



CONSEQUENCES OF COVID-19 PANDEMIC ON TELECOM INDUSTRY

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ABSTRACT

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Marketing is an important process in meeting out the needs of a target market by exploring, creating and delivering the values of products or services. Marketing of services is a specialized branch because it takes care of three more P's of marketing mix viz. People, Process & Physical Evidence in addition to traditional 4 P's (Product, Pricing, Place & Promotion).

Telecom sector plays a vital role among consumer as it provides various services like wireless mobile services, internet / data connectivity (fiber technology or broadband) & telephone connectivity for voice communication. etc These are essential services for all sector now a days be it education, commercial, administration, health & medical etc. People want to stay connected with the whole world.

As the services have some unique properties (in comparison to products) like Intangibility, Ownership, Inseparability & perishability etc, marketing of telecommunication sector services are slightly different.

Due to pandemic (COVID-19) people has witnessed lockdown, e-learning, work from home (WFH), online education etc. Global telecom service providers played a significant and vital role in overcoming the various problems raised due to COVID 19 pandemic. And because of these the demand of internet / data services increased by a significant level.

The expectations from telecom service providers got increased as people are spending more time on internet and consuming more data on various social media platforms. Now subscribers want uninterrupted services round the clock and immediate super quick restoration of services, if any outage occurs.

In this paper an attempt was made to present the consequences of COVID-19 in marketing of services especially the telecom sector. For this, important data were collected from websites, journals, reports & consumers through questionnaires. All the data were studied critically to reach the conclusion.

KEYWORDS: COVID-19, Marketing of Services, Telecom Sector, Internet/Data Services

INTRODUCTION

Initially the only telecom service was basic landline phone for voice communication and these services were being provided by Department of telecommunication (DoT), by Government of India. Later it became Bharat Sanchar Nigam Limited (BSNL) in Oct. 2000. The

telecommunication industry in India is rapidly growing and witnessing many developments. It has gone through several transformations that have led to severe competition in the industry. The sector is becoming more competitive day-by-day, with the introduction of new players and has truly revolutionized the way we communicate and share information. With the

announcement of the New Economic Policy in July 1991, the telecom sector was declared open to the private sector. In 1994, the government announced the National Telecom Policy which further stimulated the growth of the industry by provision of world class services at reasonable rates, promotion of exports, stimulation both domestic and foreign direct investments.

Therefore, there are many telecom players (called telcos sometimes) providing services to the consumer in India at present. There are listed below:

Government of India Enterprises (PSUs)

- Bharat Sanchar Nigam Limited (BSNL)
- Mahanagar Telephone Nigam Limited (MTNL, in Delhi & Mumbai only)

Private Sector Players:

- Reliance JIO Infocomm Limited
- Bharti Airtel Limited
- Vodafone Idea Ltd.

TELECOM REGULATORY AUTHORITY OF INDIA

New Delhi, 16th June, 2022

(www.trai.gov.in)

| Highlights of Telecom Subscription Data as on 30th April, 2022 | | | |
|--|-----------------|-----------------|---|
| Particulars | Wireless | Wireline | Total (Wireless+ Wireline) |
| Total Telephone Subscribers (Million) | 1142.66 | 25.16 | 1167.82 |
| Net Addition in March, 2022 (Million) | 0.56 | 0.32 | 0.88 |
| Monthly Growth Rate | 0.05% | 1.29% | 0.08% |
| Urban Telephone Subscribers (Million) | 623.78 | 23.22 | 646.99 |
| Net Addition in March, 2022 (Million) | -0.45 | 0.33 | -0.12 |
| Monthly Growth Rate | -0.07% | 1.45% | -0.02% |
| Rural Telephone Subscribers (Million) | 518.88 | 1.94 | 520.82 |
| Net Addition in March, 2022 (Million) | 1.02 | -0.01 | 1.00 |
| Monthly Growth Rate | 0.20% | -0.59% | 0.19% |
| Overall Tele-density*(%) | 83.05% | 1.83% | 84.88% |
| Urban Tele-density*(%) | 129.87% | 4.83% | 134.70% |
| Rural Tele-density*(%) | 57.94% | 0.22% | 58.16% |
| Share of Urban Subscribers | 54.59% | 92.27% | 55.40% |
| Share of Rural Subscribers | 45.41% | 7.73% | 44.60% |
| Broadband Subscribers (Million) | 760.94 | 27.83 | 788.77 |

Figure-1: Telecom Subscribers in India (TRAI report as on 30.04.2022)

The telecom services are of different types and can be classified in majorly in three categories:

Wire-line Services: The basic landline phone works on copper pair and provide only voice communication facility.

- Basic landline Phone services
- National Long Distance services
- International Long Distance Services

Wireless Services: Such services can be availed with mobility and without any physical connectivity i.e. wireless. Examples are:

- GSM Mobile services including 2G, 3G, 4G (and 5G launching soon)
- Wi-Fi services
- WLL services
- Air-Fiber services
- Wireless Broadband services

Data Services: These include internet connectivity, leased lines and various types of customized services & solutions.

- Fiber to the Home (FTTH)
- Data Center services
- Leased circuits

- MPLS VPN etc

A symbolic representation of various services, solutions and connectivity is depicted by figure-2 below:



Figure-2: Illustration of various telecom services

OBJECTIVES OF THE STUDY

The main objectives of the studies are:

- I. Impact of COVID-19 upon the traditional P’s of marketing mix of services w.r.t. telecom sector in India.
- II. Comparison of Pre-COVID & Post-COVID scenario in demand-supply of telecom services.
- III. Measuring the consumer expectation and delivery of services by telcos.

and online education etc.

Although this study emphasizes more on secondary data collected because a broader aspect can be viewed about the changing roles of unions.

DATA SOURCE AND METHODOLOGY

The present research study is an exploratory one and based mainly on secondary data. Secondary data were collected from available literatures, websites, journals, periodicals, newspapers etc. All the websites of regulatory authority (TRAI), telecom news were critically analyzed to collect the relevant data. Few users were also contacted for collection of information (primary data using questionnaire) related to telecom services like mobile connections, internet connections

MARKETING MIX OF TELECOM SERVICES / PRODUCTS

The traditional P’s of marketing mix are briefly described here keeping telecom services in focus.

Product: The telecom services should be designed and customized as per the need of the consumers. These must include:

- Wide coverage of cellular network
- Better voice quality & no call drops
- No network congestion
- Higher data rate (internet speed)
- Smooth handover during mobility
- Value added services

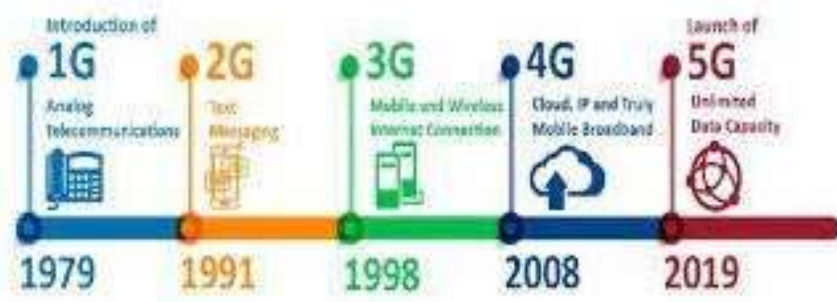


Figure-3: Launching of new products in telecom Industry

Price: The telecom services tariff / plans should be designed and customized so as to attract the attention of people as well as competitor's tariff. Tariff should be:

- Cheaper (Higher balance & validity)
- More data (GB/per day)
- Free roaming
- Bundling schemes with mobile handset manufacturer
- Online buy/recharge & bill payment facility
- Motivate prepaid & long validity plans (like annual plans)

Promotion / Advertisements: Free SIM selling, SIM sale camps, Bundled OTT packages, Sponsorships etc should be done to capture new customers as well as for retention of existing subscribers.

Place: Strong distribution network (Franchisee / retailers network) is the backbone of this mix. Online selling & activation of the new SIM using e-CAF Apps must be introduced among the people for quick activation of the SIMs.

People: In marketing of services, people play the key role because these are the interface through which services are executed.

Process & Physical Evidence: In a field like telecom where people want seamless & uninterrupted services, the service providing process & the physical environment should be designed & customized so that subscriber get maximum value in return with full customer satisfaction.

IMPACT OF COVID-19 PANDEMIC

The recent corona virus pandemic (COVID-19) was most difficult time for everyone and caused big impact on various economic sectors worldwide. Governments implemented different approaches (like lockdown, social distancing, vaccination & made face-mask wearing mandatory etc) to minimize the effect of COVID 19 on the public health.

Such restrictive actions affected most of the businesses as the purchase behaviours of consumers changed drastically which caused significant implication on profitability and the effectiveness of marketing practices. COVID-19 has affected marketing strategies and actions of different organizations, such as corporate social responsibility (CSR), consumption pattern,

advertising, marketing communication program and supply chain etc.

Due to COVID-19 pandemic, the trading and manufacturing of the product were banned to maintain the social distancing and to stop the spread of virus infection among the people. Those are the main reason for the economy which has come at its worst point. Although, in this critical situation, some of the sectors have helped the government to keep its economy in a strong position. The sectors like software companies (work from home) and the telecom industry have become a major key role for the government.

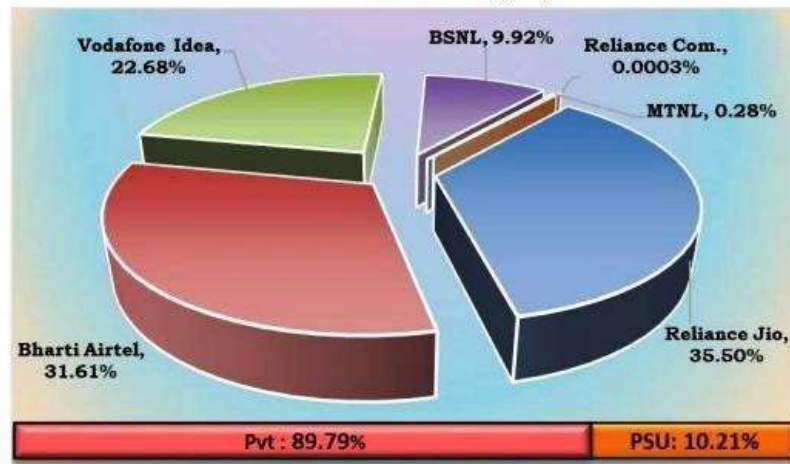
The telecom sector people were treated as front line workers (FLW) and exempted from restrictions like lockdown. The telecom industry has helped the government in many problems during the lockdown. It has become one of the problem-solving products. It has been assisting the government in broadcasting awareness programs against COVID-19. It has played one of the significant roles during the lockdown of COVID-19. The increased demand of internet users and digital services has created many opportunities for the telecom industry. The telecom industry has also helped the people to connect in tough times. It is very important to have a strong network connection during the lockdown as it will help the people to keep connected and for knowledge sharing also.

It is due to the telecom industries, other works like online education, e-commerce, work from home etc could get possible. The dependency on digital tools and services has been increased. For the work from home to the company's employees, the video conference has played a significant role. It has helped the government in expanding the economy.

The overall impact of COVID-19 on marketing of telecom sector can be fully understood considering following key points:

- (i) **Increased dependency upon digital tools & solutions:** During pandemic & post COVID scenario, people became more dependent upon digital tools like online meeting, e-commerce, online education, work from home etc. Similarly people are consuming more time and data over various social platforms like WhatsApp, Instagram, Pinterest, YouTube & facebook etc. Wireless customer data is illustrated in figure-4 (source- TRAI).

Access Service Provider-wise Market Shares in term of Wireless Subscribers as on 30th April, 2022



Net Addition in Wireless Subscribers of Access Service Providers in the month of April, 2022

Figure-4: Wireless customer data of April 2022 (source-TRAI)

- (ii) **Demand of new customers & retention of existing subscribers:** As discussed above, due to increased dependency upon digital tools, telcos have witnessed increased demand of new connections in internet & broadband. To meet-out the demand, telcos are planning for addition of new capacity and expanding of network by adding new towers.
 - (v) **Mean time To Repair (MTTR):** User need seem less uninterrupted connectivity from the telcos round the clock 24X7. They need immediate support by customer care and immediate super quick rectification of faults, if any outage occurs. In post COVID scenario telcos are under huge pressure to improve the MTTR (Mean time To Repair) parameter i.e. the services must be restored within as minimum time as possible.
- (iii) **Role of MNP (Mobile Number Portability):** The ultimate target is the customer satisfaction for any organization in addition to the business profit. But the feature called MNP (Mobile Number Portability) forces the telcos to provide the quality services and follow the quality parameters benchmarking well defined by the regulatory authority i.e. TRAI. User has a very good option to port to othertelecom operator it the user is not satisfied by the services being provided by the current operator.
 - (vi) **Higher data rates (downloading speed):** During the lockdown period people shifted to heavy data need like online streaming, online live channels, YouTube etc which need higher bandwidth i.e. dart rate / internet speed. Increased use of smart TVs (HD, 4K / 8K resolution etc), laptops, tabs & mobile phones etc need higher speed of internet. Therefore, teclos are upgrading their network with new towers and launching of new technologies like 5G. This is shown by figure-5.
- (iv) **Reliability of services:** One can imagine the situation of network failure during the process of making payment online or booking a ticket or attending animportant meeting by online mode. Here come the term reliability. In post COVIDscenario user are moving towards the operator which can provide reliable services. Customer need trust on the service provides.



Figure-5: Launching 5G for higher data rate

- (vii) **Value added Services (VAS):** user expect more value for money from telecom operators. That's why telcos are offering free OTT content with big recharge plans. This trend has become popular after COVID-19 pandemic. Users are asking for free set-up box with fiber connection (FTTH) for live streaming on big screen of TV.
- (viii) **Back-up plans:** One interesting trend is also getting popular after COVID-19 is the back-up plan for uninterrupted connectivity. Users are purchasing two connections and keep simultaneously from two different operators to get redundancy in case of outage from one operator.

INFERENCES & CONCLUSION

It is for sure that the COVID-19 pandemic has affected all the sectors and definitely the telecom industry also. But it has increased the dependency upon the digital tools and services and due to this the network traffic is also increased.

So at present the telecom industry have good opportunities. But with these opportunities, a challenge is also there to provide quality services with higher data rates without any interruption. Technological updation is also needed urgently to meet out the customer's requirements and for that telecom operators are launching 5G technology soon by upgrading their existing towers and infrastructures. Telcos have to improve their infrastructure as the traffic of the network is increasing. The Telecom industry has to move from

4G to 5G, which will provide the customer with a high speed internet connection so that the customer can access the internet quickly.

Higher downloading speed, seamless services, MNP, low MTTR, high reliability, Value-added services are key points for both telcos and customers. Improving these key parameters can attract new customers as well as retain existing customer too.

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