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VIETNAM DIGITAL MARKET OVERVIEW FOR MULTI-SCREEN
PRODUCT OF STREAM GROUP

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The purpose of this thesis was to give an overall view about Vietnam economy and its digital market situation. The main objectives of the thesis were to draw a full picture of the market to provide detail insight about the current situation and information about key operator in the field and potential competitors. Based on that, the thesis provided an analysis and evaluate for the potential of multi-screen product and recommendation of establish business and entry mode suggestion for Stream Group in Vietnam market.

The thesis was based on theoretical framework which consist of PEST analysis, Ansoff's matrix, SWOT analysis, Potter's five forces and entry modes. Those methods are the foundation for the analysis and evaluation the data gathers from various sources and interviews.

The data of the thesis are figures and numbers, law documents, reports, books, journal, survey, article about Vietnam's politics, economy, social, and technology, and three biggest enterprises of the telecommunication industry, which are Viettel, MobiFone, and Vinaphone, from publish sources. The interviews are semi-structured to collect the data with prepared questionnaire. The sample for the interviews was five managers from five mobile network operators in Vietnam, however, only one of the interviewee agreed for the interview.

The result of the data showed that there is demand for multi-screen products from mobile network operator and they do have plan to purchase or outsourcing the services. Moreover, there is no direct competition of multi-screen services for Internet mobile platform. The available of multi-screen services is limited for IPTV services so Stream Group could easily enter and offers the product for the market without facing harsh competition.

Due to the nature of the business environment, Stream Group is advised to cooperate with a local company, ideally with a state-owned company to avoid legal restriction and have upper-hand advantages and connection in the economy and in the industry.

CONTENTS

1	INTRODUCTION.....	5
1.1	Objective of the thesis	5
1.2	Research questions.....	5
1.3	Delimitation	6
1.4	The structure of the thesis.....	7
1.5	Conceptual framework.....	8
1.6	Case: Stream Group.....	9
1.6.1	Multi-screen product	10
2	THEORETICAL FRAMEWORK	12
2.1	Environmental analysis (PESTEL).....	12
2.2	Porter's five force	14
2.3	Ansoff matrix.....	16
2.4	SWOT analysis	17
2.5	Entry modes	19
3	METHODOLOGY.....	21
3.1	Qualitative research	21
3.2	Research design	22
3.3	Data collection.....	23
3.4	Data analysis.....	25
4	VIETNAM PEST ANALYSIS	26
4.1	Politics	26
4.2	Economic	28
4.3	Social	30
4.4	Technology	32
5	VIETNAM DIGITAL MARKET PROFILE	35
5.1	Telecommunication market overview	35
5.2	Pay television and Cable television overview	37
5.3	Television channels overview.....	38
5.4	Satellite television overview.....	39
5.5	Broadband Internet and mobile internet overview	40
5.6	OTT application market overview.....	42
6	BIG 3 OF INDUSTRY.....	44
6.1	Viettel	44
6.2	MobiFone.....	45

6.3	Vinaphone.....	47
7	RESEARCH FINDINGS	48
7.1	Multi-screen SWOT analysis with interview results	48
7.2	Conclusion and recommendation	50
8	SUMMARY	51
9	FINAL WORDS.....	53
	REFERENCES AND SOURCES.....	54
	APPENDICES	

1 INTRODUCTION

1.1 Objective of the thesis

The outcome of this project is to describe overview about the business environment in Vietnam and provide a detailed insight into the current situation of the digital market. It also provides information about important operators in the industry and potential competitors.

The aim of the study is to find out if the opportunities of providing multi-screen service in Vietnam is available and what is the possible competitor from local companies as well as a foreign operator are active in the market.

As Vietnam is a developing country with good growth rate despite the global economy crisis, she becomes a very promising market to establish and expand the business. With many potential consumers and customer as well as geographic connect South East Asia countries and China, Vietnam has many advantages for international companies. Therefore, a market study for a specify market demanded by a multi-national company as part of their preparation for planning to enter this market.

1.2 Research questions

As the purpose of the thesis is to conduct a market research of digital market of Vietnam, those questions are created to fit the narrative of the thesis. There are two main questions which represent two biggest issues to be cover by the study. The first one is about the potential of Vietnam digital market for the multi-screen product.

- What is the digital market potential for the multi-screen platform in Vietnam?

It specifies the market and the product will be an entry that said market. To answer this question, the thesis will study the situation of Vietnam market and the situation of digital market business from business to business perspective to evaluate the op-

portunities to multi-screen product from aspect of politics, economy, social and technology of this market.

The second question is about the current situation of the digital market.

- What is the situation of the digital market?
 - What is the situation of Internet market?
 - What is the situation of television cable market?
 - What is the situation of mobile service market?

It is focus on the real-life condition and what actual happening. To cover this topic, there are sub-question about situation of the Internet market, television cable market, and mobile services market. Those are sub-market of the digital market and by divide to sub-question, it will help the study easier to conduct as break down the research into pieces instead of a whole big issue to covered.

1.3 Delimitation

In this thesis, law and legal act would not be considered and covered since the object would cross a complicated area which is needed to be revised by experts. There are a lot of paper works and procedures requited to entry a foreign country since each nation has her own custom and legal system. The author of this thesis does not being educated or professionally trained in this field, therefore unqualified and inability to presenting and analysis further regard this topic.

There is no potential ethical issue is recognized at this stage. However, it is possible that it would appear in the middle of the process. Regardless the matter, all the issues would be revised and evaluate carefully with a neutral attitude by the knowledge of legal and cultural from official and validity source to solve it.

1.4 The structure of the thesis

The basic purpose of this thesis is to evaluate and analysis the potential of the digital market of Vietnam and possibility of entry it with the multi-screen product. Therefore, the thesis will search and study the business environment and industry environment of digital market in Vietnam. The thesis has five main parts: theoretical framework, methodology, Vietnam PEST analysis, Vietnam digital market profile, Big 3 of industry, and summary and conclusion.

The theoretical framework is built from secondary information which has been collected through consulting relevant books, publish online article and journal, and websites to gather board and deep knowledge on evaluating market potential and how to entry it. It is the backbone of the thesis, which is heavily based on analysis data and figures of in the later. The models are useful and practical, which are: environmental analysis (PESTEL), Porter's five forces, Ansoff matrix, SWOT, entry modes, and competitive analysis.

Methodology is methods of raw data will be collected and which is a process to handle those data to meet requirements of the thesis. It is important to know standard methods to assure that all data and information are eligible and usable for the thesis.

Vietnam PEST analysis goes deep and further about Vietnam market environment in term of politics, economy, social, and technology. The evaluation of those aspects will give the company has the necessary understanding about the current state and how the dynamic of the market works.

Vietnam digital market profile: The term "digital marketing" has referred as online marketing or Internet Marketing. There are numerous definitions of digital marketing, as by Kotler (2009) defined "digital marketing communication refers to communication and interaction between a company or brand and its customer using digital channels (e.g. the Internet, email, mobile phones and digital TV) and information technology" (Kotler 2009). Review about the current state of the digital market, especially focuses on consumers and customers such as pricing of the solution, if people use internet, television and how much they use it or how much of their salary

they spend on television, the internet, mobile, for example. General knowledge of the market and how they compete against each other is useful to help company can prepare a better quote for the client's needs

Big 3 of industry: information about biggest operators of the industry, which influence to the whole industry and hold the majority of market share. The company needs to know who are control the market, which segment they are leading and which they are not, how the market share is divided between them to decide how to entry the market smoothly and successfully. It is important to know which company is the most dominant to predict the future development of the companies in near future.

Summary and conclusion: Based on the data and information gather in the thesis, the author of the thesis will evaluate and have a conclusion about the potential of the market and recommend on how a company should do to approach and which solution to use due to the market review of local operators, potential competitors and consumers.

1.5 Conceptual framework

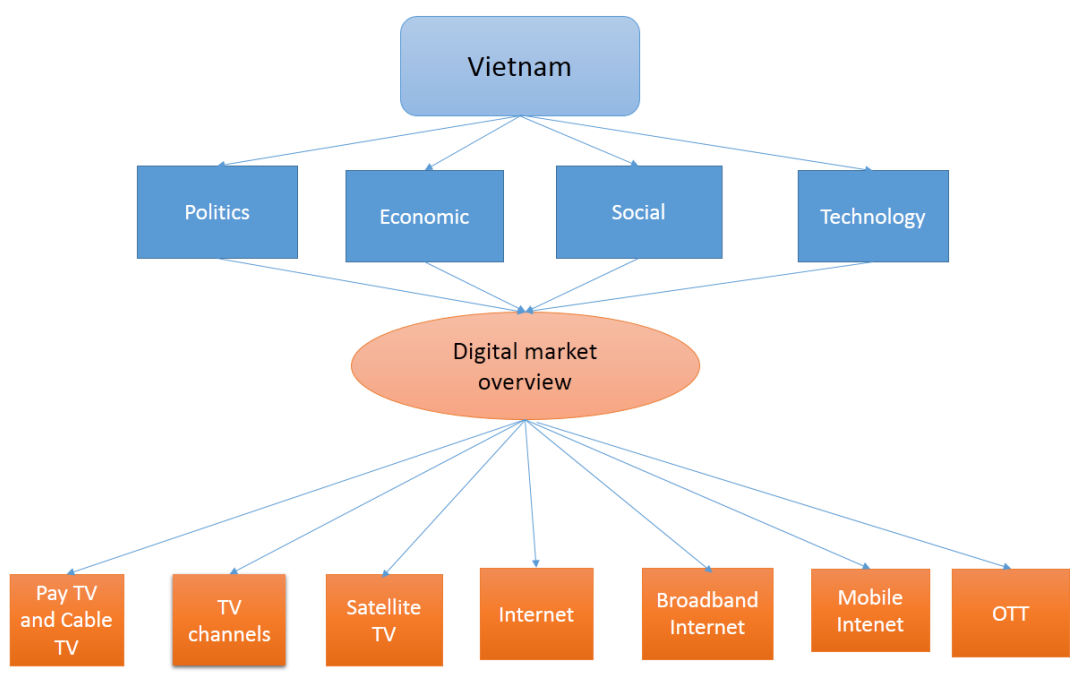


Figure 1: Conceptual framework of the thesis

The conceptual framework is based on the purposes and objective of the thesis. Due to the aim to describe the situation of Vietnam and the digital market overview, as well as the potential for Multi-screen in its market, the framework separated into two main parts.

The first part is an evaluation of Vietnam as a country with PESTEL (politics, economy, social, technology, environment and legal) analysis. In this thesis, only first four aspect will be put into consideration since the last two aspects are not essential. While going through the Economy, Social and Technology aspect, the relation information for the digital market will focus on to have a better picture about the industry and its connection with the macro elements.

The second part is the overview of the digital market of Vietnam through sub-category as telecommunication market, pay television and cable television market, television channels, broadband internet and mobile internet, and OTT market. By overlook in those sub-market, they will give more insight idea and opinion about the market. Those sub-categories are the key areas of the digital market, therefore, knowing what is going on in those field and the trend of its, as well as the state's policy and plan for them will let Stream Group to have better understanding about the climate and the direction of the market and help them to choose a fit strategy to successful enter the market.

1.6 Case: Stream Group

Stream Group is a company working in information technology and service industry area. It is a Netherland-based company which is founded in 2004. The company is specialized in proving solution and service for multi-screen product, over-the-content service and IPTV. Stream Group enables operators and digital media companies to launch extensive interactive TV and video platforms. Stream Group products can highly customized solutions for all content types including Live TV, Time-shifted TV and Video on Demand (VoD). Stream Group products for example Live TV is application enabling network operators, ISPs, broadcasters and content owners to add

OTT to their portfolio of services. The multiscreen app can be integrated into any video platform which provides OTT TV or other video services. Others products of Stream Group provides integrates solutions for media storage, processing and delivery applications such as network PVR and VOD expansions such as Replay and Re-start TV. The customer has the possibility to build a catalog of all available TV content with Stream Group Replay TV service and customers could categorize the catalog using the extensive back office tools to make it searchable and usability for users. Stream Group's main business activities are all inside European borders. The company services are operating in Turkey, Austria, German and many other countries.

The company is currently planning to expand their business to South East Asian and especially in Vietnam. Therefore they would like to have a full picture of Vietnam market and the situation as well as the potential of the digital market. (Website of Stream Group, 2016.)

1.6.1 Multi-screen product

Watching TV with various screens shows a rising trend worldwide, especially in high-tech countries. The global video viewing on the Internet and mobile platforms has increase dramatically past few years. Accord to Nielsen's (2010) survey the global Internet users' video consumptions across screens, the TV platform continues to be on universal significant application and around 70% respondents watch online videos and 11% watch mobile videos (Nielsen Wire, 2010). Now is important notice that every screen adds a choice for users to control how they prefer to consume videos or even access to communications and entertainment anytime for anywhere. Multi-screens become effortless and seamless to users, where stakeholders involving in the enhanced TV, IPTV and mobile TV which are striving to solve the convergent and integration issues. For example, AT&T has announced to start three-screen integration to deliver content, applications and services across TV, computers and mobile phones (AT&T 2010). Apple provides videos or applications easily transforming from one device to another (Krazit 2009). Both Apple TV and Google TV try to con-

nect Internet and TV screens for video watching. Besides, more cross-platform content and applications are introduced to the potential of multi-screen convergence.

Traditional TV channels and differentiating real-time and online video can give customers viewing options for time-shifting and personalized experiences. The successful three-screen TV business is the key issues to develop multi-screen integration and create ubiquitous 'cloud' content working across multi-platforms (Davidoviz, 2010) and develop platforms independent devices with interoperable capabilities (O'Neill 2009).

Asia has been regarded as a hotbed for using mobile TV development because of advanced mobile technology and the Asian commuting lifestyle (Gill 2008, Pyramid Research 2009). In Asia Pacific are 45 percent more like to use mobile video than the global average and mobile Video penetration is highest in Asia-Pacific and among consumers in their late 20s (Nielsen Wire 2010).

Multi-screen is a service offered by Stream Group which allows video available to play in smartphone and other devices such as television or table. It is chosen to be the product to introduce and pave the way to enter Vietnam digital market.

Multi-screen is trending in the age of personal devices such as tablets, smartphones, etc. and the age of Internet. According to from Google, and IPSOS, 90% of media consumption occurs in front of a screen, 40% of minutes watched on Youtube was on smartphones, and 98% of people in 18-34 years old range that reported to using smartphones to watch video content in daily video diaries. (Website of thinkwithgoogle, 2012 & 2014).

2 THEORETICAL FRAMEWORK

The study theoretical background of the Vietnamese market will be done by using PESTEL analysis. PESTEL has used when companies enter in other countries markets. The analysis will assess the key external factors that would affect a business at Vietnamese market namely Political, Economic, Social, Technological, Environment and Legal factors. These factors help to evaluate macro environment of a market, which cannot control by a company but can greatly impact its performance. As result, it is essential to analyze such factors in other to understand the overall picture of what surrounds the company. (Jurevicius 2013) Accord to Jurevicius (2013) the aim of a PESTEL analysis is to find out which are the external factors currently having effects on the business. Analysis for detect factors that might change in the future. One of the key factors is to stay ahead of competitors by knowing the opportunities and threats caused by these external factors. (Jurevicius 2013)

2.1 Environmental analysis (PESTEL)



Figure 2: Factors of PESTEL analysis (Website of professional academy, 2016)

Environmental analysis or PESTEL analysis is a market research method which evaluates important elements of a market. These elements most frequently evaluated are: politics, economic, social, technology, legal and environmental. PESTEL analysis help to create a general picture of the macroeconomy to help the enterprise prepare and respond to the changing of its external environment factors. Even though it is vague in general and hard to apply in a specific circumstance, it still a one of the most common method used to understand a market's environmental factors. (Gupta 2013, 35; website of professional academy, 2016)

Politic: it refers to the involvement of government and political parties in the economy. It reflects the stability or instability of the political environment through government policies towards domestic and oversea markets, trade policy, tax policy, and investment law, labor law, and other business related policies. (Gupta 2013, 35; website of professional academy, 2016)

Economic: it refers to the growth rates, unemployment rates, the cost of productions, for example and other numbers and figures which reflect the economy situation such as interest rate, inflations rates, etc. It is various and includes many different types of aspect, from previous years result to current trades law and policies of government about foreign money exchange. (Gupta 2013, 35; website of professional academy, 2016)

Social: it refers to factors of a country's cultural and population such as age distributions, racial demographics, literal rates, or birth child rates, classes system, social norm and lifestyle. It also represents current trends and concern over the quality of living conditions, environments such as forest observation or water protection. (Gupta 2013, 35; website of professional academy, 2016)

Technology: it refers to the development and innovation in information technology, the growth of e-commerce and internet. It also focuses on the invention in manufactures and development in distribution and logistics. (Gupta 2013, 35; website of professional academy, 2016)

Legal: it refers to a country's legal and law system related to such as labor law or investment law, regulation and restrictions in doing business and in certain industry, and consumer protection law. (Gupta 2013, 35; website of professional academy, 2016)

Environmental: it refers to the natural resources, raw material and other related issues as pollution situation, recycle procedures or the goal toward carbon footprint deduction set by the government. There is a trend lately that the consumer concern about the source of the product whether sustainable or nor, and if the production of company causes any harm to the environment. (Gupta 2013, 35; website of professional academy, 2016)

2.2 Porter's five force

Michael Porter introduced a model to define the forces which control the intensity of competing in a certain industry and potential of profit for companies in that industry. According to from him, an industry is "the group of firms producing products that are close substitutes for each other". (Morrison 2002, 93-95; Porter 1998, 17-23)

The Porter's five forces strategy is demonstrated in Figure 2 which are: the threat of new entrants, the threat of substitute products or services, bargaining power of suppliers, bargaining power of buyers, and rivalry among existing competitors. All those forces are linked and affected to each other, and to the firms and its competitors. (Morrison 2002, 93-95; Porter 1998, 17-23)

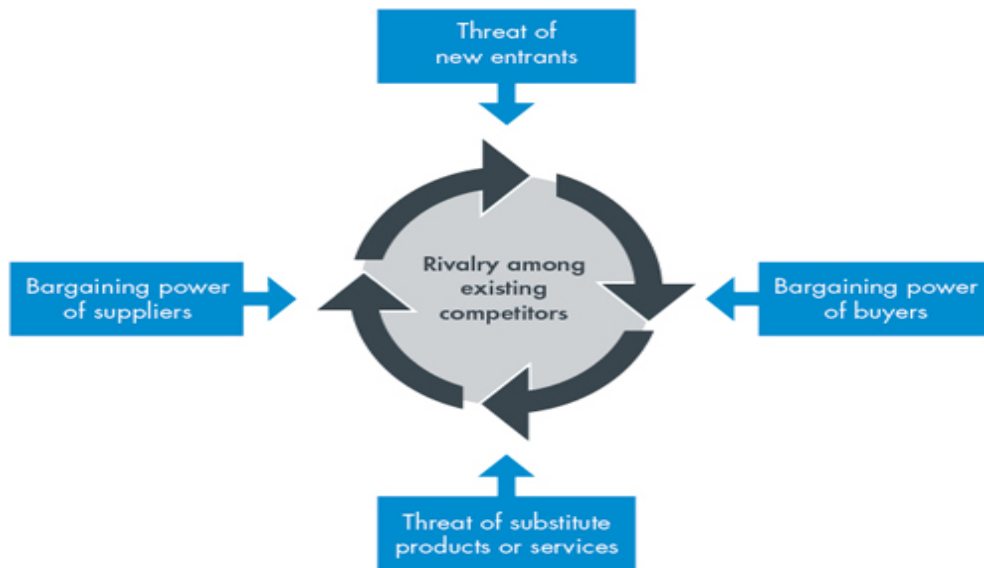


Figure 3: Porter's five forces strategy (Website of CGMA, 2016)

Threat of new entrants: New entrance can be a threat to older competitors by adding and expanding the pool of competition over market share. The effect of this threat depends on the level of barriers. If the level is high, the threat potential is low and vice versa. Common kind of barriers are economic of scale, product differentiated. (Morrison 2002, 93-95; Porter 1998, 17-23)

Threat of substitute products or services: New product or service offer the same value as industry's product or service. The substitute may not same, for example orange juice and soda, but have the same function though very different. It effects on how firms decided the price of the product as the customer will choose the soda when the price of orange juice is rising higher and higher. (Morrison 2002, 93-95; Porter 1998, 17-23)

Bargaining power of suppliers: Important supplier can force the company to raise price or cut down on quality. Suppliers in a higher position if they are in a monopoly or oligopoly supply industry, or the substitutive is limited. (Morrison 2002, 93-95; Porter 1998, 17-23)

Bargaining power of buyers: key customer groups can have influences in bargaining for a better price or better quality of the product or service. They could put two firms directly compete against each other. The buyers hold most power are people

either mass purchase or easy to switch to another supplier as the product is not excluded and not access limited. (Morrison 2002, 93-95; Porter 1998, 17-23)

Rivalry among existing competitors: competitors in an industry or market affected and linked to each other. All the business activities are watched and reacted by all enterprise in the industry. There are also other factors are important such as numerous or equally balanced competitors, the rate of industry growth, product or service characteristic, the level of fixed cost, and high exit barriers. (Morrison 2002, 93-95; Porter 1998, 17-23)

2.3 Ansoff matrix

Ansoff matrix or market growth matrix is a model introduced by H. Igor Ansoff to help the company evaluate and make decision regard existing product and new product, and existing market and new market. Ansoff matrix has four different marketing strategies: market penetration, product development, market development, and diversification. (Website of Ansoffmatrix, 2016)

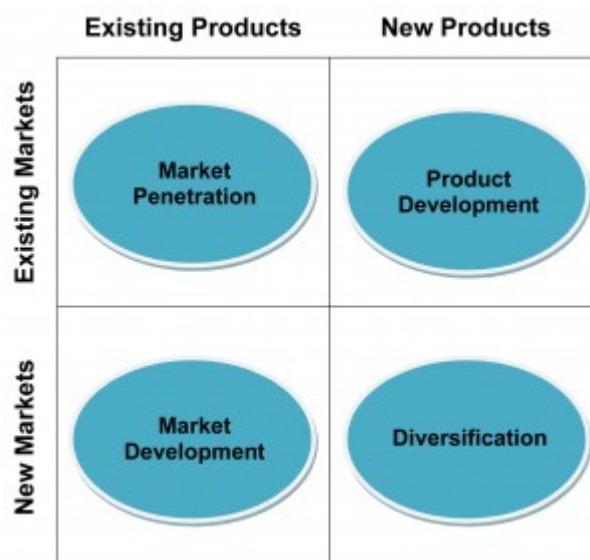


Figure 4: Ansoff matrix model (Website of Contarmedia, 2016)

Market penetration: normally focus on existing product and existing the market. It is used to determine how to increase the purchasing of current customers and attract

new customers. This strategy has the least risk since the product is already known and accepted by numbers of customers and have its own market. Market penetration also can be raised by adding a new way of use or function to encourage people to use it more which will lead to purchase more. (Website of Ansoffmatrix, 2016)

Product development: when use this strategy, a new product or new version of the existing product will be launched into an existing market so it could more attractive in the market. (Website of Ansoffmatrix, 2016)

Market development: this strategy is used when the company decides that the existing market settles and no longer hold any further potential profit so enter a new market to expand the business. It includes new geography market, new distribution channels, new product packaging and different pricing policy. Other enter modes such as licensing or franchising could use as methods to establish a business in the new market. (Website of Ansoffmatrix, 2016)

Diversification: this strategy mean introduces a new product to a new market. It has the highest risk among four marketing strategy of Ansoff matrix but also has highest profit potential out of those. There are two types of diversifications: related diversification and unrelated diversifications. Related diversification means the firm stay in the same industry they familiar with, for example, a car manufacturer diversifies into high-speed train industry. Unrelated diversification means the firm diversifies into an unfamiliar industry without prior experiences, for example, an oil enterprise enter the hotel market. (Website of Ansoffmatrix, 2016)

2.4 SWOT analysis

SWOT analysis is one of common tool to evaluate and understand a company's position within its market. SWOT refers to: Strengths, Weaknesses, Opportunities, and Threats. It is used for both internal and external environments analysis for a company, and normally put together in a matrix as seen in Figures 2. (Morrison, 2002. 25; Website of RIC Center, 2016; Website of Form Swift, 2016)

SWOT ANALYSIS



Figures 5: Factors of SWOT analysis (Website of professional academy, 2016)

For internal environments, the Strengths and the Weaknesses are the main aspects to focus to defined the advantages and disadvantages of the enterprise. For external environments, Opportunities and Threats are highlighted to evaluate market positions, potential market segment and customer, and reduce the effect of a threat as less as possible. (Morrison, 2002. 25; Website of RIC Center, 2016; Website of Form Swift, 2016)

Strength: define strong points of the enterprise such as quality of the product or good reputation which make the firm stand out and competitive with others companies in the same market. (Morrison, 2002. 25; Website of RIC Center, 2016; Website of Form Swift, 2016)

Weakness: define the weakness of enterprises such as high labor cost or ineffective distribution channel which make the company lose their advantages and customer over to competitors. (Morrison, 2002. 25; Website of RIC Center, 2016; Website of Form Swift, 2016)

Opportunities: define the opportunities both in internal and external aspect such as potential market growth or higher percentage of return on investment which is important to build market strategy and business plan to the enterprise (Morrison, 2002. 25; Website of RIC Center, 2016; Website of Form Swift, 2016)

Threat: define the element which could affect the business from both outside and inside which could be a lack of employment or a new product from other companies, so the enterprise can prepare to prevent or reduce the impact or find a solution for the problem in time. (Morrison, 2002. 25; Website of RIC Center, 2016; Website of Form Swift, 2016)

2.5 Entry modes

When a firm plan to expand their business to a foreign market, they need to decide on how to enter it for the best of the firm. There are many factors put in consideration from both internal and external environment to choose best entry mode which fit into the firm's business situation and targeted market condition. Each mode has its own advantages and disadvantages which make companies must select wisely for the best interest of them. The most common entry modes chosen by firms are: licensing, franchising, product sourcing, joint venture and FPD, and ownership/investment. (Keegan 2014, 234-254)

Licensing: is a mode which one firm (the licensor) provides technology, patents, or a brand to another firm (the licensee) in exchange for the license fee and royalty. The fee and ongoing royalty stream are agreed by both sides through negotiation. This mode can apply for both domestic and international market. Licensing allows companies spends less money to have better market expose and bring back cash regularly and stable sources. However, it also limited the involvement of licensor and the risk of being exploited by the licensee. (Keegan 2014, 234-254)

Franchising: is a variation of licensing. It has several types which are a manufacture-sponsored franchise and service-firm-sponsored franchise. It is a mode

which a firm (the franchisor) sell the rights of brand, logo and business model to the franchisee to build a new firm in a certain market or territory for fee and royalty. The franchisor has a stable source to provide money to funding for expanding business operation or invest in research and develop a new product, and other plans. The franchisee can take the advantages of a well-known brand to combine with knowledge and understanding local market and legal custom when being helped by the franchisor with human resources training. (Keegan 2014, 234-254)

Product sourcing: the mode refers to the company do no manufacture all components of their product choose to sourcing those components to products by factories in a foreign country. With this mode, the company has to consider six main factors when deciding to sourcing or not: quality, cost and term of sale; logistic; source-country infrastructure; political risk, source-market constraint; and currency availability, stability, and convertibility. (Keegan 2014, 234-254)

Join venture and FDI: a joint venture formed between two firms or more cooperates, often between a foreign firm and a local firm in a specify market. Normally it will take the form of an equity investment to establish a new, third company. This mode helps the firms to split the risk and collaborated both firm's strength, for example knowledge about the local market and logistic distribution expertise in worldwide scale. It also allows the firm to enter the market in case the government ban foreign companies to doing business in a certain industry. (Keegan 2014, 251-252)

Ownership/Investment: it the highest level of involvement of entry a foreign market which the firm establish its own foreign subsidiary. It allows the firms to have fully control over the business decision and related activities such as marketing methods, promotion, etc. It also the firm to avoid any conflict of interest and the risk of stealing technology, patent, or know how. However, it can have problems in the legal department and is restricted by the local government. (Keegan 2014, 234-254)

3 METHODOLOGY

3.1 Qualitative research

Qualitative research is an unstructured, exploratory research methodology based on a small sample of data or responders to provide insight info and understanding of the problem setting. This methodology helps to understand the underneath logic, motivations and emotional factors behind the result, especially when the result differs from the expectation. This is very helpful for market researchers to know better about customer's need and preferences, as well as avoid being misguided by the result of quantitative research. (Malhotra 2012, 180 – 182; Burns & Bush 2014, 146)

Qualitative interviews have been categorized in a variety of ways, in this study has used qualitative semi-structured interviews. Semi-structured interview technique is a helpful tool and is usually scheduled in advance at a designed time and location for a private place. They are generally organized around a set of predetermined open-ended questions, with other questions emerging from the dialogue between interviewer and participants. Semi-structured in-depth interviews are the most widely used interviewing format for qualitative research. Most commonly they are only conducted once for an individual and take between 30 minutes to many hours to complete. Interviewers get wide range of experience the subject if the individual person sharing their knowledge and experience a specific subject. The qualitative research process in which preliminary data analysis coincides with data collection often results in altering questions as the interviewers learn more about the subject. (DiCicco-Bloom, Crabtree 2006) This study has interviewed few managers as local key informants for multi-screen products at Vietnam markets.

In this study, the research method was conducted in a qualitative approach, due to the insightful information and point of view from a small sample of responders are more helpful to answer the research question which is to understand the Vietnam digital market situation and suggestion for market entry plan. (Malhotra 2012, 180 – 182; Burns & Bush 2014, 146)

3.2 Research design

The research design is a framework, a guideline, a plan for collecting and analyzing data for a study. What information is needed? Where to find them? Are documents available in open sources or online? What method use to gather and process information? With a research design, the marketer has a better, more clear and easier to keep track and follow the study. There are many types of research plans, but there are three basic types: exploratory research, descriptive research, and casual research.

Exploratory research: focus on new ideas and insights.

Descriptive research: focus on the connection and relation between two variables based on initial hypothesis.

Casual research: focus on the cause-and-effect relationship.

This thesis is an exploratory research due to the new idea of entry a product in a new market and how the market would response as generated hypothesis. The type of the research also suitable with the small scale of the thesis and the flexibility of this type allow the author to handle with unknown factors of the project.

Depend on the purpose and type of the research, it will prefer a certain type of data gathering method and technique. With exploratory research, the most use methods are literature search, depth interview and focus group. In this research, the chosen methods are literature search and deep interview.

Literature search: it is the starting point of most marketing research. There are an immense amount of information available in companies files, public libraries, or online database which is quick and easy to access with a low cost. Literature search not just about business information but also necessary knowledge and another perspective about the object.

Depth interview: the method to extract knowledge and experiences of people have information and data related to the topic. The people chosen for an interview is vague in range, it could be a customer, sale representative, former employee, or people work in the related industry. The criteria to base on is the usefulness of the information sources. The question use to interview normally will be general to give room

for the responder to expand their answer as they wish and the interviewee can go further at a certain point. (Churchill, Brown & Suter 2010. 78-84)

3.3 Data collection

Data collection is an essential part of doing a marketing research as information is required for making decision in business. In recent years, there are three main sources of market information which companies use to gather necessary data: human sources, documentary sources, and Internet sources.

Human sources: it is shown in a study that two-third of international company executives access to necessary information through personal sources. A lot of information is provided by company subsidiaries, affiliates, and branches as well as distributors, consumers, customers, suppliers, and government officials. Another source of information are friends, acquaintances, professional, colleagues, consultants, and new employee's point of view.

Documentary sources: there are two types of documentary information: published documentary and unpublished private documentary. This source is an important provider of information both in quality and quantity. Documentary source not only available as printed document but also available as digital document as able to access only even though some document could be access restricted.

Internet sources: As the growth of the internet, the amount of information available in this special platform is growing deeper and wider every day. Many organization such as governments, companies, etc. pull up information online and can be easily accessed from anywhere by an electric device connected to the Internet. Furthermore, information on the Internet is a combination of all three basic sources (human, documentary and direct perception) and it is allowed share those documents through another medium such as blogs or cloud account.

From all those sources, due to the purpose of the market research, the researcher would decide which kind of data of information need to gather. It is necessary to classify data into two categories: secondary data and primary data.

Secondary data: data gathered for not specific research in hand by other organization such as personal files, company or public libraries, online databases, government census record, etc.

Primary data: data is gathered for a specific research through the direct collection. Those data collected by survey research, personal interview and focus groups which are design to fulfill the purpose and objective of the research.

The primary data of this thesis are information and data gather from publishing document such as annual report, special reports, survey research, and study specific about Vietnam and its digital market. The source of those are a private companies, state organization, state-owned companies, NGO organization, government, academic institution, and individual researchers. Information gathers by a deep interview with managers who working in the industry to have a grasp from the inside. (Keegan 2014, 194-205)

The secondary data of this thesis are information, figures and numbers, and methods from published document such as books, journal, articles about international business activities. Those either published and available to access online or in public libraries.

The interviews are semi-structured to collect data. The sample for the interviews was five managers from five mobile network operators in Vietnam, however, only one of the interviewee agreed for the interview. The questionnaire is prepared based on the theme of the thesis. The list of question available in both English and Vietnamese and could be found at the Appendices.

3.4 Data analysis

There are few things need to done before analyses the data such as editing, coding and building the data file. Those tasks also are known as preliminary steps of data analysis.

Edit: Fixing and correcting the raw data to meet the minimum requirement of the quality standard. Confirm the order the data collect procedures and clear any misunderstanding which disqualified the raw data based on the manual instruction. Editors also need to decide what to do with incorrect or incomplete answers or conflict in the questionnaire to avoid causing of the misleading result.

Coding: “is the process of transforming raw data to symbols”. There are two main types of coding: coding closed-ended items and coding open-ended items. Coding closed-ended items mean transform raw data from the questionnaire with provided answers or rating in fixed measurement scale. Coding open-ended items mean transform raw data from survey do not provide answers or using open-ended questions to gather responder’s own answers.

Building the data file: After editing and coding the raw data, it is necessary to put coded data into a file. It is necessary to organizing the data in a system so the computer could read it easily, and later for calculating and analysis the data.

After having the data is sort and confirmed that they meet the minimum requirement, the data will be analysis by various methods to evaluate the situation. Some of those methods are demand pattern analysis, income elasticity measurement, market estimation by analogy, comparative analysis, and cluster analysis.

Demand pattern analysis: analyze based on the demand pattern of a growth market to understand consumer pattern and production patent. It is useful to have an insightful and effective evaluate the trends of the market so the companies can choose suitable entry modes to the potential market. Normally, a country in the early stage of growth focus on necessity goods and light industry, and later focus on heavy industries, then shift to services industries as the capita incomes rise higher and higher.

Income elasticity measurement: it displays the connection between income changing and demand for good. Studies showed that the percent of income spent of food decrease when the income increase when the amount is increased in a slower rate than the increase rate of income. Meanwhile, expenditures on goods such as gadget often increase faster and increase the rate of income.

Market estimation by analog: estimate the market size and potential by analogy when data is unavailable. There are two ways to executive this technique: cross-sectional comparisons and displace a time series in time.

Comparative analysis: compare market potential and marketing performance in different markets at the same point in time to figure out which should be changed or done to improve the market situation.

Cluster analysis: analysis the variables within-group similarities and between-group differences to maximized the cluster

In this thesis, the methods are chosen as main methods to analysis the data and information are demand pattern analysis and comparative analysis. Those methods are suitable to evaluate the potential of the market and how competitive it is, as well as which is the entry mode with the best benefit for the company. (Churchill, Brown & Suter 2010, 207 -209, 401-402)

4 VIETNAM PEST ANALYSIS

4.1 Politics

Vietnam (full name: Socialist Republic of Vietnam) is a one-party Communist country on the Indochina Peninsula in Southeast Asia. It is a law-government state with President of Vietnam is the head of the state and the nominal commander-in-chief. The Prime Minister of Vietnam is the head of government, presiding over a council

of ministers composed of three deputy prime ministers and the heads of 26 ministries and commissions. The National Assembly of Vietnam is the unicameral legislature of the state, composed of 498 members. Headed by a Chairman, it is superior to both the executive and judicial branches, with all government ministers being appointed from members of the National Assembly.

It was established in 1945 after expelling French colonized and Japanese occupation. After the birth of the country, it was separated into two parts and gone through American War, well-known globally as Vietnam War. It unified in 1975 after three decades of war and remain as non-conflict country until today. Vietnam also was colonized by ancient China government for nearly a thousand year and occasionally invaded by China through the length of history. The last military conflict between China and Vietnam was in 1979, the Sino – Vietnamese War or Border War, left a bitter taste for some Vietnamese as well as the clash at the sea in 1988.

The current conflict over the dispute of South East Sea with raising tension over China government action has been putting Vietnam on high alert. With a long, complicated history of unsolved conflicts of both country, Vietnam has prepared for an upcoming war over the sea territory. With the lift of embargo over weapon sell from the United State of American, Vietnam has armed herself up with biggest military buildup since Vietnam War. Ideally, the Government does not enter in any war and solve everything through diplomacy but they cannot unprepared for the worst scenario.

Its current state constitution, 2013 Constitution, asserts the central role of the Communist Party of Vietnam in all organs of government, politic and society. The General Secretary of the Communist Party performs numerous key administrative and executive functions, controlling the party's national organization and state appointments, as well as setting policy.

The new Politburo of the Party is selected in January 2016 and going to lead the Party as well as the Government till 2020. With new leadership, they stated that they are going to focus on economic develop and growth as much as possible. They also continuing the economic reform which includes privatized stated-own companies and

revamp the financial and banking sectors. They aim to have average 7% annual growth and raise the gross domestic product per capital to US\$3500 by 2020, which will make them as one of the fastest growing economies in Asia-Pacific region. They also mention the shifting of focusing on the economy into services section, which along with agricultural and sustainable development.

Vietnam is aim to attract direct foreign investors and multi-national enterprises to invest to the country and build manufacture factories or established hubs for the region. They encourage foreign firms to do business here with many generous offers which present by lower tax or lenient protocol in certain industry, for example, information technology and services. Officially, there is no discrimination between local companies and foreign companies, all law and regulations are applied except some special cases of state-owned companies. Politics view are not affected companies, as long there is no public opposed to Vietnam's government and the political system.

Vietnam was under negotiation to join Trans-Pacific Partnership (TPP) with United States of America, Japan, Canada, Australia and other countries in Pacific-rim. However, newly selected president of the US, Donald Trump has been declared to withdrawing out of the treaty. This decision has quite impact to Vietnam since the US is one of the biggest economics the world, left a disappointment for the Government and companies. It is said that the break of TPP will not cause any dramatic change in the current situation but there will be some negative long-term affect. (Website of Government of Vietnam 2017, Vietnam Profile 2016, Pennekamp 2016, Fisher 2016, Nguyen 2016, Brett 2016)

4.2 Economic

Vietnam is one of the fastest growth economies in the world with 6.21% of growth rate in 2016. It is a significant mark compare to global growth is 3.4% in 2016. They are 48th in GDP global rank and 82nd in term of ease-of-doing-business rank. The nominal GDP of 2016 is US\$ 212.7 billion, which is about 35 times bigger than GDP of 1989, when they just start The Reform (Đổi Mới).

The GDP per capita is US\$ 2239 by nominal and US\$ 6400 by PPP, with about 7% of population below the poverty line. Vietnam has been success to reduce the poverty rate from nearly 60% in past 25 years. The inflation (CPI) of 2016 is 2.8% with the unemployment rate is 3.7%.

The services sector has highest contribution to GDP with 44%, follow closely by the industrial with 39%, and least contribution belongs to agriculture with 17%. However, agricultural is the section has most of the labor force with 44.3%, follow by services sector with 32.8% and industrial sector with 22.9%.

Vietnam joined the World Trade Organization in 2007 and participated in Trans-Pacific Agreement in 2010. It also a member of region organizations and community such as South East Asia Nations Association (ASEAN) or Mekong-Ganga Cooperation (MGC).

Their key export partners are United States (21.2%), China (13.3%), Japan (8.4%), South Korea (5.5%) and Germany (4.1%) with goods are clothes, shoes, marine products, crude oil, electronics, wooden products, rice, coffee, machinery. Their key import partners are China (34.1%), South Korea (14.3%), Singapore (6.5%), Japan (6.4%), Hong Kong (5.1%), and Thailand (4.5%) with goods are machinery and equipment, petroleum products, steel products, raw materials for the clothing and shoe industries, electronics, plastics, automobiles. China plays an important role in Vietnam's economy by being the biggest importer and 2nd biggest exporter. Due to the conflict of two countries over sea territory and high tension underlying, any move from the China's government will affect Vietnam in both exports and imports. The US's economy policy from President Trump is going to affect Vietnam with the withdraw from the TPP as its biggest exporter.

It is a socialist's oriented market economy which is shifting from a from a highly centralized planned economy to a mixed economy that uses both directive and indicative planning through five-year plans. Vietnam has gradually been transforming itself into a more open, more market-oriented economy and is beginning to enjoy the benefits of its steady but slow integration into the global commercial system. Re-

forms have included partial privatization of state-owned enterprises, liberalization of the trade and investment regimes, and modernization of the financial sector. For 2016-2020 plan, the Party aim to make Vietnam becomes one of fastest growth economy in Asia-Pacific region and shifting the focus of it from industry to services, along with push in the agricultural sector. They aim to attract foreign investment in most industries, and doing quite impress with 9% of increase in disbursed foreign direct investment and 7.1% raised in pledged in 2016

It is not written down but well known that politicians have a strong bond with the economy. The Minister of Commerce always is a member of the Communist Party and the plan for the economy is based on the Party's policy and instruction. State-own companies always have advantaged over private companies and foreign firms over priority in using natural resources, financial support, subsidy, and another privilege. They alleged to have inside trade and lobby the law marker and the Assembly to pass bill and regulation in favor of them, as well as strict rules towards foreign firms in same industry.

Corruption is also a big problem of state-owned companies. It is both happen in SOEs with capital is provided by state fund which is too big to fail and in local government with some fat cut is for someone has tie and connection with the leader ring. Bribery is unofficial but acceptable, even expected some times when it is come to doing business. SOEs itself have their own problems when they can use state cheap capital, protected by the government as a monopolist despite the fact not all SOEs can bring back big profit and do business effectively. (Website of Government of Vietnam 2016, Website of General Statistic Office of Vietnam 2016, CIA World Factbook 2016, Pourcelot 2016, Horsley 2016, World Bank Data 2016, Nguyen 2016)

4.3 Social

Vietnam has a 15th biggest population with 95.26 million people (July 2016), which equivalent to 1.27% of total world population. The population of Vietnam is young with median age is 30.8 and 94% of the population under the age of 65. The number

of the labor force is 54.93 million, with 44% working in the agricultural sector, 22.9% working in the industrial sector, and 32.8% working in the services sector. The unemployment rate of 2016 is 3.7%.

Vietnam has population growth rate of 0.95% with birth rate is 15.7 births/1000 population. It is estimated that Vietnam will have 102 million people by 2025. 23.8% of total population is under 14 years old, 16.69% is in 15-24 age range, 45.22% is in 25-42 age range, 8.01% is in 54-65 age range and only 6.01% is 65 years old and over. 33.6% of the total population live in urban area and the rate of urbanization is 2.95% annually from 2010 to 2015.

Vietnam's population consists 54 ethnic groups with the biggest group is Kinh (Viet) group with 85.7% of the total population. Vietnamese is the official language even though other languages as Thai, Tay, Khmer, Cham, H'Mong more popular in certain areas at daily conversation. English is taught at the school at primary level and the number of English-speakers increasing very fast in last decades. The literacy rate is 90.3% for the total population and 94% of people over the age of 24. The gender ratio of literacy is 96.3% of male and 92.8% of female (2015)

Ho Chi Minh City is the biggest city of Vietnam with 7.298 million people, Hanoi is the 2nd biggest city with 3.620 million people, Can Tho is the 3rd biggest city with 1.175 million people. Hai Phong, Da Nang, and Bien Hoa are major cities with about 1 million people in each area. Hanoi is the capital of Vietnam despite it is not the biggest city. All of universities and important hospitals are located in those cities, as well as headquarters or representative office of companies.

Vietnam's households doubled income in last ten year, which means the purchasing power is rise along with the raise of the economy. With the develop of the economy and the maturing in life stages in Vietnam, the consumer behavior in general and in digital market has changed in last decade. Mobile phones are the new symbol of social status, a representative for status driven conspicuous consumption. With the revolution and innovative of information technology advance, it changed the internet penetration and habit of Vietnam consumers.

The internet national penetration is 48% with 69% of the mobile user is 15 years old and above. 28% of people older than 15 years old using a smartphone and the numbers is increasing day by day. 72% of the user in the urban area have frequent online access with average time spending is 180 minutes/ day. 25% of page views is from mobile online when 23% of video view is counted from mobile phones. In 2015, it is stated that mobile app download grew by 60% and very likely that will remain same in near future.

Television remains as the most popular media platform when the 62% watch movies on computers, 30% watch movies on mobile phones and 26% watch movies on the tablet. 76% of a mobile user watching video while browsing and using social media. The shift in watching habit of the consumer is visible when compare to last decade when in 2005, most of viewer watch video and movies on television.

Social media and social network play important roles in today lives with the desire to express an opinion and self-identified with social network sites and applications which allowed the user to post selfies, sharing news or entertainment, and status updates. With the features of video watching and live stream on social sites, it is said that more people would choose it as the main channel to media consumption. (Website of General Statistic Office of Vietnam 2016, World Bank Data 2016, Vietnam Social Sciences Review 2016, EDM Report Vietnam 2015, Vietnam Human Development Report. 2015, Burrage 2016, Do 2015)

4.4 Technology

Vietnam's economy growth lead to the increase in the technology field. From barely have companies working in information technology industry in 2005, now the country has nearly 14000 information technology firms which produce hardware, software and digital content. The revenue of the industry in 2016 is US\$ 55.5 million with growth rate is 35%. The government considers this sector as one of the key sectors for future economy development and the encourage both domestic and international entrepreneurs to invest and join the market.

E-commerce is starting to bloom in Vietnam market with the develop of technology and easier access to the internet. There are more than 20 e-payment services and e-cash services available for more than 50000 e-commerce sites. The number of those services and sites will increase in near future due to the trend of online shopping and back-up by the government. Online shopping is available for gaming, utilities, fashion, food order, and other goods in direct online store and through shopping websites such as Lazada and Zalora are become more popular in Vietnam. E-commerce's revenue of 2015 is US\$ 4 billion, increased 37% from 2014 and make up 2.8% of the country's total commodity retail and services turnover. Accord to a survey conduct by Ministry of Industry and Trade's E-commerce and Information Technology Agency (Ministry of Industry and Trade), 40% of responder said their bills for purchases through mobile devices cost less than US\$5, while 36% usually bought products valued from US\$ 5-25, and 24% spent over US\$25. It noticeable that GDP per capita of Vietnam is about US\$2300 by 2016.

Digital content has an average growth rate of about 20% to 40% per year and shown significant growth over the past 10 years. This sector makes up only 10% of total revenue of the industry but it has a lot of potential in near future. The key areas of this sector include providing content for mobile networks and for the internet, online games, online entertainment, e-commerce, e-libraries, digital television and electronic newspapers.

With medium age is 30.8 and have a good reputation in science and technology field such as mathematics, Vietnam has a good source for IT workers and professional, with good skills and financially competitive. In 2012, Vietnam has 170 000 students enrolled in the IT-related program and it is believed that the number is increasing each year. Even though the majority of the student are not skilled after graduate, the minority has outstanding hard skills. However, essential qualification such as communication skis, critical thinking, interpersonal skills is lacking due "chalk and talk" educational system. Foreign language skill is one of the weakness of the human resources, especially in dealing with international projects and clients. There are temporary solutions such as provide in-house training or hiring people with an advance degree but it may not enough. The government policy is pushing tech industry to maximize its growth ability with 2020 IT Master Plan with the ambition to turn Vi-

etnam into an advance information and communication technology country, as well as become the next Silicon Valley.

The 2020 IT Master Plan is a strategy for long-term development of tech field which focuses on four main areas: workforce, local industry, infrastructure, and enhancing the application. Companies in this field are help by the government by tax incentives and simplified administration procedures. Enterprises located in software or hi-tech parks are offered further support and incentives.

The biggest software park of the country started construction in September 2016, located in Hanoi with US\$ 1 billion investment. It expected to create over 40 000 jobs and specialize in software development and digital content. There is a concentrated information technology zone in Hanoi's Cau Giay district is now fully occupied by over 300 companies. Saigon Silicon Valley started construction at August 2016, locate in Ho Chi Minh City and estimated to have US\$1.5 billion investment. This project modeled after American Silicon Valley and aims to create an ecosystem of innovations and technology commercialization. It will host workshops, research and development projects and incubate start-ups in modern science and technology.

Beside with two mega projects, Da Nang IT Park is established in 2010, after Hanoi Hi-Tech Park and Ho Chi Minh Hi-Teck Park. It is expected to be a destination for both domestic and foreign investors, boosting the science and technology development of Da Nang City in particular and Central Vietnam and Western Highlands in general. It aims to be an ecological township with a harmony between R&D, training, manufacturing hi-tech products, living environment and the social-cultural environment. (Website of Ministry of Information and Communication 2016, Website of Ministry of Industry and Trade 2016, Burrage 2016, Marvin 2015, Greene 2014, Tatarski 2016, Nunis 2016)

5 VIETNAM DIGITAL MARKET PROFILE

5.1 Telecommunication market overview

Accord to MIC annual report of 2015, Vietnam market has:

- TV households: 22.24 million
- Fixed line subscribers: 5.9 million
- Mobile subscribers: 120.32 million
- 3G subscribers: 35.78 million
- Broadband Internet Subscribers: 10.23 million
- Internet users: 45.5 million
- Mobile signal coverage: 94%

Although many kinds of digital telecommunication are fast developing, TV is still the main telecommunication channel.

- Time for TV: 3-4 hours/day/person on average.
- Golden time: 12:00-13:00 and 19:00-20:00

The number of the viewer is decreasing in 4 biggest cities (Ha Noi, Ho Chi Minh City, Hai Phong and Can Tho) and more than 60% of 10s and 20s watch TV less than before. People on their 10s and 20s prefer to use Facebook, stream websites and Youtube as info source instead of watching TV

Besides traditional terrestrial TV channels, Vietnamese customers can choose more than 170 different channels distributed through free-to-air (FTA), free to view (FTV), cable, satellite and IPTV. Analog TV is no longer available in Big 5 cities.

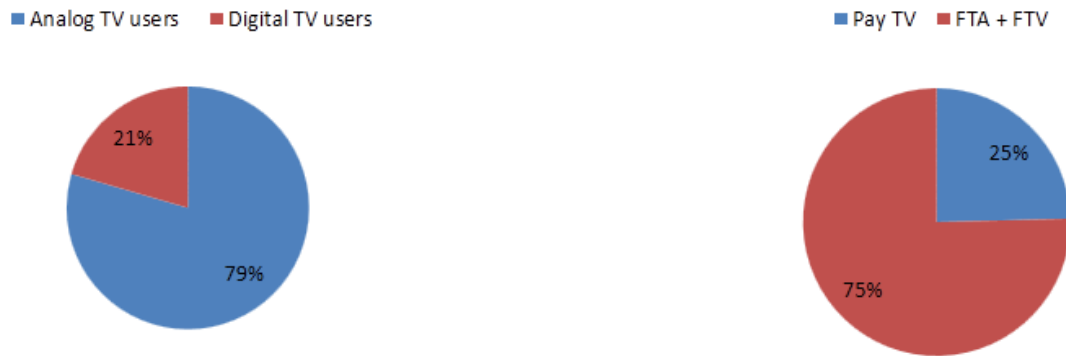


Figure 6: Television Broadcasting Market in Vietnam (MIC annual report 2015)

VTV (Vietnam Television) is the national broadcaster of Vietnam, controlled by Ministry of Information and Communication (MIC). It is the biggest TV station in Vietnam and wholly owned by the Government. There are other two nationwide broadcasters: VTC and AVG.

Besides these three national broadcast stations, there are 63 local TV broadcasters such as HTV, THVL, Hanoi and others.

There are 5 current mobile telecom operators: Viettel, Vinaphone, MobiFone, Vietnamobile and Gmobile. All operators provide 2G and 3G service, offer both prepaid and postpaid package. 95.5% of mobile subscribers are prepaid subscribers and 4.5% are postpaid subscribers. In 2016, the mobile telecommunication market in Vietnam has more than 128.3 million subscribers using service of five providers. Viettel holds the highest market share of 49.5%, next the MobileFone approximately 27% and followed by the Vinaphone with nearly 16% (Ministry of Information & Communication (MIC), 2016)

Telecom market revenue in 2015 was 15 billion USD. Viettel is market dominance with revenue 4 times bigger than both MobiFone's revenue and Vinaphone's revenue combined. From 2011 to 2015, the average growth of telecom industry is 30% -50%.

Video streaming on mobile would be priority developing service with the upcoming official launching of 4G-LTE from big 3 companies. (Ministry of Information and

Communication 2015 Report, Websites of AGV 2017, Website of VTV 2017, Website of World Bank 2016, Website of General Statistic Office of Vietnam 2016)

5.2 Pay television and Cable television overview

The Pay-TV market in Vietnam has a significant increase in numbers of subscribers and revenue of TV advertising. Number of subscribers of pay-TV in 2015 are US\$ 9.9 million with 80.8% are cable subscribers. The market has revenue in 2015 is US\$ 430.7 million. The number of pay TV channels increase steadily in the North and Center of Vietnam (Ha Noi and Da Nang) but significantly in the South (Ho Chi Minh City and Can Tho). There are 75% of household in urban cities are pay-tv subscribers. The number of subscribers is estimated to growth by 20-25% per year

Pay TV subscribers share (2015)

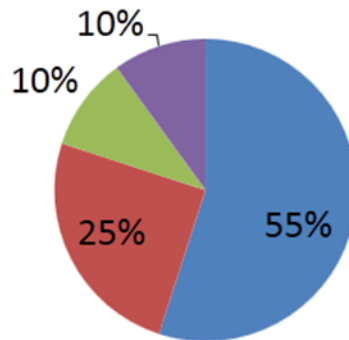
- DTH: 1.4 million
- Analog: 5.9 million
- Digital TV: 0.77 million
- IPTV: 1.5 million
- Mobile TV: 0.22 million
- Cable TV: 0.3 million

In 2016, a regulation was made by the MUC which allows pay-TV providers to have maximum 30% of foreign channels of the total number of channels. It is explained that the regulation is to “boots the subscription-based pay TV market” by helping domestic channels and TV program producers.

Cable TV has been greatly developed in Vietnam over recent years. There are three main companies which provide cable TV are VTVcab which is a subsidiary of VTV, Vietnam Cable TV (HTVC) which is owned by HTV, and the state-owned Saigontourist Cable Television Company (SCTV). They supply both national and international channels with SDTV (Standard Definition Television) and HDTV (High Definition Television). VTVcab and SCTV were going public at the beginning of 2016, due to a government plan of restructuring state-owned companies.

Market share (by subscribers) of pay-TV providers

■ VTVcab ■ SCTV ■ HTC V ■ Others (Viettel, VNPT, ...)



(Source: MIC 2015 annual report)

Figure 7: Market share of pay TV providers

Cable service is the main service of pay TV market, accounts for 80.8% of the revenue of this market in 2015. There are 85% of households in Ho Chi Minh City and Hanoi (2 biggest cities of Vietnam) connected to cable market in 2015. Market share (by subscriber) of cable TV service providers in 2015: VTVcab was the market leader, following by SCTV, HTC V, and others (Viettel, VNPT, etc) (Ministry of Industry and Communication annual report 2015, Two major cable TV....2016, New regulation aims... .2016)

5.3 Television channels overview

National channels (VTV channels) have the highest advertising revenue. Among local TV channels, Ho Chi Minh Television (HTV) is the most popular one so that it receives 13% of the total advertising revenue in 2011.

Popular TV channels of Vietnam are different from North to South. While the markets in the North and the Center of Vietnam are centralized, the South of Vietnam is more various.

At Hanoi market (the North of Vietnam), 60% of market share belongs to VTV channels (VTV3 and VTV1). 11% is the local channel, HN1.

At Danang market (the Centre of Vietnam): 4 leading channels compose 75% market share. They are DVTM (27,9%), VTV3 (24,6%), DRT (local channel: 13,2%) and VTV1 (10,2%). VNPT (MyTV) hold 75% of IPTV market and 35% shares of pay-TV market.

At Hochiminh market (the South of Vietnam), top 5 market shares are as followed: Vinh Long 1 (9.4%), SCTV14 (4.90%), SCTV9 (4.3%), Vinh Long 2 (3,6%), and VTC7 – Today TV (3.5%)

The differences in favor TV channels in three main reason could explain the differences in cultural of each region. The styles, the humorous or types of shows in each area are significant to distinguish so does their preference about TV channels. (Website of TNS Media 2009, Website of Baodanang 2015, The Southern viewers adore Vinh Long... 2016)

5.4 Satellite television overview

There are 4 operators offer satellite TV or DTH package: AVG (Anvien TV), K+, VTC, and HTV. The main television company in Vietnam is the state broadcaster Vietnam Television (VTV) and its' channels are controlled by the Ministry of Information and Communications. The largest local TV broadcaster, and the second largest after VTV, is Ho Chi Minh City Television (HTV). There is no television license in Vietnam and all of the providers use Vinasat satellite, a stated-owned satellite which is launched in April 2008.

VTV has six main channels, which deal with the following subjects:

VTV1 – political, economic, culture and social news

VTV2 – education, science, technology, news

VTV3 – sport, entertainment, economic news

VTV4 – home affairs, international news

VTV5 – local news

VTV6 – youth channel

Besides the national VTV channels, each city or province also has their own television stations. These channels are free to view although programs are in Vietnamese.

Average basic package offers have about 135 channels both free and paid which monthly fee approximate 5-7 euros/month. This price does not include received signal equipment which cost around 60-80 euros. Therefore, satellite TV is more preferred in suburb area and countryside due to cheap subscription fee, the cheap signal receiving equipment and the flexibility to set up.

The number of subscribers is slowly decreased due to the increase of other pay TV services such as cable TV or Internet TV. The TV subscription fee for pay TV is lowered to gain customers and its offer more channels and content so many customers choose it instead of satellite TV services.

There is no official number of the subscribers of satellite TV services, but its approximate to in between 10 and 15 million subscribers, most are household customers. (Ministry of Information and Communication annual report 2015, Website of VTV 2017, TV subscription fee...2016)

5.5 Broadband Internet and mobile internet overview

In January 2014, there are 56 companies have granted to provided Internet services which include Internet application in telecommunication. Most of the companies are business-to-business services providers. For individuals and household customers, Viettel, VNPT and FPT hold most of the market share.

Current types of Internet transition methods available in Vietnam market

- Fiber to the home (FTTH)

- Fiber to the building (FTTB)
- ADSL

Average broadband speed for basic package (both download and upload speed)

- FTTH: 12-16 MBps
- FTTB: 6 – 10 MBps
- ADSL: 3-5 MBps

Average price for broadband Internet basic package

- FTTH: 14.2 €
- FTTB: 10.3 €
- ADSL: 5.29 €

(Currency exchange rate: 1 € = 25000 VND)

Vietnam has about 10.23 million broadband internet subscribers, mostly are household and business consumers with approximate 45.5 million users. FTTH and FTTB are preferred in big cities due to better quality and speed, but ADSL doing better in suburbs and countryside due to the lower prices.

There are 5 current 3G mobile telecom operators in Vietnam, which are Viettel, Vinaphone, MobiFone, Vietnamobile and Gmobile. Three of them (Viettel, Vinaphone, MobiFone) are state-owned companies and hold 95% of market share with more than 120 million subscribers.

In the 3G mobile market, there are 19.6 million 3G phone mobile subscribers and about 35.78 million of 3G subscribers. However, it needs to take into account that those subscribers are not clear if they are monthly active subscribers or not.

There is four 4G license operator which are Viettel, MobiFone, Vinaphone and GTel mobile. Viettel, MobiFone and Vinaphone have been launched trial services in selected area and planning to officially offer the service national wide in 2017. Those all action under a national plan that by 2020, 95% of Vietnam's population will use

high-speed 3G and 4G. (Ministry of Information and Communication annual report 2015, Vietnam grants 4G...2016)

5.6 OTT application market overview

OTT application (Over-the-Top) is an app or services can provide communicate or a product without requiring users to subscribe to a traditional cable or satellite service. For example, Skype, a well-known application which provides video call services by using Internet or Whatapp, a popular mobile app can work with 3G or wifi instead of traditional mobile signal.

In Vietnam, there is quite a number of mobile OTT available from popular foreign apps such as Viber, Whatsapp, Kakaotalk, Line, to apps from domestic providers such as Zalo, Mocha, Viettalk, etc. They available as two types: OTT without Interconnect (ap-ap), free of charge such as Line, Skype, Zalo, etc and with Inerconnect (Ap- PSTN/PLMN), chargeable such as Viber-out, Skype-Out, Viettalk-out/in, Mocha, etc.

The biggest OTT mobile app is Zalo with 60 million users, and about 32 million of them are monthly regular users in October 2016, according to company press release. Zalo is an OTT-app which is created and develop by VNG, Vietnamese technology company specializing in digital content and online entertainment, social networking, and e-commerce. It is launched in 2012 and quickly become the most popular OTT mobile app in a short time. It not just only uses as a tool for communication but also has a different function such as news or online searching and other more. They are planning to integrate e-commerce and other business assistance apps to Zalo in near future.

Viber is second biggest OTT mobile apps with over 23 million users (2015) but they shut down the Vietnam representative office after just over a year of its opening. Viber claimed it due to the established of new headquarters in the Philippines for the Southeast Asian region. However, this explanation left room for suspicion over the closed of second largest OTT app in Vietnam since a representative of a major mo-

mobile network comment for an online outlet that “Viber Vietnam did not have a positive business model, plus the competition from domestic OTTs made it difficult for Viber to survive here”.

Facebook is one of the biggest OTTs apps in Vietnam with approximate 30 million users (2015) who are monthly active, and about 27 million mobile users. It is arguably the biggest social network in Vietnam now and not have any competitors in the same rank. Facebook user use the app to connect with friends, catch up news and visiting pages of entertainment, fashion and beauty, dining categories and promotion pages run by brands and shops.

Line has about 4 million users and Kakaotalk has about 1 million users by 2014, however, these two OTT apps are closed their office shortly after launching due to the harsh competition against domestic OTT apps. Beside those apps, major mobile network operators have their own OTT apps such as Viettel with Mocha, MobiFone with WiTalk with about 3-4 million users for each app. Those operators not aim to against Zalo or Viber but rather go after additional services for roaming and foreign markets.

For television market, K+ cooperate with Irdeto to launch the first commercial OTT app as multi-screen support to offer their content for various devices and browsers. Meanwhile, VTV joined hand with Harmonic for its owns live OTT app. They addressed that OTT TV becomes popular to Vietnamese consumer and they want to set the standard for the services in Vietnam market. (Website of Techopedia 2017, Website of VNG 2016, Vietnam’s largest broadcaster....2016, OTT app developers...2016, Vietnam’s small business...2016, Bui 2015, Asian OTT services... 2015, Facebook now has 30 million...2015)

6 BIG 3 OF INDUSTRY

6.1 Viettel

Viettel (full name in Vietnamese: Tập đoàn Viễn thông Quân đội) is Vietnam's largest mobile network operator wholly owned and operated by the Ministry of Defense. It is a state-owned enterprise which established in 2004 with the headquarter located in Hanoi. It has about 80 000 employers in Vietnam as well as other countries and have and served more than 90 million customers from 10 countries. It also one of 30 biggest telecommunication companies in the world (Website of Viettel, 2016)



Figure 8: Logo of Viettel (Website of Viettel, 2017)

Viettel provides mobile telecommunication services, land mobile services, the Internet and television cable services. As 2015, the growth rate of Viettel is 13.5% and the revenue is \$15 billion. They are the biggest operator in term of subscribers with 90 million subscribers with 7.4 million new subscribers in 2016 and archived 109% of annual plan for profit. (Viettel taking the lead... 2016.) They also are the first 4G mobile service operator with the trial service available in selected regions. Viettel is planning to offers the 4G services to other regions as soon as licensed by the Ministry of Information and Communication. (Ly 2015)

Besides domestic business, Viettel is active in overseas markets such as Laos, Cambodia, Timor-Leste, Haiti, Mozambique, Cameroon, Tanzania, Burundi and Myanmar. They are the biggest mobile operator in Laos, Cambodia, Timor-Leste, and Mozambique. They have annual growth up to 282 percent with a turnover of 2015 was US\$ 32 million in Timor-Leste, notable that the operation started in July 2013. (Viettel profile, 2016)

Viettel is chosen by the Ministry of Commercial as Information Technology Partner from 2017 to 2020 and signed to constructor and developer for e-commerce project which is funded by the ministry. They are the first mobile operator to remove roaming fee as apply same rates for Indochina peninsula area, among subscribers of Viettel (Vietnam), Unitel (Laos), and Metfone (Cambodia). Viettel is going to officially deploy 4G services for mobile in the 1st quarter of 2017, marked it as the first mobile operator to provide this service nationwide. They also plan to offer this service in Laos and Cambodia in near future. (Website of Viettel 2017).

Among three biggest mobile operators of Vietnam, Viettel is the youngest company but has highest growth rate and highest revenue. They are the biggest 3G network in Vietnam and the only 3G operator to cover 86% of the whole population. Their mobile network covers 100% of the country, including remote, mountainous areas which are normally not have access to mobile network.

Viettel is a very well-known brand in Vietnam, and has high trust from the customer due to their good service with reasonable prices, many social sustainable development projects and the reputation as an enterprise of soldiers. They have strong connections and partnerships with the government and the military forces, and received a lot of praises from the Party through the years. (Viettel's 10 years of international investment..., 2016)

6.2 MobiFone

MobiFone is the mobile network of Vietnam Mobile Telecom Services (Vietnamese name: Công ty Thông tin di động Việt Nam), which is founded on 1993, as a GSM

launcher and the first telecommunication provider of Vietnam. Currently, it is the third largest mobile network operator in Vietnam with nearly 50 million subscribers. (Website of MobiFone 2017)



Figure 9: Logo of Mobifone (Website of Mobifone 2017)

As in 2015, MobiFone's turnover was US\$1.65 billion, which equal to 8.29% increase, the profit increased 1.3%, reached to US\$ 329.91 million from 2014. (Viettel dominates... 2016). By November 2016, their revenue was US\$ 123.5 million with 94000 new subscribers. (Viettel taking leads... 2016). Beside domestic business, they have launched the services in Myanmar, Laos, and Cambodia since 2013 and plan to promote in the oversea market as a bid to fulfill the goal of 2015-2020 period. (Mobifone promotes overseas business... 2015)

MobiFone was owned by VNPT until 2014, before transferred to under the management of the Ministry of Information and Communication as part of revamping plant for VNPT and for IPO of the company. (MobiFone network separates...2014). Mobifone also under equitization process to change from a wholly owned state enterprise to be partly own by the State with 50 to less than 65 percent of its capital. The process was supposed to start from 2014 with the split from VNPT but delayed due to unknown reasons. (Telecom giants VNPT... 2017)

MobiFone is now focused on four main segments: mobile network – television – retail – valued added services and multi-media. Their aim is to reach VND 100 trillion (US\$4.46 billion) in revenue by 2020 and expand the business to other fields such as mobile e-commerce, mobile advertising, mobile application, machine-to-machine

solution (M2M), and other community telecommunication services. (Website of MobiFone 2017)

6.3 Vinaphone

Vinaphone is major mobile network operator which founded on 1996, as a GSM launcher. Currently it is the third largest provider in Vietnam and was the first network operator to launch 3G services nationwide in 2009. They are a subsidiary of VNPT – Vietnam Post and Telecommunications Groups and owned by the Vietnamese Government. Most of revenue and profit of VNPT comes from Vinaphone as well as it the most successful brand of VNPT (Website of Vinaphone 2017)



Figure 10: Logo of Vinaphone (Website of Vinaphone, 2017)

Vinaphone offers mobile telecommunication services, Internet access, international roaming services and utilities related services. They are specialized at building 2G/3G network services. By launching 4G services in Phu Quoc, Vinaphone becomes the first 4G operator in Vietnam. They are planning to provide the service nationwide before the end of 2017. (Website of Vinaphone 2017)

As in 2015, VNPT's profit was US\$ 146.43 million which 20% increase in profit in 2014. Since it well known that most of the profit of VNPT comes from Vinaphone, it is safe to say those numbers are mostly are the mobile network's profit. Vinaphone has about 29.7 million subscribers, make it has the 3rd network in term of users. (Viettel dominates.... 2015). By the end of 2016, Vinaphone announced to increased 7% in profit with US\$ 156.68 million and the total numbers of the subscriber is 32.6 million. (Website of Vinaphone 2017).

Currently, Vinaphone and VNPT are under revamp their company structure and business model. They are going to expand the production line and manufacture of technology devices to cater in-house demand. The main focus is the customer services to earn customer's trust and create a better image. Their goal for 2016-2020 period is to be leading mobile network operators by surpassing MobiFone to become 2nd biggest mobile network in Vietnam (New directions of... 2016).

Vinaphone and VNPT also under equitization process to change from a wholly owned state enterprise to be partly own by the State with 50 to less than 65 percent of its capital. (Telecom giants VNPT... 2017)

7 RESEARCH FINDINGS

7.1 Multi-screen SWOT analysis with interview results

The interview was with an executive manager is working at mobile application and services department of Viettel, who request to keep identity confidential. She shared her opinion about Multi-screen product and potential of it in Vietnam market and answered many questions for a service buyer's point of view.

Strength: Multi-screen is relatively new technology in Vietnam. It is introduced to the market a few years ago, and currently available for Internet television service. Stream Group has upper hand with the technology, especially this is adaptable for mobile and tablet user. They have experiences of doing business abroad so it will not too difficult to establish a business in Vietnam

Weakness: Apparently, Stream Group only doing business and have a partnership in the European market. They seem to lack understanding about market and cultural of Vietnam market, especially within the digital market and its consumer behavior. Cultural differences may cost them extra expenditures and delay the entry market process.

Opportunities: Vietnam has a huge potential customer base with medium age is 30.8 and prefer to catch up to world trend. They spend more time on watching video on the smartphone more than on television so an application allowed video to watch at the different platform is interesting to the industry and the market as well. Currently, there are not a lot of services providers in Vietnam, since the market is relatively new, therefore the fight for market share is less intense than other established markets.

Threat: The local operators hold more than 90% of market shares and they have a strong tie to the market and the authorities. Especially when the Big 3 companies of digital market are either state-owned companies or under the direct management of government. There are legal restrictions and bureaucracy policy which prevent international firms to do business in this field. There are available services provided by foreign firms as well, make them be the competitor of Stream Group. They have the advantage of existing connection and experience of conduct project in this market.

She emphasise that Viettel policy take short-cut buy purchase new technology and they are preparing to focus on Internet mobile market, especially when the 4G-LTE network is officially launching all over the country. The director board comment that internet mobile market has a huge potential and their aim to hold as much of market share as possible, as well as the leading position in the telecommunication industry. Other companies as Vinaphone and MobiFone seems to have the same strategy as Viettel in this sector.

A product like the Multi-screen application is very likely to consider since it fit to expand the business over OTT market as well as the mobile internet for a long-term plan. Price is an important factor to when it comes to select a provider. Technique requirement is essential too, since the application may not able to run on a current platform in the mobile network. However, there is no available data in both aspect so she cannot comment at that.

7.2 Conclusion and recommendation

There are opportunities exist for foreign exporters in value added services as more people use mobile phones to access the Internet. Multi-screen application for smartphones has demand by the biggest companies in the industry. There are not a lot of competitor in the market now, so the sooner service provider joins in, the better benefit they have.

Vietnam's Internet market show a significant growth with the expanding over e-commerce and information technology services firms. The shift from traditional media channel to internet channel are the strong trend of young generation with the explosion of digital age. More people using smartphone and other electronics devices to access Internet with available 3G services and soon-to-launch 4G services. More people prefer to watch video on Internet instead of watching television due to the flexibility and wide range of options. To supply for the demand over new habit of consumer open a gate to the niche market of Internet and mobile video streaming services

Currently, there are no domestic mobile application providers offers multi-screen platform, therefore network operator will seek from foreign suppliers. There are only two officially multi-screen services available in Vietnam market and both are for IPTV. Because of that, a multi-screen platform for mobile services is highly requested from those big mobile operators.

Stream Group has its own advantage with high-quality services with knowledge of conduct project internationally. However, their lack of understanding about cultural and social etiquette may leave an unpleasant impression on potential buyers. Their competitors have been doing business in the market for a longer time and have a connection with local companies and authorities.

They should offer mobile streaming services with the multi-screen platform as the launching project due to the high demand from mobile network operators. Other services could be introduced later based on the necessary of the market. They have potential to make to the niche market but it is not clear at the time being.

Stream Group should collaborate with a local company to avoid any possible legal restriction due to the government policy. They also should be aware of the strong bond between politics and economy through state-owned companies in the field. A strong bond with local companies, especially with big companies would give them upper-hand inside information and another privilege from the government. Established their own representative office is a choice worth to consider too, however it should be careful plan to prevent all the risk and minimize the cost and potential obstacle from the state's regulation and law.

8 SUMMARY

The thesis was based on knowledge about market research and analysis to describe the picture of Vietnam's economy and digital market. It aims to evaluate the potential of the market for multi-stream services product of Stream Group from data and information gather through various sources and direct interview with people who currently working in this sector.

The theoretical framework was built with some well-known models such as PEST analysis, Ansoff's matrix, Porter's five forces, SWOT analysis, and entry modes. They are effective for market research and understand the position of the product to a new market, as well as helpful for decision making regard the entry modes and enter market strategy.

Methodology defined the type of the research, primary data and secondary data of the thesis and the sources of the information. It described methods and technique was chosen for conduct the survey for the purposes of the thesis. It explained how the data was gathered and which method is chosen to analysis and how to make a conclusion from it.

Vietnam PEST analysis was applied for macro aspects of the country, to draw a full picture of the backbone of the market and the relationship between politics and the economy, how they tied and affected to each other, as well as the how the current situation of the social and technology of Vietnam, especially in favor of digital market and its customer base.

The digital market profile created the overview portfolio of the market, display how much it worth and the potential of growing market through growth rate, the revenue and turnover rate of the whole digital market and its sub-markets such as pay TV and cable TV, Internet mobile and broadband Internet. It also explained about plan of the industry of Government to expand and develop this field in the future.

Big 3 of Industry introduced the three biggest enterprises of the digital market. They hold more than 90% share of the whole market and have strong influences not just in term of the economy but also state policy toward this field. They all planned to expand business in Internet mobile services, which is fit for the case company's product offers for the market.

Research finding is the SWOT analysis of Multi-screen services of Stream Group in context of Vietnam digital market. It covered the strength, weakness, opportunities, and weakness of the product and the company in compare with other companies in same field. Based the analysis and information of the market from the interview with industry manager, the recommendation for entry modes and set up for the business is suggested.

9 FINAL WORDS

The topic of the thesis came to me as a part of my internship at Stream Group as a junior sale manager. I was excited and cautious at same time. The topic is perfectly for me to apply all the knowledge from school and real-life working experiences. I want to prove that I have been hard working and studying through this thesis. However, I doubt of myself if I would able pull it off. It has been up and down, there were moment I lost in midst of writing, of wander around the topic, did not know what to do and how to solve the problem. Therefore,

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Questions for the interview

1. How do you see the business environment for multi-screen product?
2. How do you see the potential of multi-screen product in Vietnam?
3. How well the State and the local government support business?
4. Which factors can affect the business?
5. What can be the opportunities for multi-screen product?
6. What can be the challenges for multi-screen product?
7. How these challenges can be handled?
8. What strengths you see in multi-screen product?
9. What weaknesses you see in multi-screen product?
10. How do you see you competitors?
11. How competitors can affect the business?
12. What is the possibility of success in multi-screen product?

Câu hỏi phỏng vấn

1. Đánh giá thấy môi trường kinh doanh cho các sản phẩm Multi-screen?
2. Đánh giá về tiềm năng của sản phẩm Multi-screen ở Việt Nam?
3. Nhà nước và chính quyền địa phương có chính sách hỗ trợ gì cho sản phẩm này hay không?
4. Những yếu tố có thể ảnh hưởng việc kinh doanh sản phẩm này là gì?
5. Những gì có thể là cơ hội cho dịch vụ Multi-screen?
6. Những gì có thể là thách thức dịch vụ Multi-screen?
7. Làm thế nào những thách thức này có thể được xử lý?
8. Những điểm mạnh dịch vụ Multi-screen?
9. Những điểm yếu mà bạn nhìn thấy trong sản phẩm Multi màn hình?
10. Đánh giá về các đối thủ cạnh tranh của dịch vụ/sản phẩm này?
11. Các đối thủ cạnh tranh có thể ảnh hưởng đến việc kinh doanh như thế nào?
12. Khả năng thành công của Multi-screen là gì