A Study on Pricing Strategy of Vodafone Idea (VI)

Dr.Vadivel M[1], S.Sowmiya[2]
[1]Assist Professor, Dept of B. Com Professional Accounting
[2]Dept of B. Com Professional Accounting
[1]P.T. Lee Chengalvaraya Naicker college of Engineering and Technology,Kanchipuram, India.
[1, 2]Sri Ramakrishna College of arts and science, Coimbatore

Abstract- *In the highly competitive Indian telecom industry, pricing plays a pivotal role in shaping consumer choices and market positioning. This study focuses on Vodafone Idea (VI), a brand that has witnessed significant challenges and transitions in recent years. The research explores how VI's pricing strategy influences customer perception, satisfaction, and competitiveness against major rivals like Jio and Airtel. Through survey analysis, the study identifies youth and low-income groups as VI's core customer base, evaluates their opinions on pricing transparency, and examines awareness of VI's special packs. Findings reveal that while VI is perceived as moderately competitive and value-for-money, gaps exist in pricing clarity, plan communication, and network reliability. The study concludes with actionable suggestions for VI to strengthen its market position by balancing affordability with service quality.*

JEL Classification Codes

- ***D40*** *– Market Structure, Pricing, and Design*
- ***L11*** *– Production, Pricing, and Market Structure*
- ***L96*** *– Telecommunications*
- ***M31*** *– Marketing*
- ***O33*** *– Technological Change: Choices and Consequences.*

Keywords- Affordability ,Brand competitiveness ,Consumer perception ,Customer satisfaction ,Indian telecom industry ,Pricing strategy ,Transparency ,Value for money ,Vodafone Idea (VI) ,Youth segment.

I. INTRODUCTION

Telecommunication is one of the fastest-growing industries in India, with millions of consumers relying on mobile connectivity for communication, entertainment, and business. In this competitive landscape, **pricing strategy has emerged as a key differentiator**, directly influencing customer acquisition, retention, and loyalty. Vodafone Idea (VI), formed through the merger of Vodafone India and Idea Cellular in 2018, entered the market with the vision of becoming a strong challenger to its competitors. However, the rise of Reliance Jio and the aggressive pricing of Airtel have forced VI to continuously adapt its pricing models.

For a brand like VI, pricing is not merely about setting tariffs but about **positioning itself as affordable yet reliable**. Customers today compare telecom operators not only on price but also on network coverage, data speed, and additional benefits. Thus, studying VI's pricing strategy provides deeper insights into consumer behavior, market dynamics, and brand competitiveness in a price-sensitive country like India.

This study aims to analyze how customers perceive VI's pricing in terms of clarity, transparency, and value-for-money, and how these perceptions influence their satisfaction and decision to switch or stay with the brand. By focusing on youth, students, and low-income segments—VI's dominant customer base—the research sheds light on whether VI's current pricing approach can ensure long-term sustainability in India's telecom market.

Statement of the Problem

The Indian telecom industry is one of the most competitive markets in the world, characterized by intense price wars, rapid technological advancements, and changing consumer preferences. Vodafone Idea (VI), formed through the merger of Vodafone India and Idea Cellular, has been struggling to maintain its market share against strong competitors like Reliance Jio, Bharti Airtel, and BSNL. One of the critical factors influencing consumer choice in this sector is the pricing strategy adopted by telecom operators.

Despite introducing various plans and offers, VI continues to face challenges in retaining customers, improving revenue, and building a strong market position. Consumers often perceive telecom services through the lens of affordability, transparency, data benefits, and value for money. However, with competitors offering aggressive pricing strategies and attractive bundled services, VI's pricing approach requires deeper analysis.

Therefore, it becomes essential to analyse VI's pricing strategies in the Indian telecom market, compare them with competitors, and understand consumer perception and awareness regarding VI’s pricing plans. This study will help identify whether VI’s current pricing strategies align with consumer expectations and how effectively they position the company in the competitive telecom landscape.

Objectivesof Study

1. To analyse the pricing strategies adopted by VI in the Indian telecom market.
2. To compare VI's pricing strategy with its competitors (Airtel,Jio,BSNL).
3. To study the consumer perception and awareness about vi's pricing plan.

II. RESEARCH METHODOLOGY

Research Design

The study follows a descriptive research design to analyze consumer perception and opinions regarding the pricing strategy of Vodafone Idea (VI). Descriptive design is chosen as it helps in understanding the characteristics of respondents and their attitude towards VI’s pricing in a structured manner.

Area of Study

The survey was conducted among telecom users in Coimbatore, with a focus on students, working professionals, and general consumers who are familiar with mobile network services.

Sampling Technique

A convenience sampling method was used, as respondents were selected based on their accessibility and willingness to participate.

Sample Size

A total of 104 respondents were surveyed for this study.

Data Collection Method

Primary Data: Collected through a well-structured questionnaire, including both demographic details and perception-based questions.

Secondary Data: Gathered from journals, research articles, telecom industry reports, company websites, and other online resources.

Research Instrument

A questionnaire consisting of both multiple-choice and scaled questions (Likert scale and percentage-based options) was used.

Tools for Analysis

The collected data was analyzed using Simple Percentage Analysis, which helps in understanding the proportion of responses in relation to the total sample. Tables and charts were used for clear representation.

Scope of the Study

The study is confined to consumer perception of VI’s pricing strategy. It covers awareness of VI plans, clarity in pricing, value-for-money, and competitive positioning. It does not extend to technical aspects such as network infrastructure or financial performance of the company.

Limitation of Study

1. 1.The study is restricted to Vodafone Idea and does not deeply compare pricing strategies with competitors (Airtel, Jio, BSNL).
2. 2.The survey/analysis is confined to a limited geographical region, so findings may not represent the opinion of all VI customers in India.
3. 3.Customer responses may carry personal bias and may not fully reflect actual market conditions.
4. 4.Telecom is a highly dynamic industry; frequent tariff revisions and regulatory changes may affect the relevance of findings over time.
5. 5.The study relies on secondary data (TRAI reports, company websites, news articles) that may have reporting delays and limited transparency.

III. REVIEWS OF LITERATURE

CARE Ratings (2025). “Vodafone Idea Limited: Rating Report – ARPU expansion and tariff hikes”

This is a rating agency’s report covering Vodafone Idea’s financials and how its pricing / tariff decisions are affecting ARPU and subscriber dynamics. CARE Ratings . To evaluate Vi’s recent performance, especially ARPU growth and subscriber metrics, in light of tariff changes (notably the July 2024 hike), and assess outlook and risks. CARE Ratings. Secondary financial data (company filings, quarterly reports), market and subscriber data, analyst estimates. The report looks at Vi’s ARPU trends across several quarters, subscriber base changes, tariffs, and compares with market expectations. CARE Ratings. ARPU for Vi increased from ~₹146 in Q1FY25 to ~₹163 in Q3FY25, mainly due to tariff hikes in July 2024. But despite that, subscriber base is eroding; Vi still has lower ARPU than its major competitors. CARE Ratings .The tariff hikes are helping ARPU, but are not sufficient alone to reverse structural financial issues. Vi needs to improve its subscriber mix (more 4G/5G, fewer low ARPU / legacy 2G/3G customers), network quality, and perhaps further pricing strategy refinements to restore competitiveness. The company's ability to raise prices further depends on consumer tolerance and improving service offering. CARE Ratings.

Parbat, K. (2025). "Vodafone to hike base 5G prepaid tariffs"

This is a news/industry-report about Vi's plan to increase its entry-level (base) 5G prepaid pricing, aligning with what rivals (Jio and Airtel) are doing. The Economic Times. To describe Vi's upcoming pricing strategy for 5G prepaid plans, especially how the base threshold is being raised to improve monetisation. The Economic Times. Secondary data from Vi's earnings calls, analyst notes (Axis Capital), and comparison with competitors' 5G base plans. The Economic Times. Vi's base 5G plan (at the time) was priced lower (₹299) than Jio's and Airtel's (₹398 and ₹349 respectively) but with lower data allowance (1GB/day vs 2GB/day). Vi plans to increase the entry-level pricing as its 5G network expands. The Economic Times. Vi is adopting a strategy of gradually increasing prices of its base 5G plans to close the gap with competitors, as its network capacity and coverage grow, in order to improve ARPU and profitability. The move suggests that Vi sees room for consumers to absorb higher base 5G plan prices. The Economic Times.

TRAI. (2022). *"Telecom Services Performance Indicators Report"*

Provides official statistical data on subscribers, tariffs, and market share in Indian telecom. To evaluate tariff trends and revenue performance across Indian telecom operators. Secondary data report published quarterly by TRAI. Vodafone Idea's pricing strategy has struggled to match Jio and Airtel, impacting market share. Weak pricing competitiveness contributed to VI's subscriber decline.

Sinha, R. (2020). *"Pricing Strategy in Indian Telecom Industry: A Case of Vodafone Idea"*

Focused on VI's tariff revisions post-merger and after Jio's market entry. analyze the impact of VI's pricing strategy on customer loyalty and ARPU. Case study using secondary data and market analysis. Deep discounting initially attracted users but later caused financial stress. Sustainable and value-based pricing is required for long-term survival.

Kotler, P., & Keller, K. L. (2016). *"Marketing Management"*

book highlights pricing as a critical element of marketing mix and explains pricing strategies in competitive industries. To study how pricing decisions influence customer purchase behavior and firm profitability. Conceptual and theoretical frameworks with industry examples. Effective pricing strategies can help firms survive competition, achieve customer retention, and maximize profits. Pricing is not merely about cost but a strategic tool to position the brand.

Shankar, V., & Bolton, R. (2004). *"An Empirical Analysis of Pricing Strategies in Telecommunications"*

This paper analyzed the pricing practices in telecom markets with customer data. To explore how telecom operators structure pricing to retain customers and maximize ARPU. Empirical analysis using telecom operator data. Flexible and segmented pricing attracts different customer groups and sustains profitability.A differentiated pricing approach increases competitiveness in telecom.

IV. ANALYSIS & INTERPRETATION

Age

- Analysis: The vast majority of respondents are between the ages of 18 and 25 (70.2%), followed by under 18 years of age (17.3%), with just 5.8% being over 36.
- Interpretation: The sample is primarily composed of young people, which implies price opinions. reflect younger consumers, who are price-conscious and utilize telecom services frequently.

Gender

- A document that proves you have the right to reside in the nation. Analysis: The distribution is roughly even, with 50% men and 51% women.
- Interpretation: The survey covers both genders equally, which enhances the validity of the results gender-neutral job

Occupation

- 75% are students, 10.6% are employees, 6.7% are professionals, and 7.7% are others.
- **Interpretation**: Due to the overwhelming student population, pricing is geared toward youth and affordability. are more important in this research

Monthly Income

- **Analysis**: 72.1% make less than 20,000, 11.5% make more than 40,000, and just 10.6% are in this income range. ₹20,000–30,000.
- **Interpretation**: Since the majority of respondents are low-income, pricing is crucial as is the value for money Monetary strategies are essential in affecting the uptake of VI.

Do you use VI?

- 46.2% of users use VI, while 53.8% do not.
- **Interpretation**: VI has a diverse user base, with a small majority of survey participants being non-users as evidenced by its lower market share relative to rivals.

Source of Awareness

- **Analysis**: 44.2% know VI from advertisements, 32.7% from friends & family, and 15.4% from social media.
- **Interpretation**: Advertising remains VI's main awareness driver, but word-of-mouth is also significant.

Awareness of VI Plans

- **Analysis**: 43.3% know prepaid packs, 20.2% postpaid, 12.5% family packs, 3.8% student packs. 20.2% are unaware of any plans.
- **Interpretation**: VI's prepaid packs dominate awareness, but lack of knowledge about student/youth packs suggests poor communication of targeted offers.

Clarity of Pricing (1–5)

- **Analysis**: 29.8% rated "1" (very unclear), 30.8% rated "3" (moderately clear). Only ~22% rated 4 or 5.
- **Interpretation**: A large portion finds VI's pricing structure confusing, indicating the need for simpler and more transparent recharge options.

Transparency of Pricing

- **Analysis**: 36.5% agree and 22.1% strongly agree, but 36.5% remain neutral. Only 4.8% disagree.
- **Interpretation**: Majority lean towards positive views, but high neutrality means VI needs to build stronger trust in its pricing communication.

Comparison with Competitors

- **Analysis**: 51% sometimes compare prices, 36.5% always compare, and 12.5% never compare.
- **Interpretation**: Most customers compare VI's pricing with Airtel and Jio before recharging, showing strong price competition.

Perception of VI Pricing

- **Analysis**: 53.8% say VI is similar to competitors, 36.5% say cheaper, 9.6% say expensive.
- **Interpretation**: Customers mostly perceive VI pricing as aligned with rivals, but a decent chunk find it cheaper.

Value for Money

- **Analysis**: 77.9% believe VI offers good value, while 22.1% disagree.
- **Interpretation**: Most users see VI's plans as worthwhile, but around one-fifth remain unconvinced.

Competitiveness After Tariff Changes

- **Analysis**: 45.2% say yes, 37.5% maybe, 17.3% no.
- **Interpretation**: Nearly half believe VI's pricing is more competitive now, but uncertainty remains among many.

Rating VI Plans (1–5)

- **Analysis**: 33.7% rated 3, 21.2% rated 1, 19.2% rated 4, and only 13.5% gave full 5.
- **Interpretation**: Customers are moderately satisfied with VI's pricing, but very few rate it excellent.

Switching to VI

- **Analysis**: 58.7% switched to VI in past 2 years, while 41.3% did not.

- **Interpretation**: Price and offers attract switchers, but retention remains a challenge.

Reason for Switching

- **Analysis**: 36.5% cite network coverage, 30.8% price, 22.1% other reasons, 10.6% poor services.
- **Interpretation**: Price is a key reason, but network quality still dominates decision-making.

Recommending VI

- **Analysis**: 49% would recommend, 31.7% maybe, 19.2% would not.
- **Interpretation**: Nearly half are brand advocates, but a significant share remain hesitant—again pointing to mixed satisfaction.

TABLE NO.1.1

1.DEMOGRAPHIC PROFILE

PARTICULARS (age)	NO.OF. RESPONDS	PERCENTAGE
BELOW 18	18	17.3
18-25	73	70.2
26-35	11	10.6
36 & ABOVE	6	5.8
PARTICULARS (gender)	NO.OF. RESPONDS	PERCENTAGE
MALE	52	50
FEMALE	53	51
PARTICULARS (occupation)	NO.OF. RESPONDS	PERCENTAGE
STUDENT	78	75
EMPLOYEE	11	10.6
PROFESSIONAL	7	6.7
OTHERS	8	7.7
PARTICULARS (monthly income)	NO.OF. RESPONDS	PERCENTAGE
BELOW 20000	75	72.1
20000-30000	11	10.6
30000-40000	8	5.8
ABOVE 40000	12	11.5

TABLE NO.1.2

2. VI network purpose

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
YES	48	46.2
NO	56	53.8

SOURCE:PRIMARY DATA

TABLE NO.1.3

3.About VI

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
ADVERTISEMENT	46	44.2
FRIENDS & FAMILY	34	32.7
SOCIAL MEDIA	16	15.4
RETAIL STORE	1	1
OTHERS	7	6.7

SOURCE:PRIMARY DATA

TABLE NO.1.4

4.VI plans aware of

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
PREPADI RECHARGE PACKS	45	43.3
POSTPAID PLANS	21	20.2
FAMILY /CORPORATE PACKS	13	12.5
STUDENT /YOUTH PACKS	4	3.8
NOT AWARE OF ANY	21	20.2

SOURCE:PRIMARY DATA

TABLE NO.1.5

5. VI's pricing structure

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
1	31	29.8
2	18	17.3
3	32	30.8
4	4	11.5
5	5	10.6

SOURCE:PRIMARY DATA

TABLE NO.1.6

6.VI's pricing is clear and transparent.

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
STRONGLY AGREE	23	22.1
AGREE	38	36.5
NEUTRAL	38	36.5
DISAGREE	5	4.8
STRONGLY DISAGREE	0	0

SOURCE:PRIMARY DATA

TABLE NO.1.7

7.VI's pricing with competitors (Airtel, Jio, BSNL, etc.)

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
ALWAYS	38	36.5
SOMETIMES	53	51
NEVER	13	12.5

SOURCE:PRIMARY DATA

TABLE NO.1.8

8.VI pricing compared to other telecom operators

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
CHEAPER	38	36.5
SIMILAR	56	53.8
NEVER	10	9.6

SOURCE:PRIMARY DATA

TABLE NO.1.9

9.Vodafone Idea current plans

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
YES	81	77.9
NO	23	22.1

SOURCE:PRIMARY DATA

TABLE NO.1.10

10. tariff changes by competitors like Jio and Airtel?

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
YES	47	45.2
NO	18	17.3
MAYBE	39	37.5

SOURCE:PRIMARY DATA

TABLE NO.1.11

11. Rate the VI plans and price from 1 to 5

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
1	22	21.2
2	13	12.5
3	35	33.7
4	20	19.2
5	14	13.5

SOURCE:PRIMARY DATA

TABLE NO.1.12

12.past 2 years from other brands to VI

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
YES	61	58.7
NO	43	41.3

SOURCE:PRIMARY DATA

TABLE NO.1.13

13. If yes what was the reason

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
PRICE	32	30.8
NETWORK COVERAGE	38	36.5
POOR SERVICES	11	10.6
OTHERS	23	22.1

SOURCE:PRIMARY DATA

TABLE NO.1.14

14. VI network to other network users

PARTICULARS	NO.OF. RESPONDS	PERCENTAGE
YES	51	49
NO	20	19.2
MAYBE	33	31.7

SOURCE:PRIMARY DATA

V. FINDINGS OF THE STUDY

1. **Age & Occupation**: Majority of respondents (70.2%) are in the 18–25 age group, and 75% are students. This shows VI's customer base is dominated by youth, who are price-sensitive.
2. **Income Levels**: 72.1% earn below ₹20,000, highlighting that VI primarily serves lower-income segments that look for affordable plans.
3. **Usage**: 46.2% currently use VI, while 53.8% do not—indicating VI still struggles to retain large market share.
4. **Awareness**: 44.2% came to know about VI through advertisements, and 43.3% are aware of prepaid packs. Other plan awareness (youth/corporate packs) is very low.
5. **Pricing Clarity**: 60% rated VI's pricing as unclear to moderately clear (scale 1–3). This shows communication gaps in pricing structure.
6. **Transparency**: 58.6% agree or strongly agree that VI's pricing is transparent, but 36.5% are neutral.
7. **Comparison with Competitors**: 87.5% (always/sometimes) compare VI pricing with Jio and Airtel, proving customers are highly price-conscious.

8. **Perception of Pricing**: 53.8% feel VI pricing is similar to competitors, while 36.5% find it cheaper.
9. **Value for Money**: 77.9% believe VI provides good value, showing positive perception among existing users.
10. **Competitiveness After Tariff Changes**: 45.2% agree VI has become competitive, but 37.5% remain uncertain.
11. **Satisfaction Ratings**: Majority rated VI plans 3 out of 5 (33.7%), reflecting moderate satisfaction.
12. **Switching to VI**: 58.7% switched to VI recently, with reasons mainly being **network (36.5%)** and **price (30.8%)**.
13. **Recommendations**: 49% would recommend VI, while 31.7% are unsure, indicating VI has moderate word-of-mouth strength.

VI. SUGGESTIONS OF THE STUDY

1. Simplify pricing structure – Create clear recharge categories (student, family, heavy data users) and communicate them better.
2. Enhance awareness of special packs – Promote youth packs and corporate plans more aggressively through digital campaigns.
3. Improve network coverage – Since many switch due to network reasons, upgrading coverage and quality is essential.
4. Focus on value-based pricing – Offer competitive rates but balance with quality to retain customers instead of relying only on discounts.
5. Build stronger brand advocacy – Incentivize customers who recommend VI (e.g., referral bonuses).
6. Retain students and low-income users – Introduce budget-friendly long-term packs for price-sensitive groups.

VII. CONCLUSION

The study reveals that **Vodafone Idea's pricing strategy is moderately competitive and perceived as good value for money** by the majority of respondents, especially among youth and low-income groups. However, clarity in pricing, network reliability, and wider awareness of plan variety remain areas needing improvement. While VI has managed to attract customers through price and offers, **sustaining loyalty requires balancing affordability with quality service and transparent communication**.

REFERENCES

[1] Kotler, P., & Keller, K. L. (2016),*Marketing management*. Pearson Education.

[2] Shankar, V., & Bolton, R. N. (2004),An empirical analysis of pricing strategies in telecommunications. *Journal of Marketing Research, 41*(2), 212–218.

[3] Telecom Regulatory Authority of India. (2022),*Telecom services performance indicators report*.

[4] Sinha, R. (2020), Pricing strategy in Indian telecom industry: A case of Vodafone Idea. *International Journal of Business and Management Studies, 9*(3), 45–52.

[5] Parbat, K. (2025, June 4), Vodafone to hike base 5G prepaid tariffs. *The Economic Times*.

[6] CARE Ratings. (2025, April 21),*Vodafone Idea Limited: Rating report – ARPU expansion and tariff hikes*. CARE Ratings.

[7] Umamaheswari, M., Kumar, M. S., Santhanakrishnan, D., Singathurai, S., &Thangamani, S. (2025, April). AI-Powered EV Consumer Trends and Range Forecasting for Sustainable Mobility. In 2025 International Conference on Inventive Computation Technologies (ICICT) (pp. 1234-1239). IEEE.

[8] Keerthivasan, P., &Santhanakrishnan, D. (2025). Sustainable Marketing Practices in 4PL Services: Evaluating the Perceptions and Behaviour of Customers towards Environmentally-Friendly Logistics Solutions. Int. J. Sci. Res. in Multidisciplinary Studies Vol, 11(4).

[9] Santhanakrishnan, D., Renukadevi, D., Manochithra, P., &Sathyapriya, M. (2022). An Analysis of Technology Trends and their Impact on the Globalization of Business. International Journal of Early Childhood Special Education, 14(3).

[10] Aiswarya, M. P., &Santhanakrishnan, D. (2024). A STUDY ON CONSUMER PREFERENCE TO PURCHASE OF GROCERIES FROM ONLINE WITH REFERENRCE TO BIG BASKET. Journal of the Oriental Institute, 72(5), 109.

[11] Santhanakrishnan, D., Mukeshbalaji, M. K., &Arunprakash, R. (2024). Corporate social responsibility impact on corporate financial performance. International Journal of Advances in Engineering and Management (IJAEM), 6(4), 919-926.

[12] C KavinKumar,Dr D Santhanakrishnan, "Social Media Marketing for Climate Action: A Study on Indian Brands Promoting SDG 13", International Journal of Creative Research Thoughts (IJCRT), ISSN:2320-2882, Volume.13, Issue 8, pp.g541-g544, August 2025.

[13] N Dharanidharan,Dr D Santhanakrishnan, "AI - Powered Personalisation and Customer Satisfaction: A Study on E-Commerce Platforms in Tier-2 Cities", International Journal of Creative Research Thoughts (IJCRT), ISSN:2320-2882, Volume.13, Issue 8, pp.f865-f868, August 2025