Internship Report

On
“Effectiveness of Sales Channel, Airtel Bangladesh Ltd.”

Prepared For

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Prepared By

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ID: 10304021
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Letter of Transmittal

September 7, 2014

Md Tamzidul Islam
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Subject: Submission of Internship Report, Summer 2014

Dear Sir,

With due respect, I would like to notify you that I have completed my Internship Report. This report is an analysis of the three months of my internship experience in Airtel Bangladesh Limited, Banani Branch. The topic is “Effectiveness of sales channel; Airtel Bangladesh Limited.”

In order to complete it, I have gathered innumerous information from the Territory Manager of Farmgate area and retailers of that area, as well as from the internet resources as secondary data. I have worked and observed their working pattern, management and other company activities, in order to earn experience about the corporate environment. I have prepared it on the basis of these practical observation and secondary data.

I would like to express my gratitude for your support and kind consideration while making it. At each stage, I have given my best effort and without any doubt, this experience enriched my knowledge in a greater degree. If you have any query over any aspect of my report, I would gladly answer them.

Hence, I hope that you would be kind enough to accept this report for analysis.

Thanking you,

Wasif Akib
ID: 10304021
BRAC University
Acknowledgement

At first, I would like to express my gratitude to my academic supervisor, Md. Tamzidul Islam in preparing my internship report on, “Effectiveness of sales channel: Airtel Bangladesh Limited”. Without his assistance and proper guidance, this study would have been a failure. In every phase, from topic selection to data collection and data analysis, he assisted me to finish it successfully.

I want to heartily thank my main Supervisor Mr. Tanveer Alam Malik (Manager of Distribution and Development Department) who welcomed me into Airtel and gave me the opportunity to have a practical working experience, and learn to be more creative and confident.

I also want to thank my other supervisor, Mr. Sanim Iqbal (Senior Executive of Distribution and Development) who provided me with all the necessary information, guidance and support that I required in making this report. He also made sure that I have a great working experience in Airtel by delegating me business tasks which I know would serve me extremely well in the foreseeable future.

Lastly, I would thank all my colleagues at Airtel Bangladesh Limited who have made the environment at Airtel an excellent place to work in. The three months of my stay felt much longer because I have learned so much in such a short span of time.
Executive Summary

Telecommunication sector has brought about revolutionary changes in Bangladesh and the first operator to bring such changes was the City Cell in 1989 with a CDMA technology. Sheba telecom has also got the license in 1989 to operate 199 upzilla. Later Grameen phone got the license in 1996 and started its journey on 26th March 1997. Grameen phone is the first company in telecommunication sector to cover almost 98% of the subscribers with network. Grameen phone mainly came from the joint venture between the Telenor (55.8%) and Grameen Telecom Corporation (34.2%). It was the first company to introduce different services to the customers.

Bharti airtel started its telecom services business by launching mobile services in Delhi of India in 1995. From then it has become one of the top telecom companies in the world and it was also in the list of top five wireless operators in the world recently by subscription base. In January 2010, Bharti Airtel Limited, Asia’s leading integrated telecom services provider, acquired 70% stake in Warid Telecom, Bangladesh. Since then the journey of airtel in Bangladesh has started. But officially the activities with the brand “airtel” started on 20th, December, 2010 in Bangladesh.

The title of the report is “Effectiveness of Sales Channel; Airtel Bangladesh Limited.” This report is based on both primary and secondary data. In the overall report I tried to focus on how Airtel Bangladesh Limited operates its sales channel, its strategy and effectiveness in the market. The sales channel in the telecom sector holds some unique and distinguished characteristics.

Airtel Bangladesh limited performs its sales channel management with advanced softwares called DSS (Distributor Sale System) and Pretups which are developed in India. Its market operation is developed like other multinational organizations. The sales channel deals with the supply chain, different zones and the employees, sim activation, product delivery and promotional offers. They launch different types of campaigns in every month to increase the sell and motivate the distributors and retailers. It also efficient to boost up the sales and maintaining a competitive approach with others market rivals. It also generates new ideas and brings out the creative thoughts among the executives. These campaigns are a unique in terms of offers and engaging towards the competition.
# Table of Contents

**Bangladesh Telecom Sector** ................................................................. 7

**Bangladesh Telecommunication Regulatory Commission** ........................ 8

**Telecom Operators and their Market share** ........................................ 9

**The organization** .................................................................................. 11

**Introduction** ......................................................................................... 11

**History** ................................................................................................... 12

**Product/service offerings** ................................................................. 15

**Operational network organogram** ...................................................... 16

**Visions for the future** ............................................................................ 18

**Job** ......................................................................................................... 19

**Description/nature of the job** ............................................................ 19

**Specific responsibilities of the job** ...................................................... 19

**Different aspects of job performance** ............................................... 19

**Critical observations and recommendations** ................................... 20

**Project** .................................................................................................. 21

**Summary** .............................................................................................. 21

**Description of the project** ............................................................... 21

**Objective of the project** ................................................................. 21

**Methodology** ....................................................................................... 21
BANGLADESH TELECOMMUNICATION SECTOR

Telecommunication has emerged around the world as a cheap, fast and efficient way to communicate with people everywhere. Its mobility and compactness along with low costs and ease of access have made this phenomenon spread across the globe at a tremendous speed. In Bangladesh, the technology first entered the market with the liberalization of Bangladesh’s telecommunications sector in 1989 with the issuance of a license to a private operator for the provision of inter alia cellular mobile services to compete with the previous monopoly provider of telecommunications services the Bangladesh Telegraph and Telephone Board (BTTB).

BRIEF TIMELINE OF THE INDUSTRY

*Figure 1.1: Brief Timeline of the Industry*

The Bangladesh Telecommunication Act, 2001 has defined the BTRC objectives as follows:

- To encourage the orderly development of a telecommunication system that enhances and strengthens the social and economic welfare of Bangladesh;
- To ensure, in keeping with the prevalent social and economic realities of Bangladesh, access to reliable, reasonably priced and modern telecommunication services and internet-services for the greatest number of people, as far as practicable;
- To ensure the efficiency of the national telecommunication system and its capability to compete in both the national and International spheres;

To prevent and abolish discrimination in providing telecommunication services, to progressively effect reliance on competitive and market oriented system, and in keeping with these objectives, to ensure effective control of the Commission;

- To encourage the introduction of new services and to create a favorable atmosphere for the local and foreign investors who intend to invest in the telecommunication sector in Bangladesh.
- This governing body of the telecom sector in Bangladesh plays a huge role in its operations and regulations. The BTRC not only provides the guidelines for the telecom companies to follow, it also enforces these regulations and ensures the sector operates smoothly. This has both positive and negative effects on companies;
- Positive effects that the BTRC has on the sector include a licensing and regulation procedure that increases the barriers to entry and limits competition, a level of standardization that makes the market a more level playing field for those involved and solving of any disputes or complaints between and among operators.
• Negative effects of the BTRC regulations on companies in the sector include high fees paid to BTRC for licensing and as a percentage of revenue earned, implementation of rules like post activation which increase difficulty in providing service to customers and delaying and auctioning of new technology.

TELECOM OPERATORS IN BANGLADESH

There are 6 mobile phone operators in Bangladesh. These are:

1. Airtel Bangladesh Ltd. Branded as Airtel, formerly known as Warid Telecom
2. Grameenphone/Telenor Bangladesh Ltd.: Branded as Grameenphone
3. Orascom Telecom Ltd.: Branded as Banglalink
4. Pacific Bangladesh Telephone Ltd.: Branded as Citycell
5. Axiata Bangladesh Ltd: Branded as Robi
6. Teletalk Bangladesh Ltd.: Branded as Teletalk

Customer Market Shares

Customer market shares show the number of subscribers each operator has as a percentage of the total number of subscribers in the market at the time. This data is interesting to study as it shows trends in the growth of the industry as well as the changing face of the sector; some firms are shown to grow faster than others in this time period and this represents a possibility for future change.
<table>
<thead>
<tr>
<th>OPERATOR</th>
<th>SUBSCRIBER (IN MILLION)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRAMEEN PHONE LTD. (GP)</td>
<td>49.088</td>
<td>42%</td>
</tr>
<tr>
<td>BANGLALINK DIGITAL COMMUNICATIONS LIMITED</td>
<td>29.626</td>
<td>25%</td>
</tr>
<tr>
<td>ROBI AXIATA LIMITED (ROBI)</td>
<td>24.077</td>
<td>21%</td>
</tr>
<tr>
<td>AIRTEL BANGLADESH LIMITED (AIRTEL)</td>
<td>8.491</td>
<td>7%</td>
</tr>
<tr>
<td>PACIFIC BANGLADESH TELECOM LIMITED (CITYCELL)</td>
<td>1.433</td>
<td>1%</td>
</tr>
<tr>
<td>TELETALK BANGLADESH LTD. (TELETALK)</td>
<td>3.525</td>
<td>3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>116.239</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Table 1.1: Customer market share of telecom operators*
1. Introduction

Bharti Airtel Limited is a leading global telecommunications company with operations in 20 countries across Asia and Africa. Headquartered in New Delhi, India the company ranks amongst the top 4 mobile service providers globally in terms of subscribers. In India, the company's product offerings include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed DSL broadband, IPTV, DTH, enterprise services including national & international long distance services to carriers. In the rest of the geographies, it offers 2G, 3G wireless services and mobile commerce. Bharti Airtel had over 269 million customers across its operations at the end of March 2013. Bharti Airtel was established in July 07, 1995, as a Public Limited Company. In January 2010, Bharti Airtel Limited, Asia’s leading integrated telecom services provider, acquired 70% stake in Warid Telecom, Bangladesh, a subsidiary of the UAE-based Abu Dhabi Group. Bharti Airtel has made a fresh investment of USD 300 million to rapidly expand the operations of Warid Telecom and have management and board control of the company. This is the largest investment in Bangladesh by an Indian company. This investment has enabled Airtel to carry out the fastest network expansion in the history of the Bangladesh telecommunication sector with 1400 new sites established in 2011 and 1000 in 2012. Dhabi Group continued as a strategic partner retaining 30% shareholding and has its nominees on the Board of the Company until May 2013 when Airtel bought the remaining stakes.

The core values of Airtel are in social progress and environment protection for sustainable economic growth. It follows the values of AIR which is “Alive, Inclusive and Respectful.”

a) Alive: Alive to the needs of their customers where they act with passion, energy and a 'can do' attitude to help customers realize their dreams. Innovation and a true entrepreneurial spirit drive them – “if it can't be done, we will find a way” (Source: airtel India website-Sustainability File, Our Core Values)
b) Inclusive: Airtel is for everyone where diversity and recognizing the breadth and depth of the communities is important. Working, anticipating, adapting and delivering solutions that can enrich lives by having an open mind and embracing change.

c) Respectful: Airtel lives the same lives as customers, sharing the same joys and the same pains acting with humility, openness and honesty to achieve mutual respect.

The symbol of Airtel is an interpretation of the letter ‘a’ in Airtel. The curved shape and the highlights on the red color give a warm and inviting feeling, represents a dynamic force of unparalleled energy that brings the company and its customers together. The logo type is modern, vibrant and friendly and signals Airtel’s promise to be accessible for the need for humanity.

Red represents the company’s heritage as this color means energy and passion which made Airtel the success it is today, in India as well as on the global stage.

2. History

THE JOURNEY FROM WARID TO AIRTTEL

In December 2005, Warid Telecom International LLC paid US$ 50 million to obtain a GSM license from the BTRC and became the sixth mobile phone operator in Bangladesh. In a press conference on August 17, 2006, Warid announced that its network would be activated two months ahead of schedule, in October, 2006. Again in October, 2006 Warid Telecom put off the launch of its cell phone services in Bangladesh until April, 2007 after its major supplier Nokia walked out on an agreement over a payment dispute. Warid had a soft launch at the end of January 2007. It gave away complimentary subscriptions among a selected group of individuals,
whose job was to make 'test calls' and the operator adjusted its network's quality based on their comments.

![Diagram of Warid to Airtel timeline]

**Figure 1.1: Warid to Airtel**

On May 9, 2007, Warid in an advertisement in some daily newspaper stated that it would be launching publicly on May 10, 2007. However, neither call rate nor any package details were revealed. The advertisement included an announcement for the people interested to buy Warid connections to bring the documents like ID card, etc., to the designated franchise and customer care centers. On October 1, 2007, Warid Telecom expanded its network to five more districts raising total number of districts under Warid coverage to 56, said a press release. Mymensingh, Jamalpur, Sherpur, Rajbari and Narail towns were covered by Warid network. On November 10, 2007, 61 districts under Warid network coverage. On June 10, 2008, Warid Telecom expanded its network to 3 more districts Bandarban, Khagrachhari and Rangamati. Now all 64 districts of Bangladesh are under Warid network coverage meaning Warid Telecom now has nationwide coverage.

In January 2010, Bharti Airtel Limited acquired 70% of shares in Warid Telecom’s (a subsidiary of the UAE-based Abu Dhabi Group) operation in Bangladesh. Bharti Airtel made an initial investment of USD 300 million to rapidly expand the operations of Warid Telecom and have
management and board control of the company. The investment amount was a cumulative 1 billion USD. This has been the largest investment in Bangladesh by an Indian company. The Bangladesh Telecommunication Regulatory Commission approved the deal on Jan 4, 2010. Bhaiti Airtel rebranded the company’s (Warid Telecom) services under its own airtel brand from December 20, 2010. This is Bharti Airtel’s second operation outside of India.

In March, 2013, Warid Telecom sold the rest of the 30% share to Bharti Airtel’s Singapore-based concern, Bharti Airtel Holdings Pte Limited. All the funding was utilized for expansion of the network, both for coverage and capacity, and introduction of innovative products and services.

**AIRTEL BANGLADESH LTD. AT GLANCE**

- Type: Private
- Industry: Telecommunication
- Founded: December 1, 2010 (Registration date)
- Headquarters: House 34, Road 19/A, Banani, Dhaka 1213, Bangladesh
- Key people: P.D. Sharma (Chief Executive Officer), Rajnish Kaul (Chief Sales & Marketing officer), SK Mukhopadhyay (Chief Finance Officer), Rubaba Dowla (Chief Service Officer), Noor Muhammad (Chief HR officer)
- Products: Telephony, mobile telephony
- Total subscriber: 8.4 million (Q1 2014)
- Revenue: BDT 3.79 Crore (Q1 2014)
- Operating income: 21.771 billion (US$434.33 million) (2010)*
- Net income: 18.282 billion (US$364.73 million) (2010) *
- Total assets: 856.142 billion (US$17.08 billion) (2010)*
- Total equity: 502.603 billion (US$10.03 billion) (2010)*
• All figures include Bangladesh, India and Sri Lanka operations
• Parent: Bharti Airtel 100%
• Website: http://www.bd.airtel.com

Airtel is the 4th largest operator in the World, with operations in 21 countries in South-East Asia and Africa. In Bangladesh, Airtel started its journey just two & a half years back. And they have already made a mark:
• The fastest growing Mobile operator of Bangladesh
• 3G enabled Network ensures a much faster internet speed
• The most preferred Brand of the Youth
• Airtel’s official Facebook page "Airtel Buzz" ranks # 1 amongst corporate Facebook pages in Bangladesh
• One of the most innovative Brands in Value Added Services (VAS)
• The unique "Doorstep Service" has taken us a step closer to the customers
• Pioneer in Customized Network solutions for Corporates

3. Product/Service Offerings

The company has various product offerings in India which include 2G, 3G and 4G wireless services, mobile commerce, fixed line services, high speed DSL broadband, IPTV, DTH, enterprise services including national & international long distance services to carriers. In the rest of its geographical operations; Bangladesh, Sri Lanka and Africa, it offers 2G, 3G wireless services and mobile commerce.
<table>
<thead>
<tr>
<th>2G offering by Airtel</th>
<th>3G offering by Airtel</th>
<th>4G offering by Airtel (same services just a lot faster than 3G)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voice Call</td>
<td>Fast Social-Network Connectivity</td>
<td>Fast Social-Network Connectivity</td>
</tr>
<tr>
<td>SMS, MMS</td>
<td>Mobile TV</td>
<td>Mobile TV</td>
</tr>
<tr>
<td>2G Edge Internet</td>
<td>Video Calling</td>
<td>Video Calling</td>
</tr>
<tr>
<td></td>
<td>App Central</td>
<td>App Central</td>
</tr>
<tr>
<td></td>
<td>HD Online Games</td>
<td>HD Online Games</td>
</tr>
<tr>
<td></td>
<td>Music Store</td>
<td>Music Store</td>
</tr>
<tr>
<td></td>
<td>Video Streaming &amp; Alerts</td>
<td>Video Streaming &amp; Alerts</td>
</tr>
</tbody>
</table>

Other than the services, Airtel provides both post-paid and pre-paid connections. The post-paid plan is branded and marketed across the country under the name airtel Postpaid and the pre-paid segment as airtel Prepaid. The airtel Prepaid category is divided into eleven segments; Dosti, Hoichoi, ManUtd Pack, Adda, Super Adda, Shobai, Golpo, Kotha, Foorti, Dolbol, Bijoy 016. The airtel Postpaid category is divided into three segments; Airtel Exclusive, Airtel Classic and Airtel Advantage. Airtel users enjoy various value added services, such as SMS, MMS, GPRS, 64K SIM, Dual SIM product, Corporate packages for product advertising via SMS, and a host of other features. However, International Roaming is available only to postpaid users.

### 4. Operation network organogram

The organogram of the Bharti Airtel as well as Airtel Bangladesh Limited, as a subsidiary, is restricted by the Bharti Airtel One Policy.
The organogram of the sales and distribution division of the Bharti Airtel as well as that of Airtel Bangladesh Limited is thus as follows:

![Organogram of the sales and distribution function](image)

**Figure 1.3: Organogram of the sales and distribution function**

In the sales function the responsibility is divided into zones and areas, each of which has a specific person in charge. This is illustrated below;

![Hierarchical Structure of the Sales function](image)

**Figure 1.4: Hierarchical Structure of the Sales function**

The Sales and Distribution functional area involves reaching retailers and wholesalers throughout the country. Airtel has several administrative regions, each of which contains dozens
of retail and wholesale clients. Sales personnel interact with these clients on a daily basis, ensuring that they are able to serve end consumers with the products and services they need. There are three functions under the Sales and Distribution Department: Sales Operations, Trade Marketing and Alternative Channels

5. Visions for the future

Airtel Bangladesh’s vision is to “become the most loved brand by 2015 by enriching lives putting the customer at the heart of everything. It is to meet their needs based on deep understanding of their ambitions, wherever they are.” Airtel believes that “this focus will not only enrich our own lives but those of other key stakeholders. Only then it will be thought of as exciting, innovative and a truly world class company.”
1. Description/Nature of the job

I have been working in the Distribution and Development department of Airtel Bangladesh Limited. The activities of this department include development of the product and make the distribution efficient in the market, approving the product request, dealing with sales data and keeping record, data record of easyloads, updating the data into softwares called DSS(distributor sales system), Pretups, launching campaigns for distributors and retailers, making every procedure and fixing the offers for the campaigns, checking the profiles of the distribution houses etc.

2. Specific responsibilities of the job

The job I was appointed, was to approving the product request through the software DSS of Airtel, account approvals of the retailers. In this software I had to check all the informations and its validity before giving the approval. This software also helps to make format of the product and give the acquisition. Also I had to keep the record of the easyloads in the Microsoft excel. Afterwards, I had to check the business profiles of distribution houses, if they have all the necessary documents of the business, such as; trade license, police verification, vat registration, tax payment, bank solvency etc.

3. Different aspects of the job performance

My daily job in the office was to updating the database with account approvals, keeping record of sales in Microsoft excel and checking the profile of the distributors. I also had to compile the excel data. During the campaign I had to inform the distributors by phone calls. These all sorts of work gave an idea of corporate world and their dealings in the business. I have also learned about the documents those are required to deal with an organization. The interaction with the employees gave me an opportunity to learn the dealings of corporate world. I feel lucky enough have the experiences of the business and corporate culture.
4. Critical observations and recommendations

My work experience at Airtel Bangladesh Limited has actually been a learning and fruitful one. I have observed various ideas of distribution and developing roles being played by expert professionals on a day to day basis. I have also met an amazing intern from IBA of Dhaka University, who has helped me learn about Microsoft Excel applications.

The workload in Airtel was excessively huge, which was perhaps one of the depressive aspects to my internship. The other being the working hour duration, which was a straight 8 hours! Thus, my first recommendation would be to lessen those two aspects of the job.
1. Summery

Airtel Bangladesh limited performs its sales channel management with advanced softwares developed in India. Its market operation is developed like other multinational organizations. The way they launch the campaigns is also dynamic to grab the market and the loyalty of the customers.

2. Description of the project

Objective of the project:

Every research has its specific objectives which must be fulfilled in order to attain success for the project. The primary and secondary objective of this report is to provide an overview of my experience and learning as an intern at Airtel Bangladesh Limited so that the theoretical learning can be related with the real life business situation. This report aims to achieve the following specific objectives:

- To gain the proper idea about the sales operation of a multinational telecom service provider such as Airtel
- To get the insight of the sales channel and its operation
- To identify the effectiveness of the channel
- To address the limitations of the business

Methodology:

It is a qualitative research study. I basically emphasize on the practical observations that I have had while working in the Distribution and Development department and seeing the colleagues work on their different roles and activities. All the information incorporated in this report has been collected both from the primary sources as well as from the secondary sources.
Primary Source

- Personal Observation.
- Informal conversations with the supervisor and executives.
- Face to Face Interviews.
- Practical work exposures from the different desks of the department.

Secondary Source

Certain data for this report have been extracted from secondary sources, since the descriptive nature of the study to prepare this report calls for existing facts and information compilation.

- Internal Brochures that was only available for study within the airtel office.
- Various websites
- Relevant papers and
- Published documents both from Airtel Bangladesh Limited and Bharti Airtel Limited

Limitations:

The major limitation for this report was primarily the reluctance and strict adherence to confidentiality maintenance shown by the officials. Most of the relevant literature and study materials on the telecom sector are not updated and available, and no comprehensive in-depth study on the cellular industry could be found. Furthermore, some information was withheld to retain confidentiality of the companies. Exact verifications of some information could not be made owing to this.

Some limiting factors were there while conducting the research and preparing the report. These factors are as follows:

- No earlier official study is made on the Sale Channel of Airtel Bangladesh Limited.
- The study was not done very successfully due to inexperience and lack of knowledge
about Marketing and Sales because of being a student of Finance

⇒ The data required for sufficient analysis for report writing could not be collected due to excessive workload.
⇒ Due to time constraints, I could not go into much depth in research.
⇒ The limited scope of primary data
⇒ Unavailability of more practical and contemporary data.
⇒ Internal information of Airtel Bangladesh Limited is mostly confidential & critical.

3. Main Body

Chapter 1: Sales Channel and Supply Chain

Success in the business depends mostly on the strategies taken by the high officials of an organization. They take many initiatives to introduce various sectors that can enhance the profitability of a business. Sales channel is such a segment that can bring high growth for an organization if it is efficiently designed. It can change the image of a business in terms of products, services that an organization deals with. Every single part and its operation in the market are important to grow faster and to ensure sustainability in the competitive market.

Airtel is such an organization that has an effective sales channel in the market and for its efficiency it is facing increase in growth every year. It is designed in a strategic way that can work perfectly with each part of its body and bring a good return. Starting from forecasting of sales and ending up by reaching to the customer; it has got the success in formulating every strategy for each segments of its channel.

Supply Chain

The supply chain is the network of all the individuals, resources, activities and technology involved in the creation and sale of a product, from the delivery of source materials from the supplier to the manufacturer, through to its eventual delivery to the end user. The supply chain
segment involved with getting the finished product from the manufacturer to the consumer is known as the distribution channel.

Airtel has developed its supply chain or distribution channel to generate the best return of their business, in terms of profit and customer satisfaction. It has ensured the efficiency in the process that can be operated with minimum error.

**Its supply chain consists of five segments:**

1. Operator
2. Distributor
3. FSE (field sales executive)
4. Retailer
5. Customer

![Figure 1.5: Supply Chain of Airtel](image)

At first, a number is created and then the operator prepares the database for new activations. After the sims are prepared for the end users, it is sent to the distribution houses.

Distributors are responsible for delivering the products efficiently in the market. They decide the product amount that has to be claimed from the operator. These are also called as distribution houses. The responsible person of a distribution house is a territory manager(TM). He makes all the efforts for a successful market operation. The manager gives the product to the field sales
executives (FSE). There are 12 FSEs in one distribution house. Every morning they report to the TM and get the outline of their day to day job. According to the instruction given by the manager they visit the market and delivers the product to the retailers.

The FSEs takes the responsibility to distribute the product to all the retail outlets. Everyday a large number of FSEs ensure the product availability. So the products are available to the retailers and customer gets their desired thing. The product consists of both the sim and easyload cards for calling. They also give the information to TM about the retailer perception, and their performance. Retailers are more engaged with the customers and they figure out the customer values for the product. All necessary informations about other companies are provided by the retailers which are given to the FSEs. Then the FSEs share the issues and ideas with the TM. Based on the report managers deal with the retailers and try to fulfill their demands. It is an effective strategy to get the idea of customers’ perception towards Airtel; their expectation and thoughts which helps the company to modify their product to satisfy the market.

In this way products are distributed to the customers and also develop the product day by day with new services to add more value to Airtel.

Chapter 2: Initiatives to make sales channel effective

Effectiveness is the degree to which objectives are achieved and the targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing."

To increase the effectiveness of this process; numerous measures are taken as strategy formulation. Among a large number of strategies; few of them are:

- **Forecasting:**

The availability of the product is very important to satisfy the customer demand and to deal with the competitive market. Numerous efforts are taken to make it available in the market. Forecasting is an important segment in the sales channel to make the product available. Also it is
important for every strategic decisions of business. A good optimistic forecasting can bring desired outcome all over the year; whereas a wrong forecasting can destroy the level of profit.

The forecasting of Airtel for increasing its sale is efficient enough to meet the demand of the large market. It takes many initiatives, such as:

- previous sales history,
- trend analysis,
- campaign and bonus offer etc.

It has a good study and understanding about previous sales history, based on which the forecasting has been formulated. The history of 122 distribution houses is evaluated to set a target for the following month. The history of the retailers is also taken into consideration. A retailer; whose performance is very good is given big target of sale through a campaign. It also follows the trend of the business and analyzes it and introduces various campaigns in every month for two or three times.

- **Different types of campaigns**

  - Araj-FSE(field sales executive) campaign
  - Secondary campaign- for Retailers and
  - Progoti- campaign for Distributors

With the difference of its names, it also contains different types of facilities. They get bonus depending on their sales progress. They are also certified by the organization for completing their target sales. For example, if they can achieve 100% they are given 300 taka for each sale; 200 taka for 90% sale etc.

These sorts of motivations are given to increase the sales in every month. For various occasions like Eid; pahela baishakh, there are more bonuses.
Retailers, Distributors and FSEs are assigned for these campaigns based on their previous progress. By analyzing the historical data and their trend, the target is set for each of them and thus they are rewarded. One example of retailers of Monipuri para an area is given below in a chart;

<table>
<thead>
<tr>
<th>Retailers of one area</th>
<th>Achievements of previous month</th>
<th>Target of the next month</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>2.</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>3.</td>
<td>15%</td>
<td>18%</td>
</tr>
<tr>
<td>4.</td>
<td>7%</td>
<td>9%</td>
</tr>
<tr>
<td>5.</td>
<td>3%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Table 1.2: Target given to the Retailers

![Figure 1.6: Expectation of progress for the next month](chart.png)
The retailers are given approximately 150% more target than before based on their selling history. It can give 50% more revenue than before. Like this retailer campaign, distributor and FSE campaign is also designed in the similar way which also generates a large profit by increasing the selling capacity of the channel members. FSE campaign generates 80% of the revenue and Distributor campaign gives 65% of the revenue.

<table>
<thead>
<tr>
<th>Distributor</th>
<th>Progoti</th>
<th>65%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSE</td>
<td>Araj</td>
<td>80%</td>
</tr>
<tr>
<td>Retailer</td>
<td>Secondary Campaign</td>
<td>50%</td>
</tr>
</tbody>
</table>

*Figure 1.7: Growth achieved by the forecasted campaign*

Thus forecasting plays an important role in boosting up the effectiveness of the sales channel.

**Chapter 3: Product Delivery**

This is also very important part in sales channel. Delivery in time ensures the business progress. The product of Airtel is not like other FMCGs (fast moving consumer goods). The frequency of the delivery takes place almost every day. All the field workers go to the market everyday to sell to the retailers. There are 11 FSEs in one distribution house. This number may vary according to
the area size. They visit approximately 656 distribution houses. That’s why a distribution house has to manage the products at very first hour of the day.

When the distribution houses claims for a number of products, an approval has to come from finance department.

![Diagram of Delivery Process]

**Figure 1.8: Delivery Process**

Firstly a distributor deposits the money amount of the product; a transaction is done through the bank and it clarifies the amount of the product.

Secondly, distribution house gets the product requisition, then send it to the finance department for approval.

Thirdly finance department gives the approval and lastly products are sent through courier.

There is no hard and fast rule about the frequency of the distribution. At first there is an allocation of the product, depending on that for the first month 50% of the allocation is delivered and afterwards 30% and 20% is allocated for the following months. That means if total allocation is 1lac, then 50 thousand is allocated for first month. Gradually 30000 and 20000 is allocated for 2nd and 3rd month respectively. This has increased the competitive nature of the business.

During the campaign there are lots of claims for the product. All the distribution houses and FSEs get busy with the procedure to get the product and grab the market. Retailers also get fun in campaigns. They are able to gain more by competing with other retailers of an area.
Chapter 4: Activation of the Sim

It takes few steps to activate a sim. At first distribution house gives necessary data of the product to the head office, then the product request is accepted by the SSO (sim selling outlet) through the software called DSS(distributor Sales System). Afterwards finance gives the final approval for the product through the same software.

Preparing all the sims FSEs collects the sims and cards for loads from distribution house. Then they visit the retailers, with updating them with new offer, discounts etc. In case of any problem with activation there are runners who will deal with the papers and take them distribution house to operators to solve the mistakes of any wrong information.

After having all the documents and procedures finished, a new connection of the sim is ready to use. It takes a little procedure to activate a customer sim.

When a person buys a sim; he is given a code number. Retailer has a code that is 887, after pressing the code customer receives a sms, then the customer a code 888 and this is sent to the distribution house. Distribution makes the final clarification and press a code 889 and thus a sim is activated.

In this way customers collect the sim from any airtel outlets. He is given a customer pin number and retailer has also a sort code. After ensuring all the steps completed successfully a customer enjoys his airtel connection with lots of offers and fun.

Also there are easyloads for mobile balance which is provided by the retail outlets. Distribution houses again play a vital role for these easyloads of account balance. Retail houses give the informations about the amount of loads transferred to any number. They give the ID no. of new retail houses along with mobile number and other necessary informations, such as, address, name of retail house appointed under which FSE etc.
Table 1.3: Data record of easyloads

Distribution houses transfer the data to the LSO (load selling outlet) of head office and he uploads the data to the database called Pretups to make it active. In case if any retailers business is closed his money is withdrawn from his account through the same software.

Chapter 5: Promotional Offers

Promotional offers are very much attractive in Airtel. Rather than promoting in the TV, they give the price promotions and bonus to the retailers, FSEs, distributors. These are:

- **Secondary campaigns:**

  This is for retailers motivation in every month. They are given four days and within that period they need to fulfill their target. If they are able to achieve 60% of their target they are giving 250 taka and for achieving 50% they get 200. Also they get 10 taka bonus for every easyloads of account recharge.

<table>
<thead>
<tr>
<th>% of Retail meet 100% target</th>
<th>FSE Reward (BDT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>60% &gt;=</td>
<td>250</td>
</tr>
<tr>
<td>50% &gt;= &lt;60%</td>
<td>200</td>
</tr>
</tbody>
</table>
**Table 1.4: Retailer reward.**

- **Progoti:**

This offer is given to the distributors for increasing their performance in the market. There is a point table set for distributors to the reward. They need to meet the criterias of the point table and maximum point is 120 and minimum is 60.

Based on 3i’s model [Involvement, Investment and Infrastructure] distributors’ monthly performance on below parameters will be converted into points & sum of total points will be the basis of reward as per respective achievement slab. Parameter details are given below-

---

**Figure 1.9: Points for Progoti campaign**

For good retail outlet under the distributor; he will get 15 points, decay is inactive customers and for minimum inactive customers he can get 10 points, for meeting the targeted volume he will get 25 points, good opening balance will bring him 10 points, expansion of retail outlet will add 30 points and reducing the daily bill can give him 10 points. In this way point table can show the outline to achieve the desired result.
Based on monthly total points of 3i’s scores; distributor will be rewarded as per below mention reward table-

<table>
<thead>
<tr>
<th>Reward Table</th>
<th>3i Points</th>
<th>Reward Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>120 Points</td>
<td>100 Points =&gt;</td>
<td>Offer Amount X Proportionate up to 120%</td>
</tr>
<tr>
<td></td>
<td>90 Points =&gt; &lt;100 Points</td>
<td>Offer Amount X 90%</td>
</tr>
<tr>
<td></td>
<td>80 Points =&gt; &lt;90 Points</td>
<td>Offer Amount X 80%</td>
</tr>
<tr>
<td></td>
<td>60 Points =&gt; &lt;80 Points</td>
<td>Offer Amount X 60%</td>
</tr>
</tbody>
</table>

Table 1.5: Distributors reward

The amount offered to the distributor as bonus will be multiplied by the points he achieved. This is the way, how distributors are encouraged to sell more.

➢ Araj

This campaign is designed for FSEs. It is similar to the ‘Progoti’ campaign. Under “ARAJ” incentive program FSE has to drive below mention parameters. Each FSE will be rewarded with BDT 1,500 based on monthly target achievement on the following parameters-

Figure 2.0: Points for Araj campaign
Here sales to the retailers contain 40 points and for meeting the volume voucher target they will get 10 points. Other points are similar to ‘progoti’. They can achieve maximum 120 points and minimum 60 points to get the reward. Based on monthly total points FSE will be rewarded as per below mention reward table-

<table>
<thead>
<tr>
<th>ARAJ Points</th>
<th>ARAJ Points Slabs</th>
<th>Reward Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>120 Points</td>
<td>100 Points=&gt;</td>
<td>BDT 1500 X Proportionate up to 120%</td>
</tr>
<tr>
<td></td>
<td>90 Points =&gt; &lt;100 Points</td>
<td>BDT 1500 X 90%</td>
</tr>
<tr>
<td></td>
<td>80 Points =&gt; &lt;90 Points</td>
<td>BDT 1500 X 80%</td>
</tr>
<tr>
<td></td>
<td>60 Points =&gt; &lt;80 Points</td>
<td>BDT 1500 X 60%</td>
</tr>
</tbody>
</table>

**Table 1.6: Reward for FSEs**

The points will be multiplied with taka amount 1500. The national top FSE will be rewarded 10000tk quarterly, six top FSE of a zone is awarded 5000tk and 126 top FSEs of distribution houses will get 2000tk.

Thus the competition arises among the FSEs to boost up the sale. The industry is also benefited by these promotional offers and generating more revenues.

**Chapter 6: Dealings with products and stocks**

- **Idle sim handling:**

  As the products of Airtel are not like other FMCGs, it has very few idle sims. In case of this issue, the sims are transferred to other retailers who can grab more customers. Sometimes the delivery of the sims hamper due to the delay of the courier. However there is a well designed approach to response to any problem of selling the sims. That is the campaign, which is offered every month for sales promotion. So there is zero possibility of any remaining any idle sim.
Stock Capacity:

There is no limit of the stock. Distribution houses have to maintain a minimum level of the stock. Otherwise the distributors business will be closed. Stocks need to be as high as possible to become successful distributor for the company. The more the sells would be the more reward he will be awarded by Airtel. The stock capacity is decided by evaluating the average sale of last three days. So distributors are very anxious about the sells growth. They try to promote the products and nurture the retailers. Retailers are given discounts for the product. That’s why distributors are required to maintain a large capacity of stock.

Chapter 7: Models and Analysis

SWOT ANALYSIS

Strengths, Weaknesses, Opportunities and Threats SWOT analysis is a strategic planning method used to evaluate the strengths, weaknesses, limitations, opportunities, and threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective.

Strengths
• Global brand image
• Established management
• Low call tariff
• Instant cash back offer
• Product availability
• Product segmentation for different type of customers
• Dedicated and customer oriented employees

Weaknesses
• Limited coverage
• Unstable network quality
• Lack of ATL marketing efforts
• Lack of communication among departments
One of the biggest strengths of Airtel lies in its brand image and the level of recognition it has in the Bangladeshi market partly due to the exposure of people in the country to Indian television and advertisements. Another important strength is the people and management that are part of the organization that make it work smoothly and efficiently using models tried and tested around the globe. The limitations of the company include the network which although improving, is still not up to the same standards as competitors. The lack of ATL marketing due to budget constraints also proves to be a problem for the company but one that it has managed to tackle very well so far with innovative marketing strategies, The biggest opportunity at the moment is network expansion and the adoption of 3G technology to provide better service to customers while the threat of price wars instigated by competitors and government regulations continually loom over the company.

**PORTER’S FIVE FORCES**

*Analyzing the competitive environment* Porter’s (1998) five forces model has the ability to determine the competitiveness of a market. According to Porter (1998), the collective strength of five major forces determines the ultimate profit potential of an industry. But whatever the collective strength is, the strategy should be formulated in such a way that the company can
defend itself against these forces or influence them in its favor. And knowledge of these contending forces provides the pathway of the right strategic action (Porter 1998, p21-22). Porter’s five forces are as follows:-

1. Barriers to Entry - Low entry barriers create high competition in the market. Entry barriers are low due to a large number of factors including the high capital investment needed to set up the telecommunication infrastructure all over the country. Government regulations that put a high price of licensing fees also add to the barriers to entry into this market.

2. Bargaining Power of customer - When the customers are few in number and switching to another company’s product is easy for them, the customers are considered to be powerful. In this case the buyers can switch to other products relatively easily but they are also large in number. Thus, the power of buyers can be considered to be moderate.

3. Bargaining Power of Supplier - When the company is supposed to design products according to supplier’s demands then the suppliers are considered to be powerful. In the telecom industry the suppliers do not have much power as they do not produce unique elements. Thus, we can say the bargaining power of suppliers is weak.

4. Available substitutes - In case of availability of greater substitutes, the firms are not able to raise the price as that could cause the customers to switch to another product. There are a few substitutes within the telco industry and also outside of it. The telecommunication substitutes include BTCL landlines for calling and fixed line broadband and wimax providers. However, this number is not large and we can say that the level of available substitutes is moderate.

5. Level of existing rivalries –The level of rivalry in this industry is very intense as the 4 main companies battle it out to gain top spot in the industry. The landscape is ever-changing and extremely dynamic and thus all competitors must strive to come up with new strategies and products to attract the market. Price wars are not uncommon either as the rivalry is high.
Table 1.7: Factors for Porter's Five Forces

<table>
<thead>
<tr>
<th>Factor</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barriers to Entry</td>
<td>Strong</td>
</tr>
<tr>
<td>Bargaining Power of customer</td>
<td>Medium</td>
</tr>
<tr>
<td>Bargaining Power of Supplier</td>
<td>Weak</td>
</tr>
<tr>
<td>Available substitutes</td>
<td>Medium</td>
</tr>
<tr>
<td>Level of existing rivalries</td>
<td>Very Strong</td>
</tr>
</tbody>
</table>

PORTER'S NATIONAL DIAMOND

Bangladesh has a preferable factors condition. Availability of cheap and highly competent skilled labor, good communication infrastructure, and low Tele density makes the country preferable in this case. Even though the communication system is not very top class, but new technologies are yet to be established and lot of foreign bidders are willing to buy it. Foreign companies, who are already using these facilities, are getting benefited. This has been reflected by the increasing market share gaining by the companies over time. Demand condition in the country seems to be very high. One million new subscribers each month is a high rate of market growth which reflects the high customer demand. Even though per capita income is very low, it could not create any obstacle in the growth of the market. Communication has become a dire need among the society and people want to practice that at a preferable cost. And availability of different substitutes has kept the price low. The availability of related and supporting industries is great. A number of multinational companies are providing telecom related support in the industry. Ericsson and Huawei are playing a vital role in developing the total infrastructure of telecommunication in Bangladesh by training labor and also bringing the latest technology within the country. The social structure of the country might be able to have an effect on the management style. If the power distance index is considered then it is noticeable that the difference between Sweden and India (Bangladesh) is very high. So it seems like the management style of both of the country may differ in a lot ways. And this can determine the nature of rivalry of the company within the market. It should be mentioned that the social
structure of both of the country and also the climatic and topographical differences might have some effect on the administrative or management style of the company. The government is not interfering much in the companies’ decision making which seem to be intensifying the possibility of success of the company. However, the rules imposed on telecom companies by the government have caused falls in profits and have made it more difficult for them to operate in the country.

<table>
<thead>
<tr>
<th>Factors</th>
<th>Conditions</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor Conditions</td>
<td>Good</td>
<td>Cheap, skilled labour, relatively good communication infrastructure, low teledensity</td>
</tr>
<tr>
<td>Demand conditions</td>
<td>High</td>
<td>Around a million new subscribers every month</td>
</tr>
<tr>
<td>Supporting industries</td>
<td>Mature</td>
<td>Presence of international supporting firms such as Ericsson, Huawei and IBM</td>
</tr>
<tr>
<td>Government Policies</td>
<td>Not very good</td>
<td>Expensive licensing, quite a lot of interference</td>
</tr>
</tbody>
</table>

*Table1.8: Factors for Porter's National Diamond*
Project

Analysis

Since, this is a qualitative research work on the sales channel of Airtel Bangladesh Limited, no numeric data analysis was delved into. However, it can be said that seriousness with which this company keeps track of its fixed supply chain and manages them, is a remarkable practice as new entrant in Bangladesh.

Results and Discussions

➢ Challenges:

Telecom sectors are becoming very competitive day by day. Whenever any company brings something new, another company introduces something better than that. That’s why it is a bit challenging for airtel because of being a new company in Bangladesh. The upcoming challenges for airtel might be:

a) It has limited number of field workers
b) No alternate way in case couriers are hampered during political incident
c) Field workers and runners switch to other companies
d) Cost reduction and budget limitation
e) Target setting of the campaign

Field workers are not in a good number to encourage the retailers like other telecom industries do. Also they switch to other companies wherever they get better opportunities. Airtel is facing challenges to find dedicated workers for multitasking. Moreover, during the political unrest ad high traffic, couriers are hampered and airtel has not made any alternate way for this situation. Other companies are offering many incentives and gifts to the retailer with minimal cost but airtel is not successful for this case because of maintaining the quality of the product. They try to maintain all the documentation of the user and give excellent service and cost reduction is not always possible. Also there are budget limitations and because of that the target for the campaign becomes difficult to set. If a large target is given the cost goes so high and crosses the budget. That’s why everything needs to match with the budget.
➢ **Limitations**

It has also got some limitations in the business in terms of market operation and campaigns. In strategy formulation and launching promotional campaign there are few issues such as:

a) Few numbers of runners involved for activation
b) It focuses on previous month sales before setting the target for campaigns
c) All the informations are Microsoft excel based which are not always practical
d) Wrong historical data

Runners are involved in carrying out the papers of activation and play a significant role for any problem of processing the user connection. For any lack of data in the paper, they move frequently from distribution houses to head office. However they are not more in number; only 630 runners are there for the operation. In other companies there are about thousand runners involved in this job.

Airtel uses the data of previous month before launching the campaign. Sometimes there are festivals like pahela baishakh and during these occasions there is high sale. So if the data during the festivals is considered; there might be high target for the following month which is not feasible. Rather than being practical, it focuses mostly in Microsoft excel for fixing the target. Also there can be wrong data in the excel that can mismatch with the feasibility.

➢ **Recommendation:**

Airtel is having business in the telecom sector. It has also diversified product to satisfy the customers demand. However, other telecom industries are their main rivalries as they are operating in the market before airtel started their business in this country. So others have gained many experiences about the local markets. Though airtel is a multinational organization, they need to adopt some ideas from other telecom industries. Few recommendations for airtel would be:
a) Need to increase the number of field workers so that the activation process is not hampered and efficiency of the sales channel could be increased.

b) There should be increment in the salaries of the field workers so that they might not switch their jobs. They can also be loyal to the company and work with more eagerness.

c) Frequently visiting the market of senior officers would be better for the market operation. Employees would be motivated and have inspiration to work effectively. Also they can share their new ideas and thoughts to the officers so that it can be considered before any promotional offers.

d) It would be better if there is an alternative way to send any document in case of courier is hampered due to political unrest. There might be company owned vehicle services if courier is not available. It may decrease the tension of the business.

e) More budget allocation is very important to motivate the field workers. The target during the campaign periods can be increased if incentive is higher. It would be also effective to compete with other competitors.

Thus the effectiveness of the sales channel will go higher and employees can work more efficiently to get rewards from the company. Dedication towards work and competition among the employees might be increased that would add to the airtels profit.
4. Conclusion

Airtel has developed its sales channel and also business operation so quickly than any other organization did as a new entrant. They not only focused only on mobile sims but also have diversified their product line into many segments. They have launched many new ideas and offers for the customers and helped them to think innovatively. Customers expectation has also grown higher. They have adopted many ideas that was absent in other operators. To maintain such attraction from the customers airtel needs to discover more ideas. It would be better for airtel if they consider the recommended issues for their sales channel. The age old complaint that Airtel’s network is the poorest of all the other telecom operators in Bangladesh is slowly fraying while the company swiftly grabs higher shares in the market, especially among the youth aged between 15-30 years. Even though the company has not yet reached it’s break-even point operating in Bangladesh, the continued capital investments to improve in quality of network and services, will perhaps pave the way for insane amount of future returns in terms of increased revenues and brand loyalty.
References


Appendix

Distributor Questionnaire

1. How the sales channel is designed?
2. Who are involved in this channel and what is their job?
3. What is the effectiveness of software?
4. How to handle the products?
5. What are the varieties of the product?
6. What are the ways of delivering product?
7. What are the promotional offers?
8. How forecasting is made for the promotion?
9. What are the different types and functions of campaigns?
10. What are the criterias for setting the budget?
11. What are perceptions of the field workers?
12. Who are the main rivals?
DSS Software for Approvals