Literature Review of Airtel

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01. Early history of Airtel and its evolution over time.

**HISTORY**

Bharti Airtel limited is a telecom MNC headquartered in New Delhi India, with a presence in 20 countries across the world its the 4th largest telecom company in the world in terms of subscribers base which was over 275 million as on July 2013. Airtel is also the largest telecom company in India and the second largest in country mobile operator by subscriber base after china mobile.

Sunil Bharti Mittal is the head of Airtel. Airtel is the largest provider of mobile telephony and second in terms of fixed telephony and also provides broadband and DTH services. Airtel became the first Indian company to get gold certification by CISCO.

Airtel is appreciated for forming a business strategy of outsourcing all its operations except sales, marketing and finance ensuring low cost and high volumes. The network is outsourced to Ericsson and Nokia Siemens whereas it is outsourced to IBM, transmission towers are maintained by bhartiinfratel ltd. In india.

**EARLY HISTORY OF BRAND AIRTEL:**

Sunil Bharti Mittal was the founder of Airtel Bharti group came into existence in the year 1983. Mittal and Siemens agreed to manufacture push button phones for Indian market. In 1986 Bharti Telecom Limited came into existence(BTL).

Bharti tele ventures. Was formed on 7th of July, 1995 as a limited liability company as per the companies act. And received its certificate to commence business on 8th January 1996. Let’s have a look on the year by year history and evolution over time.
EVOLUTION OVER TIME

In the year 1995 “Airtel” was first launched in Delhi. In the year 1996 Airtel started its operation in Himachal Pradesh and STET Netherlands acquired 20 percent equity interest in Bhartitele ventures.

In 1997 Bharti Airtel and British telecom formed a 51 percent and 49 percent joint venture to offer v sat service and British telecom acquired 21.05 percent in Airtel. In 1998 first fixed line services was started in Indore Madhya Pradesh breaking the monopoly of BSNL and British telecom and Airtel entered into a joint venture in the year to provide internet services.

In the year 1999 Warbugpincus acquired 19.05 percent share of equity interest in bhartitele ventures and bhartitele ventures acquired an effective 32.36 percent in bharti mobile formerly known as JT mobile the service provider in Karnataka and Andhra Pradesh. Another development was New York life insurance fund acquired 3 percent equity interest in bharti. In 2000 bhartiteleventures acquired an impressive 40.5 percent in Skycell communication which was the service provider in Chennai and it was named has Bhartimobinet. Bhartitele ventures acquired 30.2 percent of telecom italia in bhartitelenet and 18.8 percent from Bharti telecom, therefore Bharti Telenet became a 100 percent subsidiary of bhartitele ventures. Sing tel Singapore acquired STET 15.3 percent equity interest in Bhartitele ventures. The hold of Bhartitele ventures increased by 74 percent in Bharti mobile.

In 2001 Bhartitele ventures bought New York life insurance funds with 3 percent interest in Bharticelluar. There was a joint venture between singtel Singapore and telesonic of Bharti to make a submarine cable landing station in Chennai. Bharti cellular acquired 100 percent equity interest of spice cell in Kolkata. Bharti cellular became 100 percent subsidiary of Bhartitele ventures as the the latter acquired 44 percent equity interest from British telecom. The ownership of equity interest of Bhartiteleventures grew to 89.5 percent which increased to 95.3 percent by issue of shares. Bharti cellular made agreements to enter 8 new circles to offer telecom services whereas Bhartitelenet did agreement to offer land line services to Haryana, Tamil Nadu, Delhi and Karnataka. India one which was national long distance service was launched by Bhartitelesonic.
In the year 2002 it became the first company in India to come out with 100 percent book building share issue. It tied up with SSC (secondary school certification) in Hyderabad to allow Airtel customers to view results, Bharti and ICICIbank also tied up for providing prepaid mobile cards via ATM machines. Last but not the least Sunil Mittal bagged the businessman of the year award by Business India. In the year 2003 airtel launches local direct dialing facility in Chennai, free mms service is provided to its customers, audio conferencing service ‘India one meet express was launched’. Punjab and Haryana free incoming services are provided. The subscriber base exceeds 3 million mark and Airtel introduced RAD system. Airtel crossed 4 lakh customers in Karnataka. Airtel became the highest selling pre paid cards company.

In year 2004 Airtel signed the first ever bilateral agreement with Mobilinkits, Pakistani counterparts to offer roaming services. Bharti Airtel entered into a deal with VSNL worth 500 crore to optimise capacities in NLD segment. Airtel got the Asian mobile news operator of the award. Airtel also launched ring tone service when the customer heard songs or other clippings rather than the traditional ring; first virtual card was introduced by Airtel. Year 2005 saw some great beginnings Airtel launched telecom network in Andaman Nicobar and for the first time Airtel introduced broad band services through land line, a revolutionary service called the credit card on mobile was also started. Cable under the sea and free flight offer and blackberry services were other developments.

Developments in the year 2006 included launch of net xpert, save my phone number services and post to pre recharge services, Sunil Bharti Mittal got the CEO of the year award, Airtel joined hands with Microsoft to offer better services to SMBs in India. Airtel also entered into a one of its kind agreement with Adani group to offer telecom services to their plant at Kutch in Gujarat.

2007 is marked with Bharti Airtel getting QCI- DL shah national award on economics of quality another important development was the agreement with HTC for touch screen mobile. In 2008 Bharti Airtel awards Nokia Siemens network a multi million dollar contract to set up single IVR platform to reduce opex. On Feb. 2008 Bharti Airtel became the one of the top telecom operators as they touched 60 million customer bases. Joining hands with Apple inc. to launch iPhone in India and DTH were some of the other developments.
Year 2009 the most important development was Airtel and mchek announced 1 million users. In 2009, Airtel launched its first international mobile network in Sri Lanka. In, 2010 Airtel became partners with VMware Inc. 2010, Airtel took hold of African operations of Kuwait based Zain telecom. On 31 May 2012, Alcatel lucent was given a 3 year contract by Airtel to lay down internet protocol network in order to ensure better connectivity for mobile internet users. On 26th February 2013 Airtel modernised its prepaid services by deploying Ericssons MBC (MOBILE BASED CHARGING) in India, it made the pre paid services more customised, the customer was able to choose multiple data plans apart from this Airtel also became the first operator to implement geographical redundancy in a very large scale.

**EVOLUTION OF BRAND AIRTEL**

**Brand Name:** There has been no change in the brand name Airtel was born free, a force to unleash into the market with a relentless and unwavering determination to succeed. A spirit charged with energy creativity and team driven to seize the day with an ambition to become the most globally admired telecom service.

**BRAND LOGO:**

The above pictures gives the change in logo over time we can see all the above logos are similar with respect to colour combination.
The old logo here is also called as the flag logo which the looks was somewhere similar to that of a flag the word “AIR” was placed against white background and the word “TEL” was against red background to portray continuity of growth the word I has a red dot.

The new logo represents a lot of Airtel. The logo represents growth and dynamism and energy that bring Airtel and its customers closer. An important thing to notice is there is no box to say that it is free from all the boundaries.

**BRAND AMBASSADORS USED BY AIRTEL**

In order to take the advantage of the growing number of youth in our country, Airtel introduced Sachin Tendulkar, Shahrukh khan as brand ambassadors to tap the potential.
02. Initial positioning and subsequent repositioning

Taglines play an important role in identifying with the brand and it also makes clear how the brand wants to be associated, what it wants to say. Different taglines have different interpretations, now let’s see the meaning of different taglines of AIRTEL and how it positioned and repositioned its brand.

“POWER TO KEEP IN TOUCH” mobile services was an exclusive thing at that point of time hence this tagline was aimed at the elite class of the society and was seen as a lifestyle and aspiration brand, later on the tagline was changed due to the fact that the mobile services were within the reach of a upper middle class man therefore the tagline was changed to “TOUCH TOMMORROW” the whole idea was to explore new segments and leadership. The next tagline
was “LIVE EVERY MOMENT” and for the first time A.R Rahman became a part of Airtel. The tagline simply conveys that an Indian lives every single moment of his life. Then came the tagline “EXPRESS YOURSELF” which basically strengthened the emotional connect Airtel shared with its customers. It was a very successful campaign and brand awareness grew from 60 percent to 91 percent in just 6 months as compared to its nearest competitor. As Airtel crossed 200 million customers they launched a new logo and a new tagline “DIL JO CHAHE PAAS LAYE”.

Apart from these campaigns like “HAR EK FRIEND ZAROORI HOTA HAI” has been really successful in capturing the attention of the youth.

**PUBLIC RELATION AND PUBLICITY**

What is being talked about or written about a particular brand makes a lot of difference as it can either increase the brand image or destroy it. Airtel has definitely made inroads to connect with people. PR strategy of Airtel serves purposes like increasing the brand image, counter negative publicity by projecting Airtel products above the rest.
03. Advertising, sales promotion and segmentation strategy followed by the Airtel

- Airtel basically uses 2 ways to connect to the users - emotion and humour.
- Humongous reach - high penetration and high usage.
- Possibility to micro target basis various filters - targeting basis context, time and behavior.
- Frequency of messaging possible.
- Response tracking - messaging in the medium allows ability to track various reach and ROI metrics.
- Airtel uses different mediums for advertisement and sales promotion:

<table>
<thead>
<tr>
<th>Outreach</th>
<th>Electronic</th>
<th>Print</th>
<th>Online</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promotion through large</td>
<td>• Sponsored tv shows:</td>
<td>• Newspaper is only media through which</td>
<td>Massive advertising through</td>
</tr>
<tr>
<td>bill board and hoardings in Traffic and Public areas.</td>
<td>✓ Big boss</td>
<td>each and every person can know about Airtel. They give color ads on the daily newspapers.</td>
<td>• Google adsense.</td>
</tr>
<tr>
<td>• Promotion by Posters pasted on Autorickshaws</td>
<td>✓ KBC</td>
<td>• They give ads in magazine. These ads last long in people’s mind because people keep the magazines for long time.</td>
<td>• Bidvertisers</td>
</tr>
<tr>
<td></td>
<td>✓ Indian idol</td>
<td></td>
<td>• Sponsor</td>
</tr>
<tr>
<td></td>
<td>• Advertisements through Radio FM Channels</td>
<td></td>
<td>• Online games @Zapak.com</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Facebook fanclub</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Youtube Channels</td>
</tr>
</tbody>
</table>
Some of the famous tag lines of Airtel are:

- Power to keep in touch
- Touch tomorrow
- Live every moment
- Express yourself

They also sponsor various events for publicity. Some of the famous events which they sponsored are:

- Indian Grandprix
- Delhi half marathon
- Delhi golf marathon

Airtel over the years have introduced various plans as a part of their sales promotion. Some of them are:

- Friendz pre-paid plan
- Ladies special plan
- Senior citizen plan

The segmentation strategy of Airtel is a very integrated one. Segmentation is also important because it helps in predictability of target consumer group and it helps in making proper marketing mix strategy. The segmentation strategy of Airtel is as follows:
On the basis of Geographic variables:-

**Region wise:** East Region (West Bengal, Assam, Arunachal Pradesh etc) West Region (Gujarat, Rajasthan, Maharashtra etc) South Region (Andhra Pradesh, Karnataka, Kerala etc) North Region (Punjab, Haryana, Himachal Pradesh etc) Central Region (Madhya Pradesh, Chhattisgarh, Jharkhand etc)

**Density of area:** Urban (Cities Such As Mumbai, Delhi, Pune, Jaipur etc) Semi-urban (Nasik, Aurangabad, Ahemadnagar etc) Rural (Baramati, Khed, Saswad etc)

On the basis Demographic variables:-

**Age:**

1) *From age group 18 to 35:* As most of the people start using a mobile from the age of 18 so we may make a segment of a age group 18 to 35 as most of the will be students and remaining will be freshers working in the industry. So they need SMS plans for chatting and they also need cheap calling rates. We may provide the FRIENDZ card to them.

2) *35 and above:* As most of this group will be working and don’t use mobile for SMS and chatting. So this group needs only the calling facility at a reasonable rate. This group may continue using the general plan.

**Income:**

PREPAID & POSTPAID: Generally the mobile service providers plan their marketing strategies according to the prepaid market and postpaid market. So it is basically depends upon the income of the consumer whether he selects the prepaid or postpaid. Generally the
consumers with low income choose prepaid and consumers with high income choose postpaid.

**On the basis of Behavioral variables:**

BRAND LOYALTY: We can also segment it on the basis of the loyal customers and non-loyal customers of the brand. We can provide various schemes and offers to the loyal customers to retain him with our product.

4. **Analysis of product and generic competition to the brand.**

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.

**Strengths –**

- Biggest mobile service provider in world’s second largest telecom market – Mobile phone subscriptions now follow the normal population trends around the world. With about 870 million wireless subscriptions, India ranks second after China in the wireless market. Airtel has a 22.2% share of that market.

- Well-established nationwide infrastructure – Airtel has been in the market for 18+ years and thus has towers and backhaul all over the country. This is a major advantage. Deployment of new technologies or increasing capacity at times requires software and minimal hardware upgrade. Having infrastructure already on the ground makes that
process much faster and smoother. Secondly, it is easier to capture new customers if a telco already has a network in place.

- High brand equity – Airtel is among India’s most visible brands omnipresent in most parts of the nation through television, print and various other forms of advertising. Celebrity endorsements and innovative advertising that understand the pulse of market are some of the assets of the Airtel brand.

- Superior overall network quality and reliability – Bharti Airtel (along with Vodafone) runs one of the better mobile networks’ in India. They have nationwide penetration and although there is no dearth of consumer complaints regarding dropped calls and slow data against Airtel, it still offers a higher quality telecom service experience as compared to most other telcos.

**Weaknesses** –

- High competition in the telecom market – Airtel, like all other service providers in India, has been adversely affected by the extreme price competition. Although the average voice call rates have gone up recently, they were as low as Rs. 0.6/min. (1 cent/min.) a few years ago. The story is similar with data and 3G tariffs. As a result, the company has been reporting declining profits for many years. ARPU had been decreasing too although it is showing signs of bottoming out now.

- Debt and finances – According to their latest quarterly report, Airtel is burdened by $9.7 billion in net debt, which is a lot of money when converted to rupees. How can Airtel repay this debt is the question? Possibilities include stake and equity sale or spike in revenue. Depreciating rupee is also an issue since it results in foreign exchange losses and increases the financing cost.

- Africa acquisitions and operations – Airtel acquired Zain’s Africa business for $9 billion in 2010. Since then, it has struggled to turn around those operations reporting repeated losses from the continent. While the Africa operation has widened the companies’ geography, it continues to be a drag on its balance sheet.
• Late adoption of 3G and advanced wireless technologies – Due to various regulatory
uncertainties and delayed spectrum auctions, India and Airtel were late to the 3G party.
3G services were launched by Airtel only in early 2011. The data tariffs were high,
speeds were unsatisfactory and customer acceptance of 3G was slow. The company lacks
nationwide 3G license with spectrum in 13 out of 22 telecom service areas. Airtel’s LTE
network for mobile broadband is still confined to only 4 cities in India.

Opportunities –

• Untapped voice market – Despite many believing that the voice market in India is close
to saturation, hundreds of millions remain without a phone. Recently, VLR (Visitor
Location Register) numbers released by the regulator TRAI, showed that around 730
million out of the total 870 million are active connections. Given many people in India
use multiple SIMs, it is safe to say that mobile phone penetration in the country is less
than 50%. The opportunity for Airtel is huge, especially in the rural segment.

• 3G and data revenue – Airtel’s 3G subscribers constitute less than 5% of its total
subscriber base. Apart from getting new 3G customers to join Airtel, there is immense
room for growth within its existing customers. The operator should be more aggressive in
marketing the benefits of high speed data access on phone. Simultaneously, it must
ensure faster and consistent data speeds on its network.

• LTE – The whole wireless world is moving towards LTE. LTE for mobile broadband can
be a good solution for India where fixed broadband penetration is otherwise low. Airtel
has taken the lead with this version of LTE in 4 cities, but deployment needs to catch up
pace. Despite a weak LTE ecosystem in India, Airtel should portray itself as the embracer
of that technology. It must pursue the device manufacturers to produce LTE capable
phones for India and then take the lead in the deployment of LTE for cellular networks
too.

• Mergers and Acquisitions – Unfortunately, the M&A rules in India are yet to formally
declared although recent media reports have suggested that companies may be allowed to
merge as long as their market share in every circle is less than 50%. Airtel with a market
share of 22.2% should be good to acquire smaller telcos to reduce competition and add subscribers and spectrum. Such acquisitions will incur huge spectrum costs, but it could be well worth it in the long term.

**Threats –**

- **Unfriendly regulatory environment** – There is a very hostile and unstable regulatory scenario in India’s telecom industry. This has adversely affected the industry sentiment and the wireless service providers. While there may be some clarity now but many guidelines are far from being clear. Airtel has not remained untouched from this chaos. And this threat would continue to linger for the next few years.

- **Spectrum Auctions and Refarming** – Government of India and TRAI kept a high price set for 3G, BWA and the recent 1800 MHz auction. Airtel had spent Rs. 123 billion ($2.7 billion per rupee to dollar conversion back then) for 3G airwaves. Since the returns are slow due to low tariffs, buying the spectrum at high price is detrimental for the telcos. Refarming 900 MHz is another terrible idea which would negatively impact Airtel’s finances, given that it will have to repurchase those airwaves to continue 2G operations.

- **Mobile Number Portability** – MNP gives the customer independence to change the service provider while retaining the number. With similar tariffs across various telcos and satisfaction with the current service provider being low, consumers are always ready for a change. The larger operators are losing millions of customers to the newer players who attract these customers with their free and innovative offers.

Some of the points mentioned above also apply to big telcos in India like Vodafone and Idea. But let us not forget that Airtel has been a torchbearer of the Indian wireless industry.
Generic Competition as on Friday, July 25, 2014.

<table>
<thead>
<tr>
<th>NAME</th>
<th>Last Price</th>
<th>Market cap.(Rs.cr)</th>
<th>Sales Turnover</th>
<th>Net Profit</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharti Airtel</td>
<td>354.80</td>
<td>141,827.76</td>
<td>49,918.50</td>
<td>6,600.20</td>
<td>67,126.00</td>
</tr>
<tr>
<td>Idea Cellular</td>
<td>149.50</td>
<td>52,983.70</td>
<td>26,179.47</td>
<td>1,689.31</td>
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<tr>
<td>Reliance Communications</td>
<td>132.15</td>
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<td>Tata Communications</td>
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<tr>
<td>Tata Teleservice</td>
<td>11.95</td>
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<td>MTNL</td>
<td>31.70</td>
<td>1,997.10</td>
<td>3,391.74</td>
<td>7,825.13</td>
<td>8,754.27</td>
</tr>
</tbody>
</table>

5. Strategies adopted over time by the brand to tackle competition or prime market expansion.

The company is formed of four strategic business units - Mobile, Digital TV, Enterprise and Telecommunications media. The first kind of business provides services in India, Sri Lanka and Bangladesh. The Telemedia business offers broadband, IPTV and telephone services in 89 Indian cities. The Digital TV business provides DTH TV services across India (Airtel, 2010).

The objective of Airtel is to provide end-to-end telecom solutions to its corporate customers nationally as well as internationally long distance services to Telco’s.

Airtel has achieved specialization in offering customized solutions to address unique needs and requirements of different industry; IT, education, media, Manufacturing and distribution, telecom, Government and retails etc. (Airtel, 2010).

Due to Airtel's co-operation with leading technology companies all around the world and infrastructure, it presents entire range of telecom solutions. These solutions enable corporate to network their offices nationally and worldwide, give them infrastructure to operate important
business applications and offer them ways to bond with their consumers and employees (Airtel, 2010).

Cost Leadership Strategy – Airtel gains this generic strategy in an industry when its cost of operation is lower than its competitors. It has gain leadership by managing its processes and resources efficiently and effectively. By bringing cutting down its operational costs, It has offered its products and services to its customers at lowest prices. It has also earned high profits either through the profit margins are greater or the number of sales has been increased.

Differentiation Strategy- Airtel implemented this strategy mainly in order to possess sufficient skills and abilities to create uniqueness in the product as compare to that of its competitors based on few attributes which allows the customer to obtain or to accept the product as different from that of its competitors. Firms adopting the differentiation strategy has successfully are able to access to the advanced and modern scientific research, and a high labour force, effectively by or through customer communication strategy, etc.

The telecom company Airtel is offering free EPABX with free leased lines which means ,no connectivity charges .So the Airtel is providing the latest EPABX to its customers which is costing to them approximately Rs 50,000. Further company is providing the services like- Best customer care service provider, well managed call centers service especially in local or native and different languages, most important it is providing good services even in the remote areas, its emphasis based on “barriers breaks when people speaks”, and later new initiatives like engine search on Airtel live and downloads etc.

Focus Strategy- A firm which is pursuing this strategy tends to serve a particular segment instead of serving it to the entire market. This type of segment may be for the special group of customers, specific geographic area or a particular product or a service line. The customers will also be loyal to the company and therefore the entry of a new competitor into that area becomes quite difficult. Airtel is mainly focusing on the customers who is having more than Rs10000 monthly landline billing.
06. Distribution strategy followed by Airtel

**Distribution or Placement : –**

Refers how the product or services are placed or reach to the end customer e.g:- point of sale placement or retailing. Channel by which a product or services is sold or reach to the customer refers the distribution channel.

![DISTRIBUTION Diagram]

**Distribution strategies of Airtel**

A multi-regional marketing and sales team builds both direct and indirect sales channels. Regional organizations are responsible for the definition of the sales & marketing strategies, and plans for their respective territories. Each region also provides significant inputs and reviews of the corporate strategic sales, marketing, and product direction.

In order to capitalize on the opportunities in each geographic region, Bharti Airtel has put into place a network of on-the-ground, experienced and incentivized sales and marketing personnel. The teams there build both direct customer relationships as well as indirect channels (through handset manufacturer, Network Solutions Provider, etc.).
**Distribution Channel:**
Airtel has a wide & effectively spread channel structure all over India. The channel structure is simple and effective. Complications are kept out in order to make the overall process very effective and efficient.

![Distribution Channel Diagram]

**TERRITOTY MANAGER**
The distributors include one who handles
1) Provisioning
2) Documents
3) Operation back up
4) Field sales executives.
SELECTION OF CHANNEL MEMBERS/DEALERS

Airtel follows a strict policy in selection of the dealers, and therefore it is necessary to fulfill the following pre-requisites to be eligible to become a dealer:

1) The dealers should have a sound financial background. The financial capability of a dealer is solely depended on the discretion of the company officials.

2) The dealers should have a good market reputation, since the dealers help the customers informing the first impression a customer has about the company.

3) The dealer should have a good previous track record, i.e of timely payments, no criminal background etc.

4) The dealers should have good market penetration. The company’s ability to gain maximum customers in this era of competition solely depends on the penetration the dealers have in the market.

5) The last criterion of dealers selection for Airtel is the area the dealers cover. This would include different geographical areas which are covered by a dealer.
Responsibilities and functions of the dealers

Airtel believes in Customer Loyalty and thus Airtel expects that their dealers apart from selling paint products should perform the following functions for better customer Relations management: 1) Sales promotion through regular promotional schemes, road shows, campaigns etc. the expenses incurred by the dealers is shared by the company only if these activities are for promotion of the company and not of the dealer. 2) Recruitment- done under the guidance of certain Airtel officials 3) Training and development of manpower with company assistance. 4) Servicing according to the size of orders 5) Customer relation management 6) Promote other products of the company. The dealer should be in regular touch with the customer, keep taking his feedback and ensure maximum customer satisfaction. The dealer should also try and convince the customer to try newer products of the company.

Channel Management at Airtel

Since Airtel has an intensive distribution network, proper channel management becomes an indispensable part of the system. One of the major issues encountered in the channel management is channel conflict. Channel conflict is behavior by a channel member that is in opposition to its channel counterparts. It is opponent centered and direct, in which the goal or object sought is controlled by the counterpart. Channel conflicts, that mainly result from competing goals of the channel members, different perceptions of reality, clashes over domains i.e. intra and multi-channel competition, roles unclarity, expectations divergence, relationship disharmony etc. To avoid these conflicts, Airtel has adopted a Second and Third Degree Distribution network
Company uses second and third degree distribution network.

Second degree distribution network

Company makes invoice of SIMs, PEFs, GSM Pay Phones, RCVs of various denominations chiefly Rs.10, Rs 30 and Rs. 60 to only Urban Distributors and Rural Super Distributors. Easy balance is also transferred to only Urban Distributors (UDs) and Rural Supers (RS). Urban distributors distribute the above items to retailers according to the demand and transfer easy balance to retailer through FOS (Field Officer Sales) SIM. Therefore, this setup of distribution is Second Degree and it is more suitable for catering to the need of urban areas.

Third degree distribution network

RS distributes the above items to Rural Distributors commonly known as RDs and transfers easy balance into Rural Distributors SIM. Rural Distributor then distribute the above items among the retailer according to the demand of it and transfer easy balance to retailer through FOS (Field Officer Sales SIM from easy balance of Distributor SIM. This three level distribution is used to reach to sub urban and rural areas.

Relative comparison and advantages of second and third degree distribution network

- Second degree distribution is suitable for urban areas because the demand is higher, there is high population density and that’s why quick availability of product and services are required.

- As the UD (Urban Distributor) gets items directly from the company so products, services and promotion materials can be made available to retailers in shorter period of time.
• Three degree distribution is suitable for catering to rural areas because lesser population density and large spread of geographical areas.

**Bharti Airtel Rural Strategy**

**Challenge/Opportunity**

Bharti Airtel was faced with the challenge of profitably serving the rural areas of India. It is an extremely daunting task due to a variety of factors: rural users’ low incomes, a widely dispersed population, and a less than ideal public infrastructure (i.e., roads, electricity etc.). Specifically, Bharti Airtel had to address the following conditions:

● The incomes of Indian rural residents are significantly lower than urban residents. The average revenue per user (ARPU) for rural residents was typically less than US$2 per month.

● Besides deploying a scalable network, Bharti Airtel also needed to establish a cost-effective marketing, sales, and distribution channel to provide service promotion and customer support. Counter to these challenges were the significant opportunity that the Indian rural market represented and Bharti Airtel’s unique ability to address it.

● The future growth of the Indian mobile market is expected to be driven by rural customers, which account for about 70 percent of the country’s total population (1.1 billion people) with a tele density of only 18.5 percent as of September 2009. Indian urban mobile penetration is already over 100 percent.

● Rural dwellers place a high value on communications. Contacting urban/overseas relatives and friends often requires a long and sometimes treacherous trip to the nearest town to reach a payphone.
Various studies (e.g., fishermen in the Indian state of Kerala and grain producers in Niger) have shown that increased mobile service penetration in rural areas could have tremendous socio-economic benefits for the rural population.

With its strong presence in the relatively untapped rural market (over 27 percent market share as of September 2009), Bharti Airtel is well-placed to continue growth with its focus on under-penetrated Indian regions with new revenue streams such 3G-enabled data services and pay-TV.

07. Summary regarding the future directions for the brand

Bharti Airtel, who became the world’s fifth largest mobile player With recent acquisition of Zain Telecom’s African business is now planning to invest over US$ 100 Million in the Malawi telecommunication industry in the next three years. Bharti Airtel now owns 100 percent of shares in Zain Malawi.

“We plan to invest $100 million in Malawi in the next three years to improve coverage and reach out to Malawi’s rural farmers and help the country’s economy grow," said Manoj Kohli, chief executive officer, Bharti Africa in its Malawi’s capital Lilongwe.

"Airtel will invest $1 billion in Africa per annum over the next few years," Bharti Enterprises Founder and Chairman Sunil Bharti Mittal said on the sidelines of the World Economic Forum here.

Besides Malawi, Bharti Airtel will also operate in Bukina Faso, Chad, Congo Brazzaville, Democratic Republic of Congo, Gabon, Ghana, Kenya, Madagascar, Niger, Nigeria, Sierra-Leone, Tanzania, Uganda and Zambia.
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