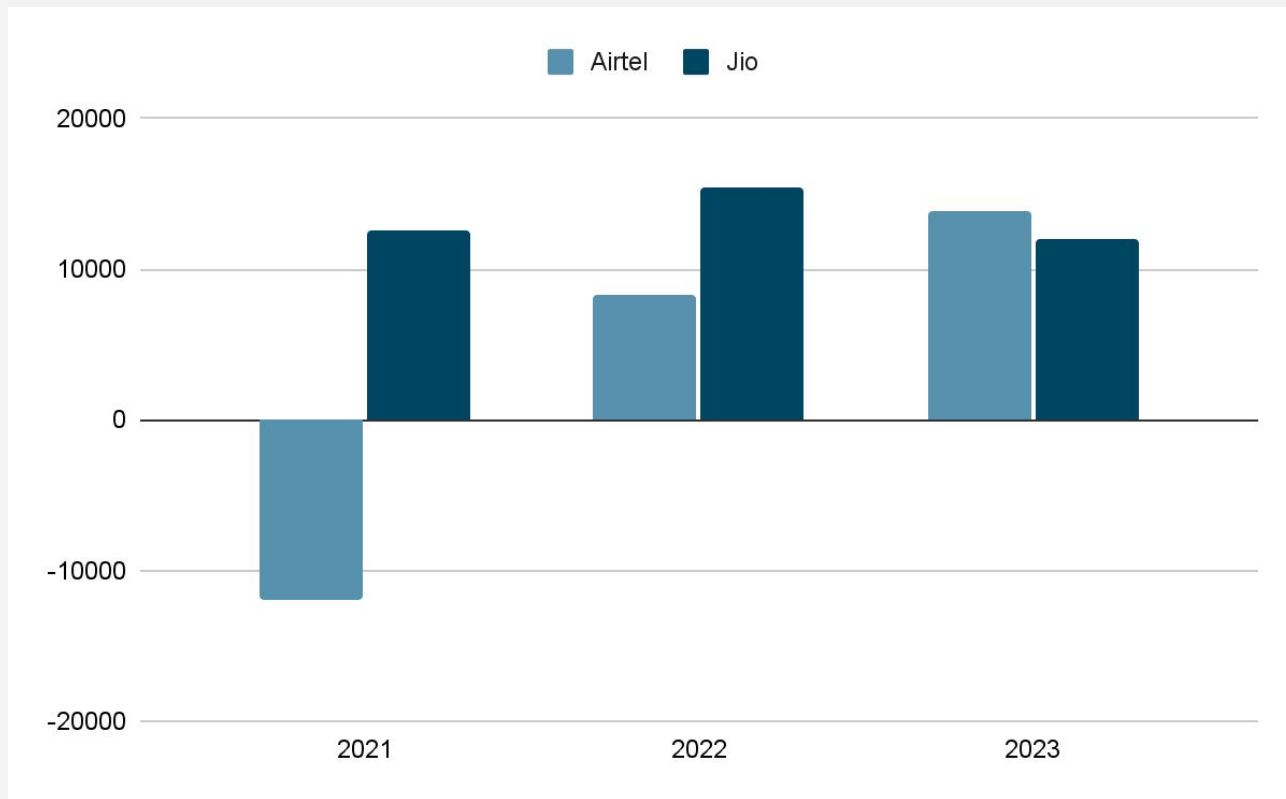
By  
Oishik Biswas

Source: Think School

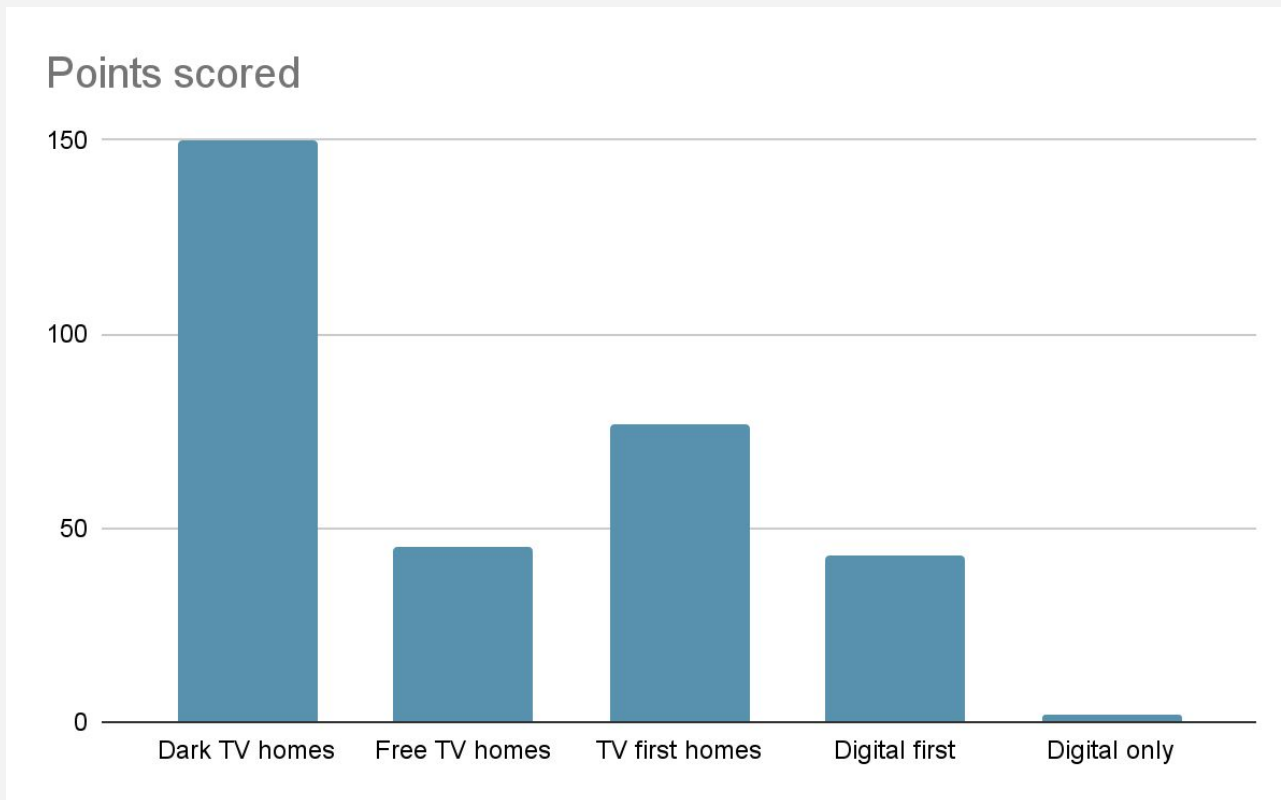
# The Arrival of Jio

- After Jio came out, vodafone and idea merged.
- Airtel and Jio are the two biggest players in Indian telecom market.

# Revenue in Crores (Airtel vs Jio)



# Complex Division of Indian Viewership



# Indian Video Consumption Market Distribution

- 150 millions → Dark TV homes (No access TV or OTT)
- 45 millions → Free TV homes (Free consumers)
- 77 millions → TV first homes (Pays for TV, do not pay for OTT)
- 43 millions → Digital first (Pays for TV, at least 1 OTT)
- 2 millions → Digital only (Consumes only OTT - most premium)
- Total video consumption segment → 300 million segments

# Jio Strategies

- Philosophy → Fortune at the bottom at the pyramid.
- Captures the existing market creating a new market that did not even existed before.
- Jio Phone is targeting dark TV home customers using 2G feature phones.
- Price at 1000 Rs, daily data → 500 mb, unlimited calling → 123 Rs per month,
- Converting 2G customers to 4G customers.

# Jio Strategies

- Targeting to reach 100 million users out of 250 million feature phone users in India.
- 100 million → 103 Rs subscription → 100 billion Rs revenue.
- Phones don't allow non Jio sim cards, pre installed Jio services, average lifespan of 4 years.
- 5000 Rs per phone for 4 years. So, 500 billion Rs.
- Free TV homes likely to have entry level smartphones.
- Targeting free TV & TV first by sports streaming, to make money by ads.



# Jio Phone



# Jio Strategies

- Digital first & TV first customers to pay subscription for Jio cinema.
- Introducing low cost products like laptops, cost price of 16500 Rs.
- For top customers, Jio fiber, Jio 5G, post speed blanks service.



# Airtel Strategies

- Main income ARPU (Average Revenue Per User).
- November 2018, subscriber clean up initiative.
- Deliberately lost 49 million customers, cleaned up non paying customers, 15% of total customers.
- Decrease its unnecessary expenses, provide better service to well paid customers.
- Has no plans to launch a feature phone, dropped 99 Rs basic plan, mandated a minimum recharge of Rs 155.

# Airtel Strategies

- Understands own target audience very clearly and telecom market.
- 200 million → Feature phone users.
- 600 million → Smartphone users.
- 35 million → Postpaid users.
- 30 million → Broadband + TV.
- Smartphone users generate 2X more revenue than feature phone users.
- Postpaid users generate 2X more revenue than postpaid users.

# Airtel Strategies

- Average Revenue Per User increases.
- Airtel finance → Prepaid → Postpaid
- Postpaid customers are 6% of Airtel customer base, 25 - 30% of revenue of Airtel.
- Postpaid customers revenue 3X times of prepaid customers.
- Prioritising which districts have the highest number of high quality customers.
- Expanding stores in high value neighbourhoods.

# Airtel Strategies

- Airtel finance

Prepaid → Postpaid

- Build a credit score of customers using a combination of civil data and 2000 telecom attributes, identified 60 million credit credit worthy customers, that are currently prepaid.
- Jio has at least 10X fewer complaints from the consumers in FY22 → indicating the ignorance / awareness of customers.

# Airtel Strategies

- Opportunity to serve customers better.
- Build an AI based solution and collaboration with Nvidia, improve overall customer experience.
- Family plans are massive hit, 70-80% postpaid are on family plans.
- Postpaid segment Airtel wants premium customers.
- Both are aggressive after broadband customers.
- Potential of average revenue per user over 1000 Rs = 5 \* Airtel ARPU.

## Airtel B2B Dominance

- Jio far ahead → 1.1 million km optical fiber (2021)
- Airtel → 400000 km (2023)
- Airtel provides internet connectivity to giant businesses like SBI, HDFC.
- Airtel business reported Rs 18600 crore in revenue, one-fifth of total revenue.
- Market leader in enterprise connectivity business, enjoyed 33.67% revenue market share for March 23.



## Airtel B2B Dominance

- Serves 1200 global enterprises 2000 large, million small and medium business across India.
- Jio only has 3% of market shares.
- Airtel's competitor is Tata communication.
- The customer's lifetime value at the bottom of the pyramid for Airtel is far lower as compared to Jio.

# Airtel SWOT Analysis

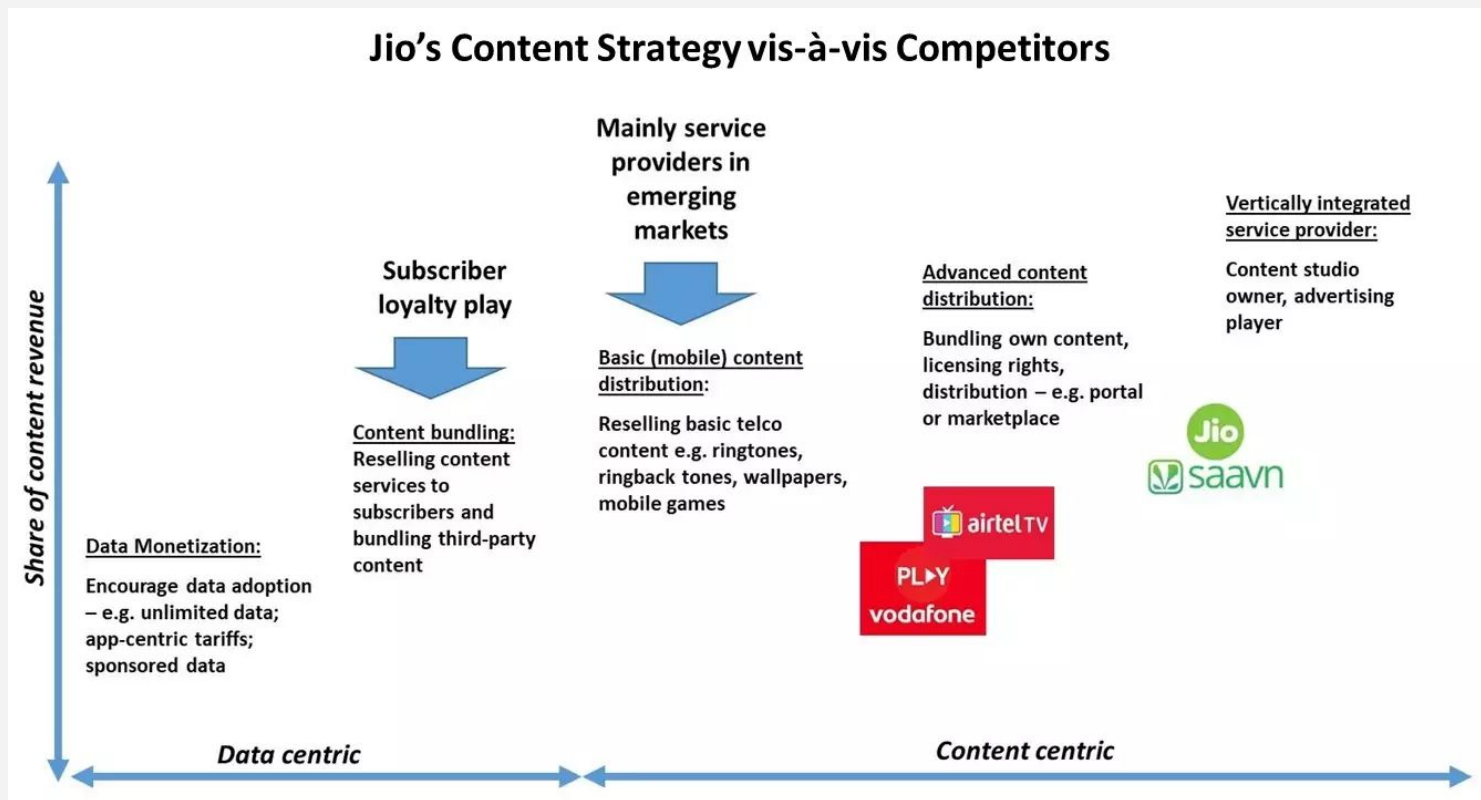


<https://admeducation.com/blog/swot-analysis-of-airtel/>

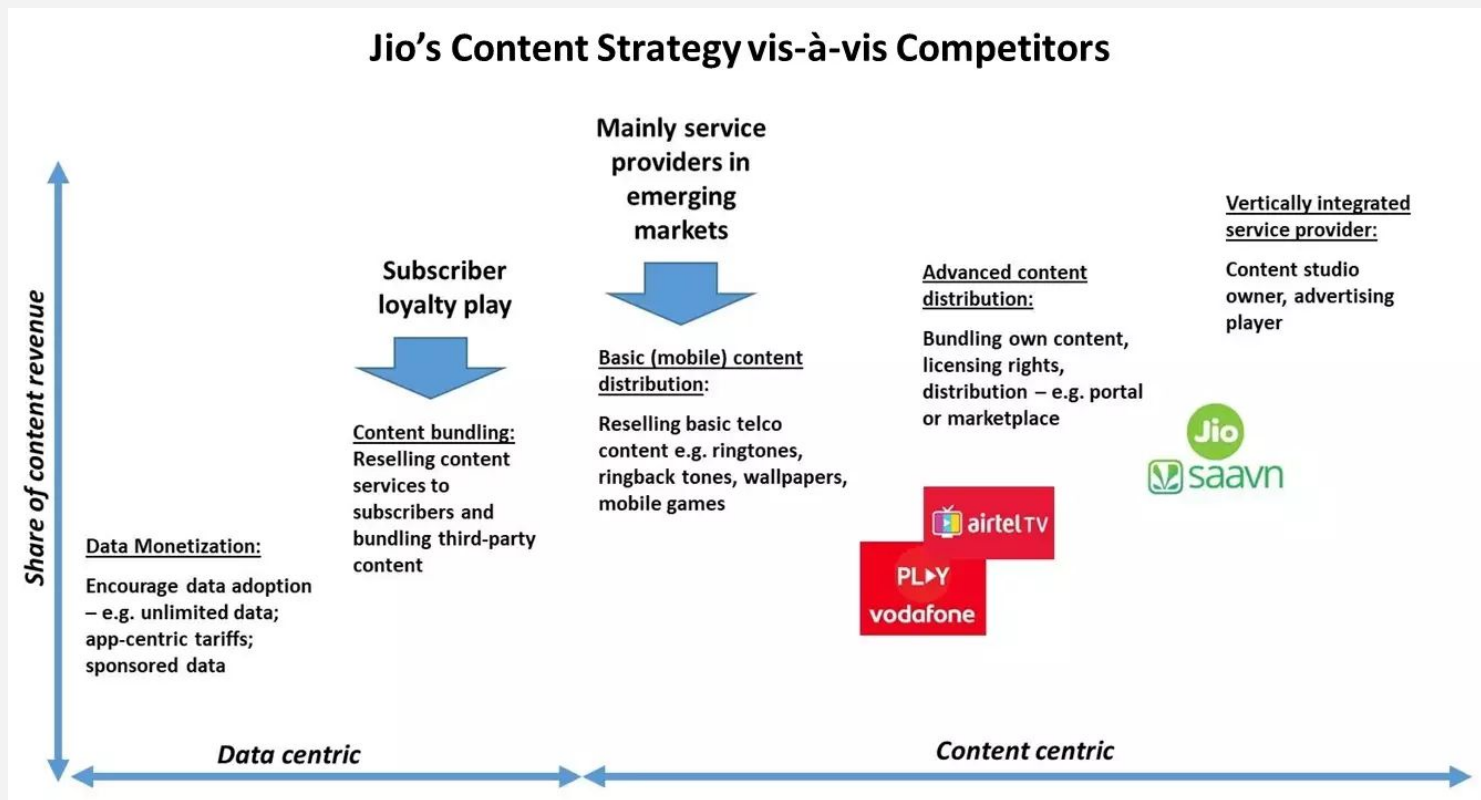
# Jio SWOT Analysis



# Jio Business Model



# Jio Business Model



# Airtel Business Model

**Chart 6: Airtel Business product / services portfolio**



Source: Company

# Jio Digital Marketing Strategy

## Reliance Jio's Digital Marketing Strategies?

### The 2A and 3R Strategies Adopted by Jio



# Airtel Digital Marketing Strategy



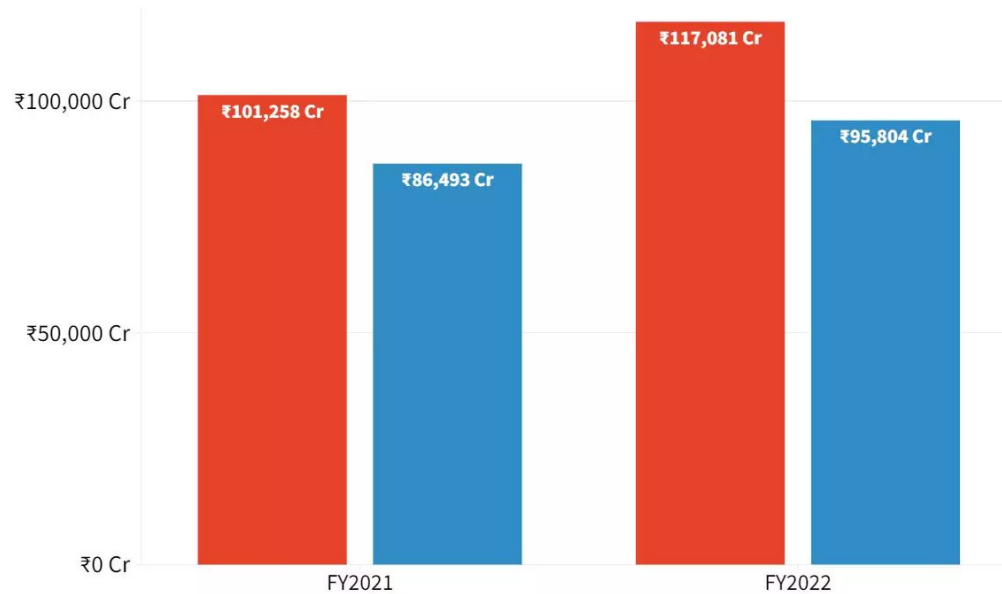


# Airtel vs Jio Revenue

**Reliance Jio, Bharti Airtel cumulatively clocked a revenue of \$27 billion in fiscal year 2022**

Airtel reported a revenue of \$15 billion, Jio bagged \$12 billion

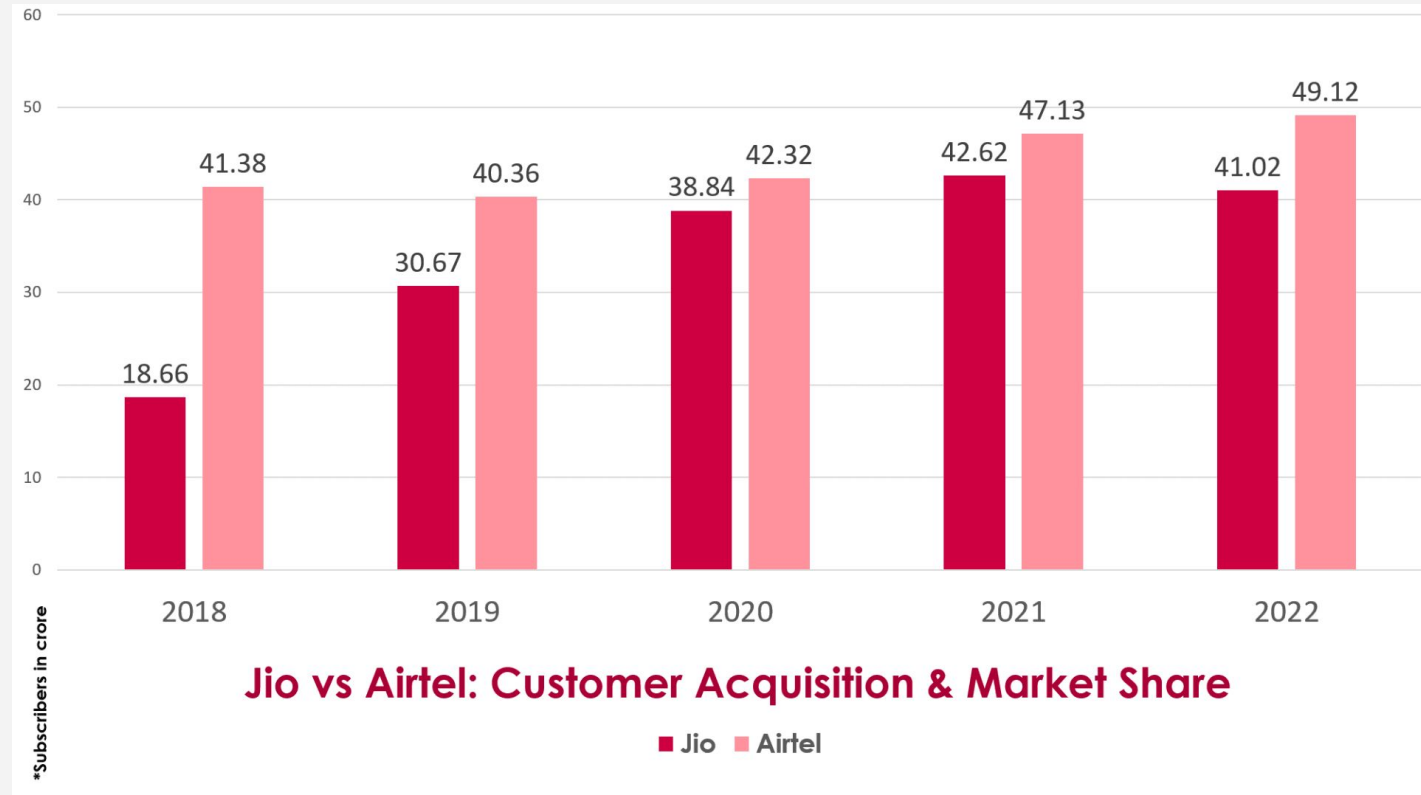
■ Airtel ■ Reliance Jio Platforms



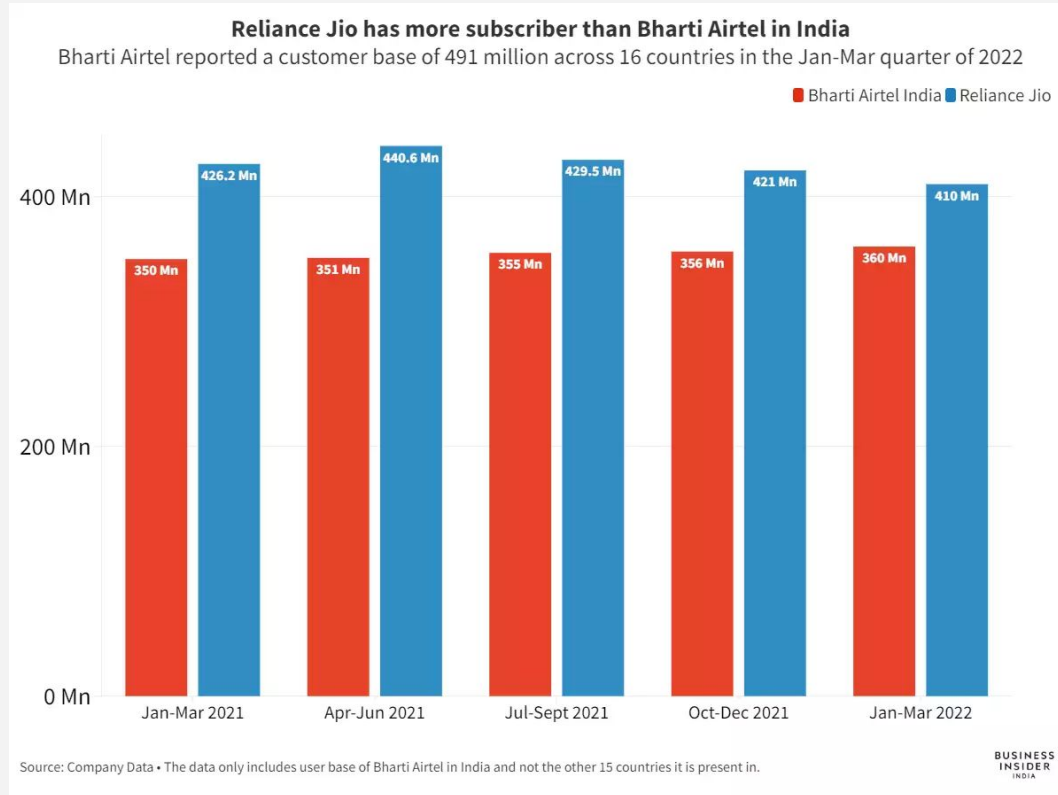
Source: Company Data

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# Airtel vs Jio in Indian Market



# Airtel vs Jio in Indian Market



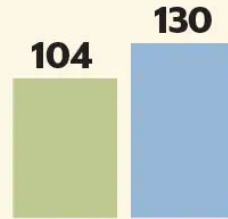
# Airtel vs Jio in Indian Market

## Who's the winner?

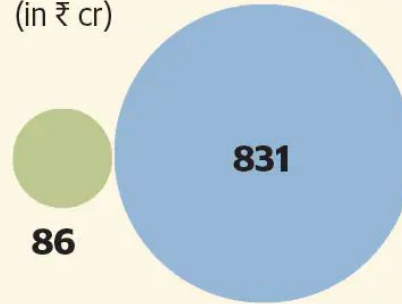
■ Airtel ■ Jio



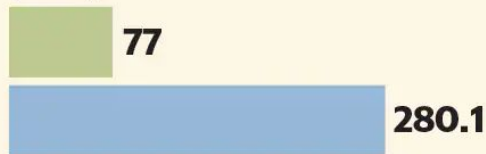
**Average revenue per user** (in ₹)



**Consolidated net profit** (in ₹ cr)



**4G customer base (India)** (in mn)



**Ebitda from India wireless business** (in ₹ cr)



Data as of 31 Dec

Source: company reports

# Business Lessons

- Will Jio's philosophy with bottom of the pyramids with feature phone and laptop successful?
- What'll be the profit margin of Jio?
- How will Airtel win the home broadband game?
- How will Airtel and Tata play the game differently in B2B segment with the arrival of Jio?