

Features : Airtel vs Jio: The Battle of Offers

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IN THE FACEOFF BETWEEN THE TWO TYCOONS, AIRTEL HAS NOT ONLY SURVIVED THE DISRUPTIVE ONSLAUGHT FROM JIO BUT APPEARS TO HAVE SCORED PAST THE CHALLENGER FOR NOW WHILE Jio's huge splash backed by deep cash kitty and the new arsenal called 4G LTE unleashed with dirt cheap data offers and of course a never before sumptuous offer like "virtually free India ka smart feature phone" have been a big offer for the holders of their Visi was a king dia to go from the scab film (The Godfather) seems to have seen the play in like Airtel, to a farad, and a later who just happened scrambling for a year from established tele biz players like Mukesh Ambani (The Godfather of Indian. Adorabeit was the result is a telecom might in the power as a disruptive force in Indian history had managed to get a serving Prime Minister to appear as their 'Product's Poster Boy'! The message was clear - I am here to wrest the crown!

The onslaught reminded one of many famous corporate battles - many of which have been fought by legendary Dhirubhai Ambani, father of Mukesh Ambani, himself who went on to decimate rivals one after another tolerating no competition in his chosen field. Every corporate war that Dhirubhai fought, he had won hands down. This time, as it was during Ambani's first foray in telecom, the biggest target of Reliance Jio's attack appears to have been Airtel - India's biggest telecom company by subscriber base and revenue. Nothing personal as both barons claim to be 'Good Friends' but then as in war so in business, personal equations have little place when interests clash.

Backed by never before offers and freebies dole outs, Jio in matter of months had garnered and poached over 130 million subscribers (as claimed by the company) in less than a year of its launch - the fastest subscriber acquisition run in India. The heavy onslaught from Jio had resulted in Airtel

reporting its lowest quarterly profit in four years in May 2017 while its net earnings fell as much as 72 per cent in January-March.

And the slide appeared irreversible. But then the battle hardened Sunil Bharti Mittal was never known to take things lying down. In the first battle too with Reliance when nearly everyone had written off Airtel, the feisty Mittal had held on with destiny of his side as he was helped by some fortuitous turn of events which ultimately made him become the 'Telecom Tycoon' of India - though not the one and only undisputed king, while Reliance telecom business went down the hills due to fratricidal family feud. But in the second inning, the elder brother had been in total command with ambition to be 'one and only king'. Thus it was expected that he will unleash a no hold barred attack, will change the rules of the game, while again the main objective appears to have been to dislodge from the crest.

The most lethal ammo was fired by Mukesh Ambani on 21st July this year during Reliance AGM, when he announced the "Mother of All Offers" doling out virtually free Jio VoLTE handset, christened 'India Ka Smartphone' which was to be made available symbolically from August 15 - Indian Independence Day. The initial payment of Rs 1500 was to be adjusted over a period of three years (Please see the details in box). The offer helped Jio garner a largest subscriber base in fastest time in the history of Indian telecom.

Disruption caused by Jio's entry had a huge impact leading to consolidation and business exits. Airtel increasingly looked like losing the battle but then expect seasoned warrior Sunil Mittal to surprise you. Airtel in collaboration with Pradip Jain and Sudhir Hasija owned Karbonn Mobiles announced a real smartphone offer at only Rs 1399 on October 12 while naming the device "Indian A40"! This was soon followed by virtually a free gift of Tata's Telecom business to Sunil Mittal. More was to come. On the other hand, Jio under increasing financial pressure had increased its tariff while the shares of Airtel sharply bounced back, rising over 8% in matter of days, its biggest gain in four years. The wheel of fortune was taking another turn. And it looks like Sunil Mittal is destined to remain Telcom King of India - the Chosen one. In the face off between the crownholder and the challenger, the crown has held its own. But to give credit where it's due, Mukesh Ambani's disruptive blitzkrieg has certainly rationalized the telecom tariffs in the country - a much needed ingredient for digital empowerment of the country.

Empire Strikes Back: Here is a deep look as how the competing offers from Airtel and Reliance Jio fares. Like many other credible analysts, we at My Mobile too believe that Airtel-Karbonn offer is superior on many counts including the three critical parameters of (a) device relevance and superiority (b) cost effectiveness and very importantly (c) choice of freedom to customers.

The biggest handicap with Jio is that it is only offering 4G services and voice over LTE, which cannot be availed via normal feature phone. So it had to resort to VoLTE feature phones which can be said to be a hybrid of conventional feature phone with extremely limited smartphone capabilities. Jio's thinking appears to have been that the consumers will first go for it's kind of hybrid devices before

migrating to real smartphone (due to financial constraints). And this is where Airtel-Karbons offer has made all the difference because they are not offering a stop-gap solution but a real smartphone at an effective price of a feature phone!

Reliance Jio's 'India ka Smartphone': The plans start at Rs. 153 with unlimited data, voice, and SMS. One pays Rs 1,500 upfront for the phone, which is fully refundable after 3 years. It chiefly targets the estimated 50 crore feature phone users who have not been able to join the Jio 4G bandwagon because of the high costs associated with smartphones. Failing to recharge minimum Rs 1,500 per annum revokes the refundable security deposit amount in lieu of it.

The JioPhone is restricted for use only on Jio network and the scope of using any other SIM card in the device is ruled out. The subscriber is bound to make a cumulative payment of Rs 1,500 towards recharges per annum for 3 years. Failing to do so allows the company to repossess the JioPhone.

The security deposit is refundable only after completion of 36-months and before 39-months from the date of first issue of JioPhone. The security deposit would be forfeited without any further notice to the recipient if the phone is not returned within the 3-month window post completion of 36-months.

The recipient cannot resell, lease, assign, and transfer or otherwise dispose-of the JioPhone in any manner whatsoever.

Airtel-Karbons 'Indian A40' smartphone offer: To avail the Airtel-Karbons A40 Indian smartphone, customer needs to make a down payment of Rs 2,899. The phone comes bundled with a no-frills contract from Bharti Airtel that requires a monthly recharge of Rs 169 per month for 36 months for a cashback of Rs 1,500 - in two installments of 18 months each. After successful completion of first 18 months, user will get the first cashback of Rs 500 from Airtel. The second cashback of Rs 1,000 will be credited back to user's account after successful completion of 36 months. The cashback brings down the effective price of Karbons A40 Indian smartphone to Rs 1,399.

The cashback is subjected to terms and conditions, which dictates that the user should either recharge with Rs 169 per month and enjoy the bundled benefits with the smartphone or recharge a total of Rs 3,000 in 18 months and Rs 6,000 in 36 months to get the cashbacks. In Rs 169 monthly recharge, Airtel offers unlimited local and STD calls coupled with 0.5GB data per day valid for 28 days.

The customer is not restricted to use Airtel SIM card in the smartphone. Rather, customer is free to change the SIM card at any point in time if he/she wants to switch to other network. But, that will void the contract and revoke cashback and bundle offer benefits.

At no point in time customer is liable to return the device to the Karbons or Airtel and the ownership of the device lies with the customer. In case the customer does not wish to opt for the Rs169 bundled plan, she has the flexibility to opt for recharges of any denomination and validity.

The Karbonn A40 Indian uses Android operating system and, therefore, can access wide spectrum of apps and services available in Google's ecosystem. The phone comes installed with Airtel apps as well.

In the battle of offers, it definitely appears that Airtel has really hit it off - akin to 'sensational sixer' off the last ball when five runs were required!

Tags : Airtel, Jio