



# Future of Mobile Communications in Vietnam

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**I**ntegrating into the national economic growth, the telecommunication service has made good progress and turned Vietnam into one of countries with highest growth rate in terms of this service. Particularly, the mobile communication has achieved miraculous leaps in a market of great potentials.

Mobile phones have long been an indispensable part of modern life when they provide more and more services beside voice communication. In 2005, Vietnam was ranked by the ITU as the world's leading country in developing the use of telephone with 15.78 million subscribers, or 19 telephones per 100 persons. More than 4 million persons subscribed for mobile phone service last year equaling the number of subscribers in the past 10 years.

## 1. Some facts about the market for mobile communication in Vietnam

- There are six players in this market: MobiFone, Vinaphone, Viettel,

S-Fone, EVN Telecom and Hanoi Telecom. The first two are leading companies with some 10 years of experience, good financial strength and public images. Viettel who has just come into operation is a phenomenon when it attracted some two million subscribers and took the third place after only one year. S-Fone gained modest progress after several years it entered the market. EVN Telecom with its good infrastructure and financial strength will be a major competitor. Hanoi Telecom with huge investment and support from a foreign company will become a problem in the coming years. Of those six players, the first three employ the GSM technology of 2.5G while the rest put their money in the CDMA.

At present, MobiFone and Vinaphone serve some 9 million customers; Viettel over three million and S-Fone about 500,000.

In 2005, the market witnessed the race for lower fee in an effort to attract more customers before new

rivals make their appearance. The competition is keener when EVN Telecom and Hanoi Telecom came into operation.

## 2. International trends

At present, some two billion persons are using mobile phones and the number of subscribers increased day by day. According to English Portio Company who specializes in the global market for mobile service, the market rises by 16% or 17% a year and mobile subscribers will reach some four billion by 2011; and China and India will be the world's biggest markets.

Some 85% of the market share is held by GSM-based providers and the rest by CDMA ones. This distribution witnessed almost no change in the past few years.

## 3. Trends in the domestic market

Vietnam with a population of some 80 million people and high growth rates is a good market for mobile phones. When Vietnam joins the WTO, foreign telecommunication companies will enter this market making the competition keener. Service quality, added-value services and low toll and fee will be decisive factors in the competition between rivals.

- Service quality: Better coverage and network needed for providing high-quality services can help providers attract new customers and beef up their competitiveness.

- Added-value services: Mobile phones is becoming a multi-purpose device with which customers can surf the web or employ e-banking services and do many things else. At present, the demand for such services and options is not great but it will increase in the future when personal income rises.

- Lower fee: The price war between service providers is becoming is hotter but in the long run the supply of better and diverse services will help will determine success of providers ■