

# **SWOT ANALYSIS**

## **Company Overview: -**

Bharti Airtel Limited is a leading global telecommunications company with operations in 18 countries across Asia and Africa. Headquartered in New Delhi, India, the company ranks amongst the top 3 mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed home broadband, DTH, enterprise services including national & international long-distance services to carriers. In the rest of the geographies, it offers 2G, 3G, 4G wireless services and mobile commerce. Bharti Airtel had over 423 million customers across its operations at the end of March 2020.

Bharti Airtel is the world's third largest mobile service provider by subscribers after China Mobile and Vodafone with over 270 million global customers. It is also India's biggest wireless telecom operator both by subscribers and revenue.

Those numbers came in at 193.5 million and Rs. 113 billion (\$1.8 billion) respectively after the end of latest quarter. Again, these figures are just for Airtel's mobile services in India. The telco also provides mobile telephony services in 20 other Asian and African countries. Given the challenging (but improving) telecom sector sentiment in India, it is worthwhile to discuss a Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis for the company.

## Shareholding Pattern: -

Shareholder's Name	% shares
Promoters	38.79%
Foreign Institutions	20.29%
N Banks Mutual Funds	10.57%
General Public	0.70%
Financial Institutions	5.25%
Others	4.17%
Foreign Promoter	20.19%
<b>Total</b>	<b>100%</b>

It is professionally owned business with 64% stakes of Bharti Enterprises and 36% stakes of Singapore Telecommunications Limited.

## Management

- **Sunil Bharti Mittal – Chairman**

- Sunil Bharti Mittal is the Founder and Chairman of Bharti Enterprises, one of India's leading conglomerates with diversified interests in telecom, insurance, real estate, Agri and food, in addition to other ventures.
- Sunil has been the pioneer of the mobile revolution in India. At a time when mobile telecom was considered inaccessible for the masses, Bharti Airtel revolutionized the business model to offer affordable voice and data services.
- Sunil is a recipient of the Padma Bhushan, one of India's highest civilian honors, awarded to individuals for demonstrating distinguished services of high order. He has also been awarded Harvard Business School's Alumni Achievement Honor – the utmost honor accorded by the institute to its alumni. He is the recipient of GSMA's prestigious Chairman award, besides being decorated with numerous industry honors. Sunil has been conferred Honorary Doctorates by several leading universities in India and Europe.

- **Gopal Vittal – Managing Director and CEO**

- Gopal Vittal is CEO, Managing Director & Executive Director at Bharti Airtel Ltd. and on the board of 8 other companies.
- In the past Mr. Vittal occupied the position of Group Director-Special Projects at Bharti Enterprises Ltd., Executive Director & Executive Director-Home at Hindustan Unilever Ltd. and Chairman at Cellular Operators Association of India.
- Mr. Vittal received an MBA from Indian Institute of Management Calcutta and an undergraduate degree from Madras Christian College.

- **Badal Bagri – Chief Financial Officer**

- Badal is not new to Airtel and had been with the company for four years between 2010 and 2014. During his previous tenure at Airtel, he has played the roles of the Chief Controller for the Consumer Business as well as the Global Financial Controller. After leaving Airtel, Badal was the CFO of Micromax and subsequently, Aircel. In both these assignments, besides business finance and controllership, he was also responsible for M&A and Treasury.
- A Commerce Graduate from Calcutta University (1992) and a Chartered Accountant (1994), Badal has around 23 years of experience across Telecom, FMCG, Services and Manufacturing. Prior to his first stint at Airtel, Badal has worked in leading organizations such as Genpact, GE, Coke and ICI.

# SWOT Analysis

	Helpful	Harmful
<b>Internal Factors</b>	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>one of the leading telecommunication companies with a rich experience of more than 19 years in INDIA</li> <li>With the formation of Indus tower &amp; due to its venture with Idea-Vodafone, the infrastructure of Airtel has extended in all the country resulting in nationwide penetration with superior services.</li> <li>Having an alliance with brands like SONY Ericson, Singtel, Apple and NOKIA the brand equity has been boosted</li> <li>Very Strong and trustworthy Dealer and Distributor's network which helps in generating revenues from the market.</li> <li>Airtel is building its strong BRAND portfolio by diversification, over the years Airtel has diversified into digital payments, IP TV services, DTH, securities, etc.</li> <li>Airtel recently introduced a seamless digital platform that bundles all its offerings under a single bill which acts as strength.</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>Outsourcing of operations increased dependency on other companies.</li> <li>Average Revenue Per Unit (ARPU) is shrinking day by day due to competition in the limited market.</li> <li>Struggling to recover \$9 billion invested in African sub-continent business, despite being a market where the Average Revenue Per Unit is good.</li> <li>The group is in heavy debt due to its acquisitions turning out to some bad investment, and debt being high with lower margins</li> <li>Changing Technology is increasing the cost of new infrastructure.</li> <li>New government policies and Regulatory frameworks ordered by the TRAI is a challenge</li> <li>attrition rate in Airtel is very high compared to industry standards. The cost of training and development of employees is also a huge cost to the company.</li> </ul>

External Factors	Opportunities	Threats
	<ul style="list-style-type: none"> <li>Due to the competition in the urban market and shirking profitability, they should focus on the untapped rural market as it will be a very good opportunity to increase their revenue.</li> <li>Collaborating with smartphone companies and providing schemes to them will be a smart move. This will ensure fixed revenues in the future and with a higher customer base.</li> <li>Value-added services in the future of the industry and by the introduction of the services the ARPU will rise and attract customers who are capable to pay.</li> <li>Airtel is leading with this version of LTE in metro cities, but deployment needs to catch up pace. Despite a weak LTE network in India they should work and embrace the services.</li> <li>With changing consumer needs and behavior, diversification is required into Ecommerce, payment banks, and new product categories.</li> <li>New taxation policies with a reduction in corporate taxes will significantly increase the profit margins.</li> <li>Investment in Broadband services and are in the task of bringing 5G to the end customers.</li> <li>Planning to introduce Customer 360, a database of all customer information, would be carried by Airtel.</li> </ul>	<ul style="list-style-type: none"> <li>increase in the cost of technology and employees are affecting the profit margins.</li> <li>Cutthroat competition in the market with other players has affected the margins over the last 2-3 years.</li> <li>Competitors are paying higher margins to their Dealer/Distributor networks to increase their sales/revenues.</li> <li>Inappropriate services provided are upsetting customers and encourage them to shift to their competition via Mobile Number Portability.</li> <li>Diminishing the use of landlines in the region affecting the revenues as the users of wireless/smartphones has increased significantly.</li> </ul>

# Competitors

There are 2 major Competitors of Bharti Airtel: -

1. Jio
  - Reliance Jio Infocomm Limited (Jio) is an Indian telecommunications company and subsidiary of Jio Platforms, headquartered in Mumbai, Maharashtra, India. It operates a national LTE network with coverage across all 22 telecom circles. It does not offer 2G or 3G service, and instead uses only voice over LTE to provide voice service on its 4G network
2. Vodafone Idea
  - Vodafone Idea Limited is an Indian telecom operator with its headquarters based in Mumbai, Maharashtra and Gandhinagar, Gujarat. Vodafone Idea is a pan-India integrated GSM operator offering 2G, 3G and 4G, 4G+ and VoLTE. Vodafone Idea various service brands are:
    - **Vodafone** – a post-paid & Prepaid GSM service.
    - **Idea** – a prepaid GSM service, similar to Vodafone Prepaid

# Conclusion

- Grow share of new smartphones and 4G devices
- Accelerate data penetration via intuitive pricing and innovation
- Build India's No. 1 payments bank through a 'frugal and digital' model
- Address customer concerns through quality obsession
- Improve customer advocacy through granular planning and communication
- Drive down unit cost per MB through leveraging multiple technologies
- Grow 3G / 4G data by encouraging consumption, bundling and upgradation
- Grow post-paid through propositions, store experience and B2B drive
- Accelerate B2B through improved experience
- Empower homes through high-speed broadband, low-cost access and bundling
- Win DTH through a disproportionate share of digitisation and innovation
- Drive cost efficiency initiatives
- Lower costs and maximising sharing
- Reduce waste by network re-design
- Grow talent through strong learning, mentoring and succession planning