

Disruptive Innovation and Reliance Jio: A Descriptive Study

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Abstract: This study aimed at identifying factors influencing the selection of Jio and interrelation between social, economic and entertainment factors in selection of Jio. The study uses special reference to understand the vibration created by JIO in the Rs14 trillion Indian Telecom Market recently (Expected Total Economic Value by 2020 given by IBEF Research). The author adopted the descriptive and analytical method to highlight the concepts related to the subject matter of the study, analyze them and induce the results through investigating the opinions of a Non Probability Judgemental sample counting 150 multi-brand mobile connection dealers in Delhi. To realize the goals of the study, a questionnaire of 13 items have been used to collect primary information and accordingly, data was collected and analyzed using SPSS. The study revealed the result that JIO has a definite impact on the usual business of Indian telecom operators. Also few people are very reluctant to term this as disruptive because they believe it is a short term wave and will pass through. By this study author also wants to draw the attention towards the interrelated factors which may cause a disruptor to take over the market of the existing competitors by storm. The study limits itself to introduction of JIO service only and to some parts of Delhi and hence the conclusions can't be generalized overall.

Key Words: Disruptive Innovation; Reliance JIO; Indian Telecom Market; Multi Brand Mobile Dealers; Primary Data.

1. INTRODUCTION:

Disruptive innovation, a term coined by Clayton Christensen, describes a method by that a product or service takes root ab initio in straightforward applications at all-time low of a market then unrelentingly moves up market, eventually displacing established competitors.

As firms tend to introduce quicker than their customers' desires evolve, most organizations eventually find yourself manufacturing product or services that are literally too subtle, too overpriced, and too sophisticated for several customers in their market.

Companies pursue these "sustaining innovations" at the upper tiers of their markets as a result of this is often what has traditionally helped them succeed: by charging the best costs to their most difficult and complex customers at the highest of the market, firms can succeed the best gain.

However, by doing thus, firms inadvertently open the door to "disruptive innovations" at all-time low of the market. Associate in Nursing innovation that's unquiet permits an entire new population of shoppers at all-time low of a market access to a product or service that was traditionally solely accessible to shoppers with lots of cash or lots of talent.

Characteristics of unquiet businesses, a minimum of in their initial stages, will include: lower gross margins, smaller target markets, and easier product and services which will not seem as enticing as existing solutions compared against ancient performance metrics. as a result of these lower tiers of the market provide lower gross margins, they're unattractive to different companies moving upward within the market, making area at all-time low of the marketplace for new unquiet competitors to emerge.

Some examples of disruptive innovation include:

Disruptor	Disruptee
Personal computers	Mainframe and mini computers
Mini mills	Integrated steel mills
Cellular phones	Fixed line telephony
Community colleges	Four-year colleges
Discount retailers	Full-service department stores
Retail medical clinics	Traditional doctor's offices

1.1 HOW RELIANCE JIO IS THE BIGGEST DISRUPTION FOR THE TELECOM INDUSTRY

- **Free Voice Call**

Reliance Jio announced free voice calls as the company believes that customers should pay only for one service of the two, voice and data. So voice calls on Jio will be free including when on roaming.

- **Data Rates Slashed**

Reliance Jio has brought down the data tariff to Rs. 50 per GB with no upfront payments. Reliance claims that it is the lowest data rate in the world. Recently other telecom operators like Airtel had brought down their data tariffs but with upfront payment. Average tariff for data in the market is Rs. 250 per GB.

- **Affordable devices**

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 has now announced VoLTE phones for as low as Rs. 2999.

- **Easy activation**

While telecom operators have accused Reliance Jio of poaching their customers Jio has gone ahead and made sure that it gets easier for the new operator to lap up as many subscribers as possible. Apart from the super competitive tariff plans, Jio has launched instant aadhar based quick activation that starts in Delhi and Mumbai. Tariff plans have been chalked out with just about ten plans to choose from. Jio has also announced special discounts for students with 25% more data on same plan and launched a Platinum service as well.

- **Free offer extended till march 2017**

Reliance Jio has got a lot of flak from telecom operators for its free services but it only seems to have pushed Jio towards more free services. Jio does not stop at free voice service and affordable data rates, it has announced overall free services till March 2017.

2. OBJECTIVE OF THE STUDY:

- To study the factors influencing the selection of Jio
- To study the inter relation between social, economic and entertainment factors in selection of Jio.

3. REVIEW OF LITERATURE OF DISRUPTIVE INNOVATION AND JIO:

According to Saint Andrew a. King and Baljir Baartartogtokh (Innovation Strategy, 2015, Vol 57) there are four key components of the speculation of disruption: (1) that incumbents during a market are rising on a mechanical phenomenon of sustaining innovation, (2) that they overshoot client desires, (3) that they possess the potential to reply to riotous threats, and (4) that incumbents find yourself floundering as a results of the disruption.

- Incumbents are rising on a mechanical phenomenon of innovation. Within the Innovator's resolution, Christensen and Raynor argue that each of the key components of riotous innovation is that "in every market there's a clearly completely different mechanical phenomenon of improvement that innovating firms offer as they introduce new and improved product." Associate in Nursing incumbent business's improvement mechanical phenomenon results from what they decision "sustaining innovation" — "the year-by-year enhancements that every one smart firms bring forth." ("Four components of the speculation of riotous Innovation," p. 80.) Usually, the sustaining innovations improve the product during a few established worth areas. As an example, motorcar firms may continue rising the HP or force of their engines. As Christensen and Raynor justify, smart managers attempt "to create higher product that they will sell for higher profit margins to not-yet-satisfied customers in additional tight tiers of the market."
- The pace of sustaining innovation overshoots client desires. A second component of Christensen and Raynor's theory is that the pace of sustaining innovation on the mechanical phenomenon of explicit worth propositions "almost forever outstrips the flexibility of shoppers in any given tier of the market to use it. ... Thus, a corporation whose product ar squarely positioned on thought customers' current desires can in all probability overshoot what those customers ar ready to utilize within the future." for example their purpose, Christensen Associate in Nursingingd Raynor use an example from the 1983 industry, "when individuals 1st started exploitation personal computers for data processing. Typists usually had to prevent their fingers to let the Intel 286 chip within catch up. however today's processors supply way more speed than thought customers will use."
- Incumbents have the potential to reply however fail to use it. Christensen and Raynor claim that incumbent firms oft possess the capabilities required to succeed, however managers fail to use them effectively to combat potential disruptors. "Disruption contains a paralyzing impact on trade leaders," they write. "With resource allocation processes designed and formed to support sustaining innovations, they're constitutionally unable to reply." Competitors with riotous innovations lull incumbent firms into complacency by avoiding a head-to-

head competition for the incumbents' best customers. they aim instead new and low-end customers, Christensen and Raynor note, with "products and services that don't seem to be pretty much as good as [those] presently out there." though inferior once measured against the worth propositions on that sustaining innovation has been targeted, these riotous product produce other attributes: they're easier, a lot of convenient, and fewer valuable. as a result of Associate in Nursing incumbent company's existing activities "determine its perceptions of the measure of Associate in Nursing innovation [and] form the rewards and threats," Christensen and Raynor argue, managers fail to understand and address the potential threat. If the disruption seems during a new market, incumbent businesses "ignore the attackers"; if among low-end customers, they "flee the attack."

- Incumbents flounder as a result of the disruption. Christensen writes that his original analysis goal was the event of a "failure framework" for "why and beneath what circumstances new technologies have caused nice corporations to fail." He doesn't specify the precise chance of failure, however he leaves very little doubt it's terribly high. "Performance oversupply," he writes within the Innovator's perplexity, "opens the door for easier, less costly, and a lot of convenient — and nearly always riotous — technologies to enter." firms with these riotous technologies, he writes, "will forever improve their products' performance and in thus doing eventually take over the older markets." "Once the riotous product gains a position in new or low-end markets," Christensen and Raynor write, "the disruptors ar on a path that may ultimately crush the incumbents."

Clayton M. Christensen's "Innovator's Dilemma" (1997) that 1st introduced Disruption theory and therefore the term "disruptive technology" that "covers innovation not solely in technology, however conjointly in product, method and repair. In resulting studies, the term riotous technology has been replaced by riotous innovation" (cited in Yu and suspend 2011, p.402). What is more, finer categorization has been planned, i.e., riotous innovation includes each technological and business model varieties (Markides, 2006).

According to Christensen "A riotous innovation is Associate in Nursing innovation that transforms the sophisticated, valuable services and product into things that ar thus easy and reasonable that you simply and that i will use them." (cited in Robles 2015, p. 123).

"The characteristics of riotous businesses, a minimum of in their initial stages, will include: lower gross margins, smaller target markets, and easier product and services which will not seem as enticing as existing solutions in comparison against ancient." (Robles 2015, p. 123).

According to Paul Paetz (2014) riotous product usually charm to new or less tight users once introduced (they contend against non-consumption), however recover over time till they're ready to satisfy thought shoppers, and frequently at a cheaper price than the previous category of higher alternatives.

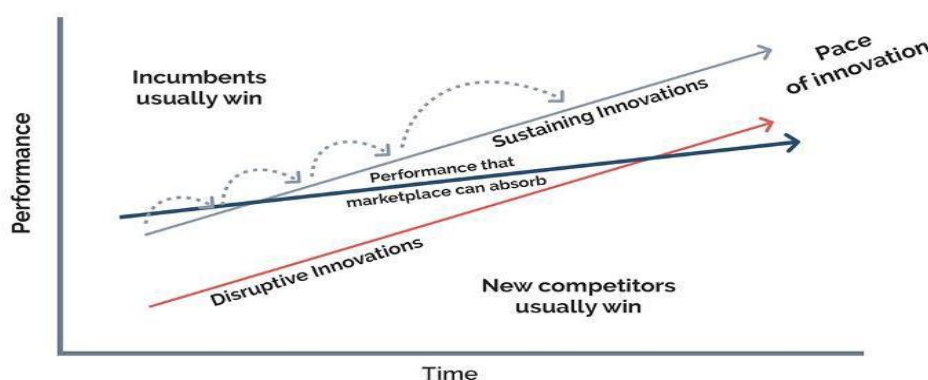


Figure 1: Disruptive Innovation Model by Paul Paetz in 2014

The Fig. 1 illustrates how challengers with innovations that are yet inferior to incumbents gain a market by competing against non-consumption while simultaneously changing the existing market's values, and then improve over time until they are good enough to become the new market incumbent.

According to Rupesh Maheswari (Yourstory.com, Feb., 2017) JIO has rewritten the principles of the sport by providing free voice calls and roaming, a set of transmission apps also as cheap information property let alone cheap 4G handsets that successively has forced the incumbent operators like Airtel, Vodafone, plan to alter their whole perspective, cut atrociously expensive information and voice tariff to remain relevant and competitive.

However, merchandise within the class of 'disruptive innovation' don't mechanically generate profit, however it rather

depends on the flexibility of the groundbreaker to alter the merchandise with success. Teece shows that wherever merchandise may be protected through patents or copyright or the character of the merchandise is specified it might be troublesome for competitors to imitate, the groundbreaker is probably going to exploit the innovation (Teece, 1986). Therefore, barriers to entry play a vital half in deciding success of recent entrants (Karakaya & Stahl, 1989). as an example, the way for established companies to take care of barriers to entry and stay leader within the market could also be through proprietary code systems, e.g. Microsoft contains a market lead thanks to the windows platform as a proprietary system.

4. RESEARCH METHODOLOGY:

4.1 POPULATION:

The population of the study is the mobile telecom users of Delhi, preferably those who have subscribed Jio service.

4.2 SAMPLING ELEMENT:

An individual dealer was the sampling element.

4.3 SAMPLE SIZE:

The sample size was 150.

4.4 SAMPLING METHOD:

Non probability judgemental sampling.

4.5 SURVEY INSTRUMENT:

A self designed questionnaire was used to determine the underlying factors.

4.6 DATA TYPE:

Both Primary and secondary data is used.

4.7 DATA COLLECTION METHOD:

Primary data was collected through personal visit to the dealer.

4.8 DATA ANALYSIS TOOLS:

The tools and techniques used for the analysis were:

- Measure was standardised through calculation of reliability.
- KMO and Bartlett's test was carried out in order to help arriving at a decision whether factor analysis can be conducted or not.
- Factor analysis was carried out in order to identify the key factors that are responsible for consumer preference and Jio's disruptive success.
- Total Variance Analysis.
- Related component matrix.

5. RESULTS AND DISCUSSION:

This section deals with the findings related to the study. The data that is represented shows that the sample is male dominated as male respondents are 62.7% of the total sample size (Table 1A). The respondent's age analysis shows that most of the respondents are in the age group of 22 to 25 that is 77.3 % of the sample. Looking at the earlier network connection used by the respondents, it is found that majority of the respondents were Airtel subscribers 37.3 % closely followed by Vodafone at 28.7%.Majority of the respondents were the prepaid subscribers at 78%. In order to accurately capture the customer response reliability analysis was carried out (Table 1B) and it stood at .812 which is quite reliable and shows questionnaire is consistent and relevant.

After the demographic analysis, we can find the descriptive statistics of mean and standard deviation of various factors of selection of Jio service by consumers in Delhi (Table 2A). It has been found that the cost factor (That is almost free) with mean 5.97 has been an important factor that drives customers followed by video calling facility with mean 5.73. Thereafter customer prefers faster audio and video downloads with mean 5.43 followed by faster internet connection with 5.10 mean.

KMO and Bartlett's test scores vary between 0 to 1. Closer the score is to 1, the better it is considered. This test is done to arrive at a decision whether to conduct Factor analysis or not. As in the case, KMO value is 0.826 which is greater than 0.5 and a significant chi square value tells us that we can proceed with the factor Analysis. On conducting the variance analysis (Table 3A) we see that 62.895% of the cumulative variance is achieved with 3 components, it means we can summarize the 13 variables into 3 major factors (Table 3C).After a close examination of all the factor loadings, the 13 variables are found to be associated with the respective dimension.

From table 3C it can be analyzed that:

- The social factors are interrelated to the dimensions like value added services, low cost, faster internet and better network.

- The entertainment factors are interrelated with live info on mobile, watching live TV and easy activation of games etc.
- When it comes to the economical and convenience related to Jio service, affordable handsets supplemented by better customer care and less call drop are interrelated.

6. CONCLUSION AND SUGGESTION:

The study highlights that Jio has clearly established itself in the hearts of consumer within a very short span of time, some say even before the launch. Jio, as a disruptor severely jolts the existing provider's strategy to remain in Indian telecom market and compel them to review and reconstruct their (competitor's) offerings. Also, for the existing 3G and 4G providers, it has come as a lesson that much innovation can be done in the existing market such as Jio has adopted with VOIP strategy. It shows to the market that customers in India are only loyal to price and convenience, be it for a big brand or for a new start up like Jio. Service providers should take care of this concept and minimize their billing inaccuracies in order to retain their customers.

Table 1A- Details of Respondents

	Categories	Count	Percentages
Gender	Male	94	62.7
	Female	56	
Age (in years)	18-21	22	14.7
	22-25	11.6	77.3
	26-31	10	6.6
	>32	2	1.4
Existing Network	Airtel	56	37.3
	Vodafone	43	28.7
	Idea	15	10
	Reliance Communication	14	9.3
	Aircel	8	5.3
	Tata Indicom	4	2.7
	MTNL	9	6
	Other	1	7
Plan	Prepaid	117	78
	Postpaid	33	22

Table 1B-Reliability Analysis

Cronbach's Alpha	No. Of Items
.812	13

Table 2A- Factors causes Jio to be the disruptor

Factors	Mean	Standard Deviation
1. VAS	3.31	1.259
2. Low Cost/Cost of Ownership	5.97	1.145
3. Faster Internet	5.10	1.151
4. Live info on mobile	4.10	1.218
5. Video Calling	5.73	1.183
6. Easy activation of services like games, SIM etc	2.86	1.176
7. Better network like 4G	3.58	1.057
8. Watching Live TV	3.89	1.157
9. Faster Audio-Video Download	5.43	1.198
10. Better clarity in voice	3.63	1.803
11. Affordable handset	4.67	1.065
12. Better customer care	3.41	1.050
13. Less call/connection drop	3.65	1.068

Table 2B-KMO & Bartlett’s Test

KMO measure of sampling adequacy	.826	
Bartlett’s Test of Sphericity	Approx. Chi-Square	772.560
	df	78
	Sig.	.000

Table 3A- Total Variance Explained

Component	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	4.692	36.096	36.096	4.692	36.096	36.096	4.326	33.277	33.277
2	2.038	15.675	51.771	2.038	15.675	51.771	1.947	14.977	48.253
3	1.446	11.124	62.895	1.446	11.124	62.895	1.903	14.641	62.895
4	.813	6.254	69.149						
5	.697	5.361	74.509						
6	.669	5.149	79.658						
7	.511	3.934	83.592						
8	.482	3.709	87.301						
9	.416	3.198	90.499						
10	.406	3.127	93.626						
11	.310	2.382	96.008						
12	.294	2.260	98.267						
13	.225	1.733	100.000						

Extraction Method: Principle Component Analysis

Table 3B- Rotated Component Matrix

	Component		
	1	2	3
VAS	.808	-.033	.094
Low cost	.795	-.014	.009
Faster Internet	.859	.021	-.005
Live info on mobile	.206	.780	.085
Video Calling	.538	.294	.046
Easy activation of services like games, SIM etc	-.013	.792	.089
Better network like 4G	.783	.251	-.086
Watching Live TV	.452	.608	-.049
Faster Audio-Video Download	.727	.227	-.135
Better clarity in voice	.781	.151	-.034
Affordable handset	-.112	.338	.605
Better customer care	.003	.005	.855
Less call/connection drop	.046	-.055	.867

Table 3C- Association among variables

Social Factors	Entertainment Factors	Economical & Convenience factors
VAS	Live info on mobile	Affordable handset
Low cost	Watching Live TV	Better Customer care
Faster internet & Better network	Easy activation of games	Less connection drop

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