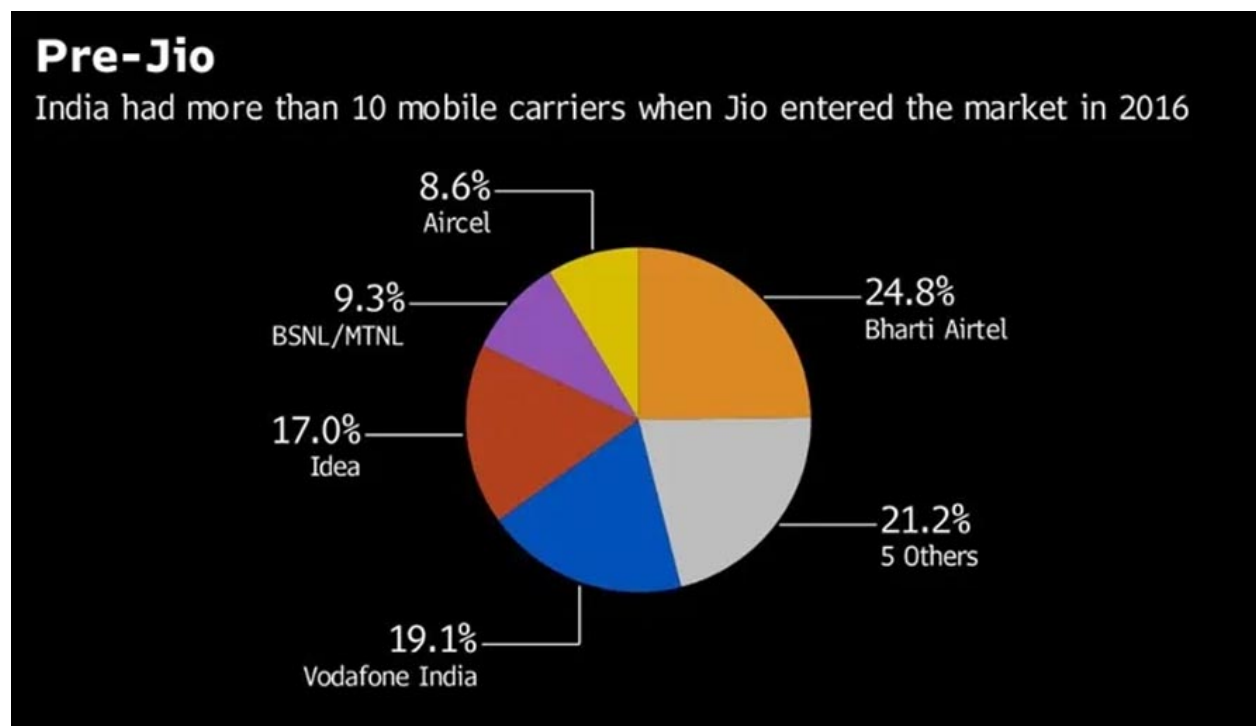Name - Utkarsha Nerkar
Andrew ID - uln

Homework 1
Managing Disruptive Technologies
Fall 2021

Reliance Jio Infocomm Limited, a subsidiary of Jio Platforms, is an Indian telecommunications company. It operates a national LTE network with coverage across all 22 telecom circles. Reliance Jio is one of India's largest network providers whose marketing and business strategy took the world by storm. The time frame considered in this case study spans from the day Jio launched its services till date. The traditional telecom market generated revenues through voice calls running on 2G networks. Jio planned to make its pricing strategy a disruptive feature by tapping into the data market and disrupted the entire telecommunication market in September 2016 by offering all voice calls through Jio for free and offering data at cheap prices.

There were more than 10 Telecom companies in the industry before the rollout of Jio. With its cut-throat pricing and latest technology, companies such as Aircel, MTS, Uninor(Telenor), etc, couldn't survive at the pricing offered by Jio. The market was then left with stronger players such as Bharti Airtel, Vodafone India, Idea who are now Jio's competitors.

Pre-Jio
India had more than 10 mobile carriers when Jio entered the market in 2016

- 8.6% Aircel
- 9.3% BSNL/MTNL
- 17.0% Idea
- 19.1% Vodafone India
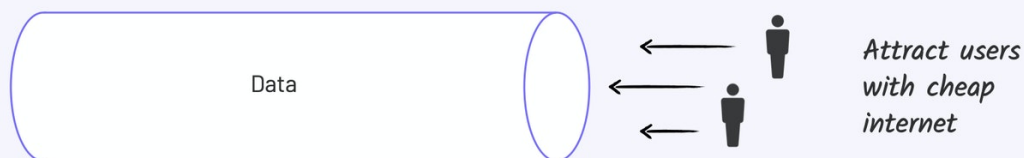- 24.8% Bharti Airtel
- 21.2% 5 Others

Jio focused on providing services only through 4G network (used for data services) and provided voice calls through data pipes whereas the incumbents ran one network each for data and voice.

While the incumbents too started providing 4G services, they still have to maintain their 2G/3G networks because they have a significant subscriber base still using 2G/3G sim cards. Thus, the equipment and maintenance costs for Jio are relatively low as compared to the others.

Jio services in the beginning could be availed only through company's own LYF mobiles and then Jio partnered with many smartphone makers in the country to offer their free services to customers. Jio also announced VoLTE phones for as low as Rs. 2999. Jio did not stop at free voice service and affordable data rates, it announced overall free services till March 2017

By undercutting the market price through attractive discounts, Jio pulled customers from the incumbent network. Jio had over 100 million subscribers to its 4G-only network in just 170 days. This enabled Jio to rapidly scale and recover its initial investment.

Jio's Game plan

**STEP 1 CARRIAGE** *The pipe*

Data

Attract users with cheap internet

STEP 2 CONTENT *Services via the pipe*

MUSIC — JioSaavn
VIDEO — JioCinema JioTV
NEWS — JioNews

Keep users around with entertainment

Jio is here

STEP 3 COMMERCE *Services via the pipe*

GROCERIES   SHOPPING   HEALTHCARE
EDUCATION   GAMING   & many more

Monetize users by enabling them to buy

Jio's game plan from the beginning was to attract users with cheap data (cost of <$1/GB vs competitors' average of $3.5/GB); then introduce entertainment apps to keep users hooked - JioSaavn for music, JioCinema for movies and JioNews for news. And finally, make money off these users by selling them key services - online shopping, education, healthcare, etc. Although, Jio could not succeed completely in its plan, it did create a new market for data services which initially was a challenge for several digital services providers to onboard users. Ajit Mohan, managing director, Facebook in India, says: "There is no doubt at all that Jio's disruption of the mobile broadband market was a turning point for India's digital economy and enabled the growth of many services from Hotstar to Facebook. We are just starting to understand the full force that was unleashed when Jio blew up the affordability barrier of data.". This data revolution spurred the growth of digital platforms across India. It completely revamped the digital economy of India. Consumers changed the way they shopped, saw movies, made payments, used social media, bought food, or consulted a doctor

As per a report by TRAI, September 2020, Reliance Jio dominated with 35% market share in terms of the total market share of subscribers, followed by Airtel and Vodafone-Idea (Vi) with 29% and 26% respectively. BSNL being a Public company was able to survive the competition and has a 10% market share.
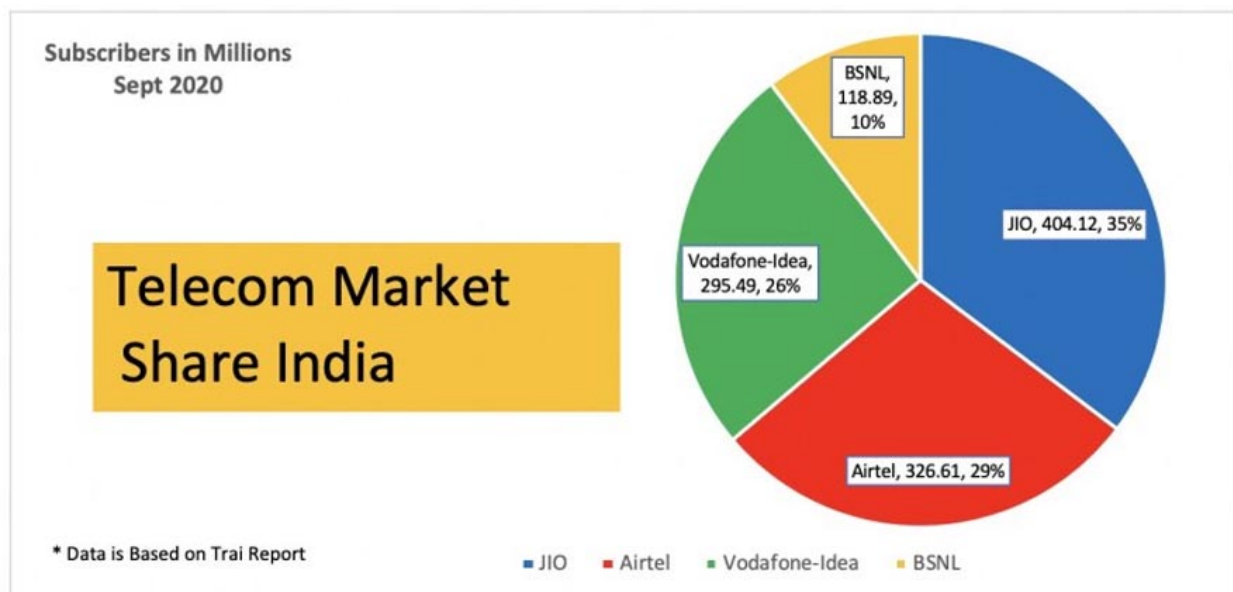
Over the last five years, broadband subscribers increased 312%. Data costs decreased by over 93%. Total data consumption per user per month increased by 1303%. All these data figures indicate the massive change in market dynamics that Jio brought about.

While Jio did not overtake the incumbents completely, it did create a new market for not only Jio but every other digital business in India by targeting low end customers and making it possible for the digital service providers to offer services to low-end customers which were otherwise offered to only high end consumers owing to expensive data prices.

In conclusion, a late entrant (Jio) in the hyper-competitive telecom space targeted low WTP consumers initially by offering free services. Ensured high efficiency and better performance for its consumers compared to what was offered by traditional network operators by focusing on process innovation, product and services innovation. Wiped off a few incumbents and created a new market for data services by business model innovation that has shifted from voice to data. Jio redefined the digital space in a way that benefits all the consumers whether they are a customer of that particular brand or not. With a PAN India 4G license, it emerged as a digital content solution provider and also qualified to be a disruptive innovation.

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