



## Reliance's JIO: The 'Data-Giri' Begins

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**Abstract:** *It is known globally that India has immense opportunities and it won't be untrue, if we say that India is one of the best markets for telecom business globally, however it has fierce competition with competitive player. Present case study show the strategic intent of Mr. Mukesh Ambani, CMD, RIL to create a battlefield by having 'DATA GIRI' offering lowest data rate per MB.*

### I. BACKGROUND: THE WAR PRACTICES CONTINUE

About thirteen years after its first disruptive effort in telecom, Reliance Industries Limited (RIL) is all set to change the rules of the game again. In the company's 42nd Annual General Meeting (AGM) held on 1st September, 2016 RIL Chairman Mukesh Ambani announced its most awaited 4G service "Jio" and it has free unlimited voice calls and low priced data at Rs 50/GB, 80 per cent lower than the current industry average of Rs 250/GB.

It was Dhirubhai Ambani who had the vision to provide the latest telecommunication facilities to every Indian at the price of a postcard and now his son Mukesh is all set to ensnare his father's vision. In 2002, Reliance Infocomm was launched as a very ambitious project. It offered an introductory scheme called the 'Dhirubhai Ambani Pioneer' offer. Under this scheme consumers were given a free digital mobile phone, unlimited free incoming calls, billing at 15- seconds pulse rate, for a one-time fee of Rs.3000. It was a time where mobile services are considered as luxury and it is not within the reach of every one. Reliance strive to facilitate the nation through the Introduction of 'Monsoon Hungama' with the tagline "karlo duniya mutthi mein" the unprecedented scheme that allowed customers to get a mobile phone at an upfront payment of just Rs.501, bringing down the entry barrier to a bare minimum.

In 2005, Mukesh Ambani gave up Reliance Infocomm (which later became RCom) to Anil Ambani when the Reliance Empire was splited.

In 2010, Reliance Re-entered Broadband services market with acquisition of Infotel Broadband Services Limited. Infotel was the only successful bidder for pan-India fourth- generation (4G) spectrum auction held by Government of India. Now Infotel Broadband is known as Reliance Jio Infocomm Ltd, wholly owned by RIL purchased for 4800 Rs. crore

### II. CREATION OF BATTLEFIELD: THE ROAD AHEAD-4G

Bharti Airtel took the initiative by launching the India's first 4G services in May 2012 in Bangalore and Kolkata. Today it has presence in six other major circles, including Delhi and Mumbai. Fourth-generation, or 4G, networks offered internet and data services at much faster speeds compared with existing 3G services.

### III. 'DATA-GIRI'- THE GAME CHANGER

'Data-giri' is the word used by Mr. Mukesh Ambani, Chairman Reliance Industries Limited in the 42nd Annual General Meeting at Mumbai. This was the occasion, when RIL chairman launched most awaited telecom brand RJIO, which stretched the eyebrows of all the major players of telecommunication sectors of India. As it was observed that Indian economy is hopeful of some development in specific service sectors and Telecom sector had a major role to play in these efforts to support this development.

While addressing the share holders in 42nd AGM of RIL on 1/9/16 Mr. Chairman has announced official launch of their telecom brand Reliance JIO (RJIO) which is going to open the doors of complete new era in the communication service sector country wide. The company set the real mouthwatering plans for the users, which included the lowest data rate, free calling up to the end of the year (2016) free roaming and above all high speed 4G services. RJIO quoted data rates at a low price; it is about 80% lower than the offered average price in the industry. Along with that to boost supportive demand company also announces very low priced 4G handset devices at a at Rs. 2999, Rs. 3999, Rs. 4999 and Rs. 5999. In addition to the devices, to make it more equipped the announcement had been made that RJIO apps worth Rs. 1250 will be complementary up to the period of December



2017. Considering the futuristic growth RJIO offered 25% of more data on RJIO tariffs for the students and personal routers at just Rs. 1999. Announcement had also been made that there will be no roaming charges for RJIO users.

#### IV. THE IMMEDIATE EFFECT

It can be said that the RIL has put its step forward to get leverage of increased consumption of data by an Indian consumer. Moreover shifting of customers from 2G to 3G internet speed of various service providers is an indicator that speed does matters. But the notable fact is that Reliance JIO rightly tried to make the combination of their offerings with cost consciousness Indian customer. The entire package would decrease the average consumption bill to range of 50 % to 60%. By doing this the company wants to achieve 100 million subscribers in shortest duration. Because of arrival of RJIO, there are chances that it will change the face of Indian Telecom sector in times to come.

The immediate effect of the service launch announcement was very big. On the day of announcement during the 45 minute speech at AGM by Mr. Ambani the market cap of all telecom companies reduces by 12,000 crores, which at the end of the day reached Rs 13,167 crores. RJIO offered lower priced plans, which pushed the prices of the competitors also to the down level and that may result in negative profits for the competitors. In near future other big players of the market would also in need to form new marketing and competitive strategy in order to survive and sustain the segments. In fact few companies in the telecom market have initiated lower rate of their different services before arrival of RJIO. The arrival of this venture of Reliance Industries Limited may boost the Government Digital India Plan. This company has targeted the major potentiality of Indian consumer market that is price conscious with heavily quoted lower price.

Market penetration in real sense is the game changer. RJIO is set to provide 4G technology to the rural segment of India, not only at affordable price, but at good speed too. This may also increase the level of consumption of internet services. RJIO services are officially going to serve the customers from 5/9/16 with the target to provide 4G services to each Indian and to provide availability in 18000 + cities and towns and more than 2,00,000 + villages of the country.

The company has rightly marketed the scheme by doing price marketing. In a way Reliance can also turn the middle class and rural mobile service users to its basket. On one hand the company is providing bunches of honey offers like complementary data, services for students and a million Wi-Fi hot spot across the country, on the other hand they are emerging and creating very stiff price war for the other players of the telecommunication sectors. By this step RJIO may fulfilling the need of revolution in the telecommunication. The Indian corporate world also claps to this giant and futuristic venture of reliance as it is going to set many new definitions in near future in telecommunication service consumption and its pricing. Further it may make more things available online by offering good 4G speed. As the globe today is becoming the digital at a good speed, this will help the Indian consumers and telecommunicators to step up in the scenario. By such offers there are chances that RJIO may get a very good subscriber base in near future, and also might put strong competition in the field of telecommunication, which may force other service provider to enhance their services.

#### V. CONCLUSION

With the launch of RJIO the communication subscriber market has shaken up. It may be possible that in upcoming short time span consumers may come across bundle of announcements of other service providers on lower pricing and/or better servicing it is clear that the war is all set to begin.

#### VI. ISSUES

1. Which segment RJIO is targeting and how RJIO has positioned itself to get strong base of subscribers?
2. The RJIO's price base market influence - Myth or Reality? Support your answers with illustrations.
3. What marketing communication strategy should competitors need to execute to face the price war initiated by RJIO?

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