



A STUDY ON MUTUAL INTERDEPENDENCE AS MEASURAE OF SURVIVAL WITH REFERENCE TO TELCO FIRMS AND OTT PLATFORMS

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Abstract

In an effort to find a solution to the complex problem of running operations cost-effectively while keeping tariff rates as low as possible, this study proposes mutual dependency between mobile carriers and over-the-top (OTT) companies. Because OTT services are becoming more popular and OTT players need to monetize their services. In the article, this opportunity is quantified, and triangle of interdependence model is mentioned. These models explain the interconnectedness of customer acquisition, service delivery, and revenue sharing through bundled pricing. Triangle of interdependence model is based on the inferences of 126 respondents in the age group of 15-35 in the city of Mumbai. In the paper, it is clearly discussed why OTT players should collaborate and how doing so will increase revenue potential for both telecom and OTT providers.

Keywords: *Telecom Industry, OTT Platforms, Interdependence, Revenue sharing, Pricing Model.*

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Introduction:

Given its exponential growth and progress in terms of technology, market penetration, and regulation during the last two decades, India's telecommunications sector has been dubbed the "golden age" of the sector. The Indian telecom industry has grown quickly thanks in part to the

government of India's liberal and reformist policies as well as strong customer demand.

With 1.16 billion subscribers, India has grown significantly over the past ten years to become the second-largest telecoms market in the world. With a monthly average of 12 gigabytes (GB) per user, India has the highest mobile data consumption rate in the world and adds up to 25 million new



smartphone users every three months, giving it a fertile ground for a digitised economy. Currently, there are 1.18 billion mobile connections, 700 million Internet users, and 600 million smartphones, with quarterly growth rates of 25 million. Today, we have a robust connectivity infrastructure, and India also has the largest data consumption, at roughly 12 GB per person per month. By 2025, India's data consumption is anticipated to double to approximately 25 GB per person, spurred by the country's expanding access to affordable mobile broadband services and shifting video consumption patterns.

The 4G platform has been adopted by all telecoms. Due to the nation's lowest data rates, people are making video calls and viewing movies. But in addition to sparking a fierce price war with cost-effective data tariffs in the market. The growth of telecom industry can be attributed to:

Strong Demand: In India, there were 1178.41 million subscribers as of December 2021. India is also one of the world's largest users of data. According to TRAI, the average monthly wireless data use for wireless data subscribers in FY22 was 12 GB.

Investments rising: The Department of Telecommunications received Rs. 84,587 crores from the Union Budget 2022–23. Between April 2000 and September 2022, FDI inflow into the telecom sector totaled USD 39.02 billion.

Opportunity: India will need roughly 22 million skilled people in 5G-centric technologies like the Internet of Things (IoT), Artificial Intelligence (AI), robotics, and cloud computing by 2025.

Policy Support: The Union Cabinet authorised a Rs. 12,195 crores production-linked incentive (PLI)

plan for telecom and networking devices under the Department of Telecom. Additionally, the Department of Telecommunications (DoT) has established a sixth generation (6G) innovation group to spearhead the development of 6G technology.

However, the extent of telecom that needs to be examined from a detached point of view and treated holistically has been constrained due to limited spectrum availability, low internet penetration, and absence of Over-the-Top (OTT) regulation.

Literature Review:

ASEAN India Synergy Sectors (2005): According to the study, an excellent telecommunications infrastructure is essential to the development of information technology (IT) and IT-enabled services. The goal of our telecom policy should be to provide world-class communications services at affordable prices in light of this. Another focus area to achieve the objective of accelerating social change and economic growth would be the provision of telecom services in rural areas. One important, just emerging sector is the convergence of services.

Mohammed Khair Saleem Abu Zaid (2013): studies the impact of website quality on developing marketing strategies and offering services in line with client requirements that results in customer satisfaction in the telecom sector. Customer benefits play a key role in telecom companies' decision-making processes. They also impact total customer happiness, which fosters consumer confidence and adds value to the mobile sectors.

The OECD Report on Communications Outlook (2013): States that the existence of price-sensitive



client categories and third-degree price discrimination by operators during the monopoly days. The research also states that pricing can be a strategy that enables customers to self-govern consumption, ensuring effective use of networks. Increased network investment may be necessary if consumers of over-the-top (OTT) services (i.e., services from third-party providers over the internet) are frequent and significant network users. This paper addresses the potential use of price as a tool by an operator for effective network usage.

Kotian et al (2014): It proposed a decision-support system that would allow the service provider to gather critical information about current market trends and predict future profit and loss. The data gathered in this way can be utilised to determine which cellular plans should be altered in accordance with client preferences.

D. Satyanarayana and Dr.K Sambasiva (2017): According to this study, Reliance Jio caused numerous unplanned and unexpected changes in the strategies of the competition and in the buying habits of consumers. In addition, they discovered that this new service had an impact on the mobile industry's stability and had rivals shaken to the point where they were forced to engage in mergers and acquisitions in the telecom sector. Airtel and Idea responded in like by buying Telenor and Vodafone, respectively. The research report tries to assess how Jio would affect competitors' competitive tactics in the telecom sector.

Dr. Sabyasachi Dasgupta and Dr. Priya Grover (2019): It mentions that Marketing professionals face a difficulty as a result of the expanding digitization: figuring out how OTT (over-the-top) content consumers efficiently embrace and take in

messages in this format. This study takes a novel method to understanding OTT consumption patterns and adoption variables among consumers by superimposing the theoretical framework of Uses and Gratification designed for television onto the internet platform. Four themes supporting the success of this platform were identified by the qualitative technique used in this study: Content, subscription, and convenience tactics. Increased consumer engagement with the OTT content will be ensured by these strategic considerations.

Objectives of the Study:

- To understand the interdependence of telco services, and OTT services.
- To analyze impact of OTT services on data usage rate and consumption
- To study impact of OTT services on cost, revenue and data traffic aspects of t5elco service provider.

Research Methodology:

To advance the paper's development and create revenue-sharing plans for operators and OTT providers, an online survey on the internet was used to gather quantitative primary data. Mumbai collected the responses of 126 individuals between the ages of 15 and 35. The primary data was used to assess data service usage on a monthly basis and document usage trends. the precise demands and wants of the consumer should next be analysed. And finally, to develop revenue sharing models that may satisfy the needs of OTT players and operators, citing the customer as one of the primary criteria. Additionally, for the purpose of our study, we used case studies and secondary data. Additionally, in order to substantiate our arguments, we have used



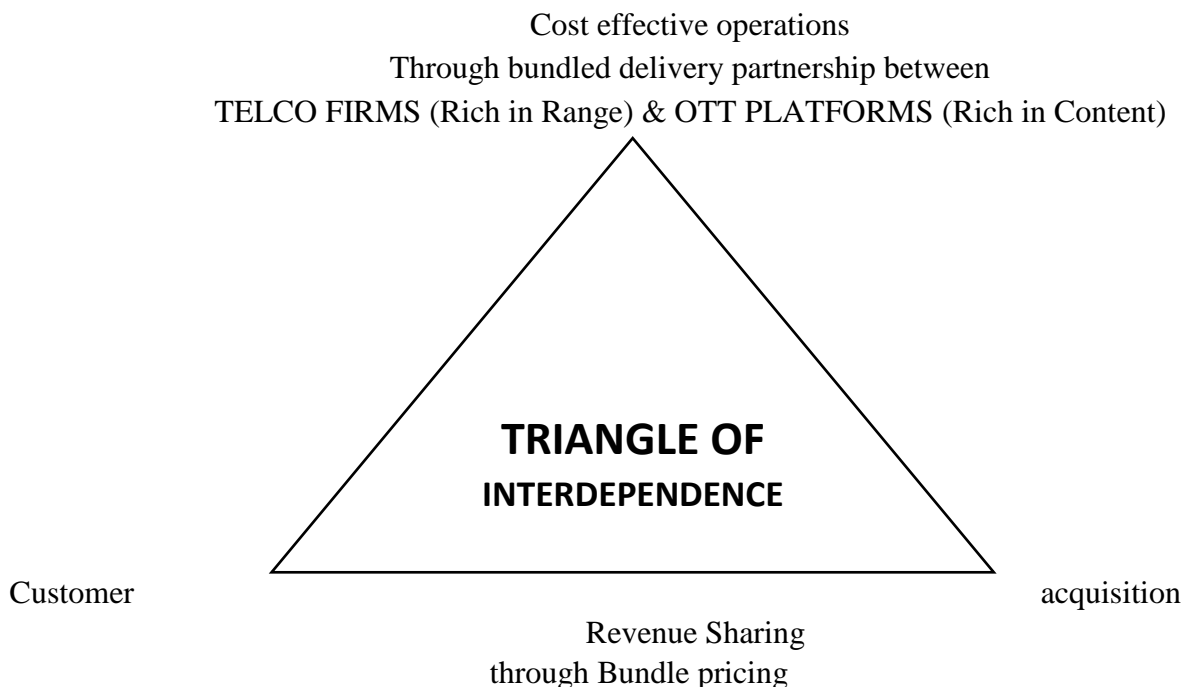
qualitative data to research recent and upcoming industry trends.

Traingle of Interdependence:

The below mentioned triangle is drafted on the basis of inferences from primary dat5a.The possible revenue sharing models between telco firms and OTT platforms can be in the aspects of delivery operations and pricing models. In this paradigm,

bundling the service delivery of OTT services or apps with related purposes with telco operators, both work together to make provisions for specific data and its quality delivery, to be utilised for similar services of various OTT players packaged together in a recognisable bundle. OTT players supply rich content for their services. The advantages of service deliver bundling can be shown as follows:

TELCO FIRMS	OTT PLATFORMS	CONSUMERS
Fall in ARPU of Data	Commercialization of target audience	Convenience
Cost effective operations	Better understanding of consumer behavior	Wide range as per consumer preference
Convergence of consumer	Customer acquisitions via trials	Value for money
Increased producer surplus	Competitive advantage	Customer loyalty and satisfaction



The above models reflects the mutual interdependence, First, the triangle indicates a collaboration between a number of OTT providers of comparable services and an operator to assemble a unique bundle of homogeneous services utilising

a product bundling technique. Collaboration agreements may combine services from several industries, such as tourism, social media, education, and music/video providers. Depending on the buyers' preferences and tastes, the bundle would be



seen as "special" by them. The OTT players will benefit from having a concentrated approach on consumers and developing competitive, distinctive strategies. The opportunity to piggyback on the established OTT companies and make their presence known enables new OTT players in the industry a speedier "time to market" and greater awareness. By taking advantage of the consumer's desire to pay for the use of their favourite apps, operators are able to raise income from the growing popularity of OTT services. Second, the triangle offers a collaboration between OTT players and operators based on revenue sharing from the bundle being given; content providers contribute richness, while operators contribute variety. Operators should profit from their ability to supply OTT services or bundles by providing the necessary technical and data environment, and OTT players should profit from the consumption of their services. Third, the triangle suggest⁵, revenue sharing could be accomplished in the following ways: Usage-based billing, wherein OTT players can make money based on the type and volume of material they deliver. The measurement metrics may be created during collaboration agreements and A set fee that is charged at all times regardless of usage. Operators can make money by delivering fixed-price bundles to subscribers and charging OTT players a fixed-priced amount for their inclusion in the bundle.

The dual benefit of this strategy. It offers operators the chance to make money off of their content. Paid OTT services that bill monthly may exploit the real-time billing capabilities of the operator to offer day passes and draw in pre-paid customers. The operator may also monetize its subscriber analytics to assist OTT service providers in developing context-aware

marketing offers and promote themselves in a more favourable and successful manner in order to broaden their target audience and subscriber base.

Conclusion:

If operators and OTT players want to improve revenues, the research provides adequate data for them to pursue a cooperation strategy in both current and future scenarios. Our research has been able to successfully build revenue sharing solutions to help operators and OTT players with their demanding needs to not just survive but to establish a paradigm shift to growth. The most crucial thing for readers to keep in mind is that we only took into account clearly defined population and sampling circumstances; the degree to which our findings may be generalised undoubtedly calls for future research. Additional investigation into the models will deepen our understanding of their effects and offer a feedback system that will enable future attempts to more fully achieve the stated aims and objectives.

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