# UCS 1704 – Management and Ethical Practices – Assignment


**Assignment:** Case Study in Strategic Management

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1. **Explain the process of strategic management with the example of the given case.**

   Reliance Industries Limited's chairman Mr. Mukesh Ambani understood at an early stage that his business model primarily revolving around the petrochemical industry might not see abundant growth in the upcoming years due to India's petroleum nature – it imports majority of its petroleum from gulf countries. He had the foresight to use the profits he made from that industry and invest his time and expertise in the telecommunication industry, which at the time had been dominated by giants like Airtel and Vodafone-Idea, who also charged exorbitant amounts for their services.

   He understood the relevance and importance of the Internet and telephony in modern India, and spent 4 years laying the groundwork – constructing cell phone towers for nationwide penetration, drawing up plans and making strategies for the long-term development of his telecom business. He understood that the external environment disliked the heavy pricing towards cell service usage and turned it into his opportunity to revolutionize the sector. To combat against the threats i.e., the external competition, he knew he would have to face them nationwide at once and he must provide better quality services at cheap rates to influence his customer base.

2. **How did Reliance Jio attain the competitive advantage over the other firms?**

   Reliance Jio attained the competitive advantage by laying solid groundwork for around 4 years before actually launching its services in 2016. They were the only company to acquire stake in the broadband spectrum in India in 4G networking and it adopted a country-wide approach instead of going region by region, as a means to disrupt the entire telecom sector.

   A key factor in this was providing free unlimited telephony and 4G data services to its subscribers for more than a year – the same service that would've costed thousands of rupees if provided by its competitor networks. This led to people from all over the country – rural and urban to switch to/subscribe to Jio's SIM card services. Once it attained a large stake in the subscriber market share, the company slowly started to shift towards a paid subscription model to make revenue. Jio was able to do this because it had leverage now – it made sure that using Internet services became commonplace amongst the average Indian citizen.

3. **Do you think it is possible for Reliance Jio to sustain its competitive advantage for the next 10 to 20 years? If yes, how?**

   It is certainly possible for Reliance Jio to sustain its advantage for the next foreseeable decade if it continues to offer quality telecom services at cutthroat prices. Needless to say, it has to spend more money on improving its 4G infrastructure while at the same time investing great amounts of money on 5G R&D.

   One way it differs from the other competitors is the fact that it provides cheap "feature phones" that leverage 4G and calling services that anyone can afford – to effectively use SIM cards of other providers, one would need a good 4G-enabled smartphone. This gives Jio an unparalleled edge over giants like Airtel and Vodafone-Idea.

   It also provides soft services like Jio TV, Jio Games, Jio Cinema, Jio Chat, Jio News, Jio Meet, Jio Money etc. which provides access to a world of infotainment and utility services enabled by its 4G end-to-end connectivity.

4. **What competitive (business) strategy the company used while entering into the market?**

   The company was venturing into a new sector – thus it adopted a Growth strategy where it first delved into the **Concentration** phase, i.e., the focus towards a primary line of business and increasing its product line and market base. It has put significant efforts into **Horizontal Integration** by combining with Reliance Communications, BSNL and Samsung for spectrum usage, LTE and 5G development respectively.

   It has also diversified into **Related Integration** by partnering with related tech-giants like Google, Cisco, HFCL to offer various other quality services and exclusive features on their platform.

   It is currently also trying to self-sustain, i.e., focus on **Vertical Integration** with the help of their mobile phone offerings and modems that have Jio services built into them, eliminating the need for it to partner with existing telecom providers.

5. **Why the other companies could not able to develop similar strategies like Reliance Jio?**

   Competitor companies like Airtel, Aircel (now defunct), Vodafone, Idea etc. were trying to consolidate their market share and stabilize their business and maintain their status-quo. Since the current telecom markets were stagnating/having low growth, they provided very little incentive over each other and tried to retain their existing customer base, while trying to maximize profits. They were hesitant to cut prices and did very little to improve their existing infrastructure.

   It is also worth noting that providers like Airtel and Vodafone also had to maintain their existing infrastructure that revolved around 2G and 3G services, while Jio, being a new player, did not have to worry about this at all. It supports only 4G and based its entire plan around exploiting the 4G spectrum. This meant that the competitors also had significant overhead in terms of upgrading their existing cell tower infrastructure as well.

   It is also important to note that the high-speed Internet service, unlimited voice calling (VoIP) and services like Jio TV were only made possible because of the evolution of 4G LTE. The same set of services simply cannot be offered in 3G/2G networks because of their limitations.

Also, Jio had the fortune of receiving high investments backed by profits made from Reliance Industries Limited’s petrochemical industry. The other providers did not have access to such deep pockets, neither did they have any other source of revenue except for their telecom services.

All this paved the way for Jio to develop a unique and disruptive business model that its competitors simply could not match at an early stage.