Distribution session

Vodafone Open Office
Mumbai, India

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30 November - 1 December 2011
## India scale

<table>
<thead>
<tr>
<th>Country</th>
<th>Population (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>1323</td>
</tr>
<tr>
<td><strong>India</strong></td>
<td><strong>1180</strong></td>
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<tr>
<td>United States</td>
<td>302</td>
</tr>
<tr>
<td>Indonesia</td>
<td>245</td>
</tr>
<tr>
<td><strong>Uttar Pradesh</strong></td>
<td><strong>191</strong></td>
</tr>
<tr>
<td>Brazil</td>
<td>189</td>
</tr>
<tr>
<td>Pakistan</td>
<td>165</td>
</tr>
<tr>
<td>Bangladesh</td>
<td>147</td>
</tr>
<tr>
<td>Russia</td>
<td>143</td>
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<tr>
<td>Nigeria</td>
<td>131</td>
</tr>
<tr>
<td>Japan</td>
<td>127</td>
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<tr>
<td>Bihar</td>
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<tr>
<td>Maharashtra</td>
<td>108</td>
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<tr>
<td>Mexico</td>
<td>107</td>
</tr>
<tr>
<td>Philippines</td>
<td>89</td>
</tr>
<tr>
<td><strong>Madhya Pradesh</strong></td>
<td><strong>88</strong></td>
</tr>
<tr>
<td>West Bengal</td>
<td>88</td>
</tr>
<tr>
<td>Vietnam</td>
<td>84</td>
</tr>
<tr>
<td>Germany</td>
<td>82</td>
</tr>
<tr>
<td>Egypt</td>
<td>79</td>
</tr>
<tr>
<td>Ethiopia</td>
<td>75</td>
</tr>
</tbody>
</table>

- Spans 3.3m sq. km
  - across 35 states and union territories ~ 6X of France
- State of Uttar Pradesh would be the 5th largest country in the world
- Urban population 28% of total\(^1\)
- Per capita income 2010-11 US$1150\(^2\)

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1 - Census 2001, Ministry of Home Affairs
2 - CSO, India
India: Telecom market structure

### Metro circles

- **3 Metro circles**
  - Large cities; high purchasing power, high population density, cosmopolitan
  - 160% penetration

### A circles

- States with highest earning power
- 84% penetration

### B circles

- Majority of population in rural, low infrastructure development
- 63% penetration

### C circles

- Relatively lower earning power, limited infrastructure
- 50% penetration

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1. Bank of America Merrill Lynch Global Wireless Matrix 28 September 2011
2. Chennai and Tamil Nadu treated as one circle as per TRAI reports
Zonal operation structure

- Circle
- Zonal Head

First level of General management

- All Channels
- Marketing
- Customer Service
- Credit & Collection
- Network

Proximity to the customer
Channel specialist
Uniform experience
Speed to market
Empowered service touch points
Channel structures

Vodafone

- **Indirect Channel**
  - 2 tiered distribution model
  - For mass market reach
  - Focused on prepaid

- **Exclusive Retail**
  - Exclusive
  - Sales and service
  - Primary focus on postpaid, terminals & data

- **Direct Channels**
  - Selling directly to the end customer
  - Focused on postpaid

- **Modern Trade**
  - Large format outlets / chain stores
  - Future growth driver for Data & 3G

- **B2B Business**
  - Enterprise
  - VGE
  - National A/C
  - SME
  - Includes fixed line and data

Multi product channel strategy for uniform customer experience
Indirect channel challenges

- 593k villages, 92% have population of less than 10k\(^1\)
- 66% of population in villages of less than 10k\(^1\)
- Ratio of Urban to Rural per capita is 2.7\(^2\)
- Tele-density - Urban 163%, Rural 35%\(^3\)
- Predominantly prepaid market
- Unorganised retail

2. Central statistical organisation estimates 2004-05
3. TRAI performance indicator report AMJ-11
Indirect channel (Tier 1) urban

Vodafone

Distributor

Retailer

Retailer

Retailer

Retailer

Distributor Sales Executives

SIM, recharge vouchers and e-top up

Sell SIMs and Recharge

Urban as defined by census

Key Metrics

• **Unique electronic Top up outlets** - 1.3 outlets per 1,000 population
• **Unique activating outlets** - 60% of electronic top up outlets
• **Daily activating outlets** - 21% of activating outlets
• **Data selling outlets** - 40% of electronic top up outlet
• **Distributor Sales Executives** - 1 for every 60 outlets

Metrics used for target setting and performance measurement

Distribution by trained distributor manpower as per company determined norms
Indirect channel (Tier 2) rural

- 2 Tiered distribution sales and service model to increase presence and relevance
- Associate distributors appointed to cater to rural population, responsible for 4 to 7 cell-sites in designated area
- Associate distributor also responsible for providing service

**Advantage of Associate Distributor**

- Son of soil, familiarity with local environment
- Low cost, viable and scalable
- Customer service closer to the rural customer
Indirect channel (Tier 2) rural

- Cell-site & distribution planned using geographic information system mapping. Census population superimposed
- All villages listed within cell-site coverage
- Distribution norm for outlets and extraction fixed for sales force by village
Indirect channel reach

Indirect Channel partners

Multi Brand outlet reach

23.5K channel partner sales force serving 1.25 million multi brand outlets in 360K town and villages
Exclusive retail

Vodafone exclusive retail

Vodafone Store

- Experience
  - Service advantage
  - Home of the Smartphone

Vodafone Mini Store – Urban & Semi Urban

- Convenience
  - Entrepreneurial model
  - Low cost

Vodafone Mini Store - Rural

- Service & Trust
  - Differentiator in rural market – Face of brand
**Exclusive retail footprint**

<table>
<thead>
<tr>
<th></th>
<th>Vodafone</th>
<th>Airtel</th>
<th>Indicom</th>
<th>Reliance</th>
<th>Idea</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vodafone Stores</td>
<td>465</td>
<td>681</td>
<td>348</td>
<td>217</td>
<td>369</td>
</tr>
<tr>
<td>Vodafone Mini Store</td>
<td>7,125</td>
<td>1,151</td>
<td>2,497</td>
<td>1,827</td>
<td>1,105</td>
</tr>
<tr>
<td>(Urban &amp; Rural)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>7,590</td>
<td>1,832</td>
<td>2,845</td>
<td>2,044</td>
<td>1,474</td>
</tr>
</tbody>
</table>

The widest presence of exclusive retail in the country, servicing over a million walk-in’s, selling 33% of total postpaid, and 8% of prepaid acquisition every month.
Direct channels

Direct Sales Agent
- Feet on street, cold calling

Tele-calling
- Out bound tele-calling setup, with feet on street fulfillment model
- Analytics based data provided - pre to post migration

Super Call Centre
- Call transfer from inbound call center, Upselling to existing customer base
- Immediate transfer to a DSA tele-calling set up

Channel managed by the Business Partner under supervision of the Vodafone Channel Manager
Geographic identification for opening new outlets

1. Geo coordinate mapping of all Retailers
2. Geo coordinate mapping of all Retailers
3. Capture on an Excel Sheet
4. Upload on a map tool
5. Identify Visible Gaps
6. Appoint new retailers
7. Bring Vodafone Closer to the customers

Focused approach to outlet expansion
Multi brand outlet & customer engagement: “Mera(My) offer”

- Customised offer for customer and retailer
- Dial in #121, the offer is played based on previous behaviour
- Involvement of trade in upselling and retention
- Incentivising improvement
- Build efficiency in target setting
- Effective utilisation of acquisition costs

- Personalised monthly activation target based on past 4 months performance
- Customised incentives based on quality and ARPU
- Personalised recharge offer based on last month performance
- Customised incentives based on target volume
- Incentivising improvement
- Build efficiency in target setting
- Effective utilisation of acquisition costs

Special FREE VAS for retailer to drive Dial Ins
- Jokes and Radio
- Voice Chats
- Quiz

- Weekly booster on
- Minimum Daily Activations
- Bonus Card Sale

- Activation
- Recharge
- Booster
- Entertainment
Multi brand outlet segmentation quality focus

- Retailers categorised based on their quality of acquisition and revenue

- Quality is determined by the retention and the ARPU of the customer acquired by the retailer

- Basis their position on the grid, relevant decisions are taken
  - Payout for acquisition
  - Loyalty program
  - Differentiated service
Capability - empowerment of sales

Pre sales call preparation
- Current activation target vs. Actual, vs. LMTD
- Etop up balance
- Data packs sold
- Retail segment

Cell-site info
- Performance in a town/village cluster
- Used for acquisition cost planning
- Relative position to competition and action planning to improve share-customer & acquisition

Retail delight
- Settlement statement with retailer
- All details can be accessed by a pull sms
Analytics - cell-site intelligence approach

- Cell-site treated like a factory
- All business metrics measured at cell-site level
- Information extracted for every cell-site
  - customer market share
  - acquisition market share
  - quality of subs
  - traffic patterns (STD, ISD, On net, local)
  - VAS
- Agglomeration of information on geographic /AD/Distributor/Zonal basis

Relative position for developing strategy for; acquisition, brand activity etc.
Vodafone India’s unique distribution capabilities

- Zonal structure
- Associate distributor model
- Exclusive rural retail-mini stores
- Management information tools at the individual POS level
- Cellsite-based analysis and geo mapping
- Best practice sharing between circles

Effective and efficient implementation engine