

Vinaphone under the Trend of Competition and Integration

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The mobile phone service has just come into being since June 1996 but it has developed fast thanks to the increasing demand and big investments in facilities and Vinaphone become the Vietnam's biggest service network. The number of subscribers doubles every year.

Recent developments of Vinaphone, however, were not stable and depended too much on favorable conditions. This company has many shortcomings in its organization, marketing and customer services, and it will face keen competition when the market is open to foreign players and more service networks come into operation. To maintain its market share and position, Vinaphone must make more effort and work out strategic measures for the next stage of development.

In the years to come, Vinaphone must aim at the following objectives:

- Increasing the subscriber basis to some 14 million, equaling a 35% market share, by 2010.

- Increasing its revenue by 15% - 20% a year from now to 2010 while reducing service fee to the regional average.

- Modernizing its facilities and importing new technology with a view to catching up with technical advances.

- Reforming its mechanism for training and recruiting in order to form a staff with ability to absorb and apply modern technologies and deal with troubles with the network.

- Allowing customers to roam to all countries with economic and political relations with Vietnam.

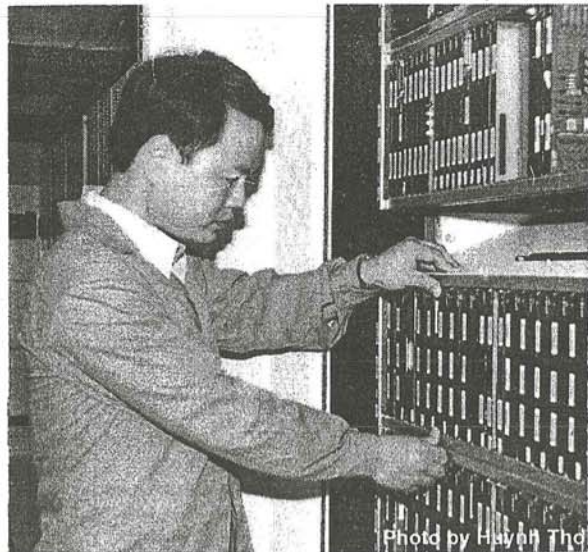


Photo by Huynh Tho

- Introducing new services regularly to customers and improving its ability to take care of customers.

In my opinion, Vinaphone could take the following measures to achieve the above-mentioned objectives.

1. Developing and applying new technologies

The Company should invest in upgrade of network capacity, expansion of coverage, improvement in network quality, and application of new technologies. The expansion of its Mobile Services Switching Center must aim at:

- installing MSCs in industrial parks and tourist attractions where the de-

mand for mobile services is high in order to reduce pressure on existing centers in Hà Nội, HCMC and Đà Nẵng and limit technical troubles with the network.

- installing more centers in Hà Nội, HCMC and Đà Nẵng and upgrading the capacity of existing centers.

- Selecting new centers that are modern, compatible with existing ones, and suitable to the financial ability of the Company.

As for the expansion of the coverage, the Company should pay full attention to profitability and economic efficiency instead of distributing its investment among too many projects. In the coming years, the Company should bring its services to all district towns, open economic zones, industrial estates, ports, tourist resorts, and residential areas.

In improving the network quality, the Company should:

- recruit and develop an army of engineers, techni-



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Table 1: Comparison between Vinaphone and its rivals

| Points of comparison | Vinaphone | Mobifone | Viettel | S-Fone |
|--|---|---|---|---|
| Form of business | State-owned company under Ministry of Post and Telecommunications | Joint venture | State-owned company under Ministry of Defense | Joint Venture |
| Relations with provincial post offices | Well-supported | Partly- supported | Poorly supported | Poorly- supported |
| Business objectives | Profit and utility | Profit | Profit | Profit |
| Technology | GMS | GMS | GMS | 1G CDMA |
| Coverage | All 61 provinces with 1,300 coverage areas | All 61 provinces with 1,200 coverage areas | All 61 provinces with 1,000 coverage areas | Hà Nội, HCMC and some major provinces |
| Quality of coverage | Good | Good | Good | Good but not wide enough |
| Added services | SMS, international call, fax, data, internet, chat, email, etc. | SMS, international call, fax, data, internet, chat, email, etc. | SMS, international call, fax, data, internet, chat, email, etc. | SMS, international call, fax, data, internet, chat, email, etc. |
| Distribution network | Opening agencies through local post offices | Independent distribution network with standardized agencies | Independent, but thin, distribution network | In some big cities and towns |
| Market share | Some 41%, especially in big cities and towns (except HCMC) | Some 46%, especially in HCMC | Some 12% | Some 1% |
| Fee | As set by MPT | As set by MPT with some flexibility | Flexible and low | Flexible and low |
| Commission for agencies | Fixed commission set by General Department of Post | Flexible commission rates | Flexible commission rate, strong sales promotion | Flexible commission rate, strong sales promotion |
| Investment procedure | Time-consuming procedures | Fast | Fast | Fast |
| Managerial level | At medium level | At high level (due to foreign partners) | At medium level | At high level (due to foreign partners) |
| Customer service | Good | Good | Good | Very good |
| Ability to develop | Good | Good | With great potentials | With great potentials |

cians and skilled workers who are able to deal with all troubles with the network and keep it safe and sound.

- develop and perfect procedures for handling information, and work out optimal solutions that could improve the network quality.

- import measuring equipment needed for detecting and handling troubles with the network, and spare parts needed for replacement.

2. Expanding the market and scrutinizing rivals

In the coming years, Vinaphone should bring its services from Hà Nội and HCMC to industrial centers and big cities and pay proper attention to rural areas and foreign markets.

3. Diversifying services

At present, Vinaphone is supplying various services to customers. When its network centers and transmission stations are up-

graded, the Company should diversify its services to meet increasing demand of the customers. Some new services are video streaming, online dictionary, mobile television, etc.

4. Enhancing customer services

Improving these services is both duty and benefit for the mobile services provider because users of mobile phone services are

increasingly attached to the network. To enhance these services, the Company should carry out the following tasks:

- Incessantly expanding and enhancing the coverage quality in order to limit delays, congestion and other troubles that lead to loss of data transmitted.

- Enhancing the system of answering questions and handling complaints from customers, and up-

dating information about coverage, changes in fee rates, and new services, etc.

- Giving regular training courses to the staff with a view to improving their communication skills and expertise.

- Installing new billing systems to simplify the task of billing and avoid wrong calculation of fee.

- Holding annual customers meetings in order to gather feedback, thereby working out new and more suitable policies.

In short, Vinaphone has played an important role in the development of the mobile industry and controlled a big market share. To maintain its position in the coming years when the competition becomes increasingly keen and favorable treatment from the State ceases to exist, the Company should take active measures to improve their competitiveness and keep on developing. ■

