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Real battle in telecom market will begin now, says Aircel CMO

IT's Official

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Aircel, the fifth largest GSM operator with 65 million subscribers, is going through a tough phase like the rest of the telecom industry.

While the buzz around its sale refuses to die down, investigations around alleged corruption charges have not reached any conclusions. But amidst all this, the company has been aggressive in the market with some innovative plans and data packages.

Business Line met Anupam Vasudev, Chief Marketing Officer, Aircel, to know how the operator plans to survive in a highly competitive market.

What will be Aircel's gameplan to survive the tough market conditions?

We have two distinctive market play because there are some circles where we are new and other circles where we are well entrenched. In the circles where we are well entrenched, our plan is to be among the top 2 players. In other markets where we are new, we want to get profitable and not chase rankings. It's not about being number one at any cost. We won't play the numbers game and end up making losses. Industry is growing at 10-12 per cent and we are growing at 17-18 per cent. We had a lull in between but we are getting back the momentum back. We have a lot of catching up to do. We are under losses so profitable growth is important.

How is Aircel driving data consumption?

Voice has hit the saturation level and growing at slower pace. Data is the future market. But right now data play only 5 per cent of the revenues. From a brand point of view, we have taken a position to play the data game. Our pocket Internet has been differentiator. We were the first to disrupt 3G pricing and then others followed. We are growing at 65 per cent on data consumption.

But is that resulting in higher revenues?

Volume growth is happening faster than value.

Is that because operators in general are not giving any compelling reason for users to adopt Internet?

Real uptake will happen when video happens on mobile. Between email and Facebook, you don't need much data. When voice came there was an unmet demand and exploded but Internet is still emerging where users are still learning what one can do with it.

Why are you wary of subsidising smartphones like in the US ?

Because in the US, operators have margins to play with such bundling plans. In India, there's a crisis of low average revenue per user. Indian credit system is also bad. In the US, it's simple to track credit history. In India, people take the phone and run away.

Why not subsidise at least for the post-paid users?

The number of users who pay Rs 3,000-4,000 bill every month is so small that it does not swing it for us to do bundling. Even subsidising a Rs 2,000 phone is a challenge. We have not been able to crack that model.

Would doing revenue share with over-the-top (OTT) players like Youtube ensure a better business case for data services?

Operators have to ensure that we don't just become dumb pipe. The OTT players like Google come and take away the revenue. We do the investment and revenue goes to them.

But your data consumption is growing because of OTT players. Isn't it?

Revenue we make from data is much smaller than what they make from content. If you just become an access pipe you become a commodity...you have to become content plus access pipe. We need to find a way to leverage the OTT market. If you do revenue share with OTT players then our ability to develop infrastructure will be better.

Today, there isn't much differentiation between operators. Will this now be a focus area?

The bottom of the market exploded so fast that the business revenue was shifting to that space.

But now differentiation will start happening, segmentation will happen, and operators will start to focus on specific markets. Earlier, everyone was going after volumes but now the industry is getting ready for marketing as a competitive tool. Real battle will happen now for grabbing consumer's mind.

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