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A STUDY ON SK TELECOM IN VIETNAM:

THE RETREAT FROM THE VIETNAMESE MARKET

By

TRONG DUC LE

CAPSTON PROJECT

Submitted to

KDI School of Public Policy and Management

in partial fulfillment of the requirements

for the degree of

MASTER OF PUBLIC POLICY

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Committee in charge:

Professor Anthony Michell, Supervisor

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Approval as of August, 2011

ABSTRACT

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SK Telecom is the largest mobile network in South Korea. During the history of 26 years, SK Telecom has become the figure of Korean mobile communications. Based on its strong technology and economic potential, SK Telecom hopes to break through stalled growth in the local telecommunication market boosting its international profile. From the beginning of 2000, while most of Korean big enterprises have entered Vietnam market, SK Telecom made a decision to invest in the country's telecommunications market. Once making the decision to invest in Vietnam mobile industry, at first, in the view of SK Telecom's leaders, Vietnam was considered as an extremely potential market. However, SK Telecom's direct investment decision into Vietnam market has been considered an over-ambitious target while its image in the market is still vulnerable, as well as it has faced with tough competition from other domestic mobile operators. As a result, Korean SK Telecom reduced its capital by 2010, and closed down its business in Hanoi. Thus the main purpose of the study is to investigating the reasons why SK Telecom failed to break through the Vietnamese mobile market. Besides, the study will focus on the International Marketing strategies of the SK Telecom when entering Vietnamese market, and from there point out the reasons for this failure.

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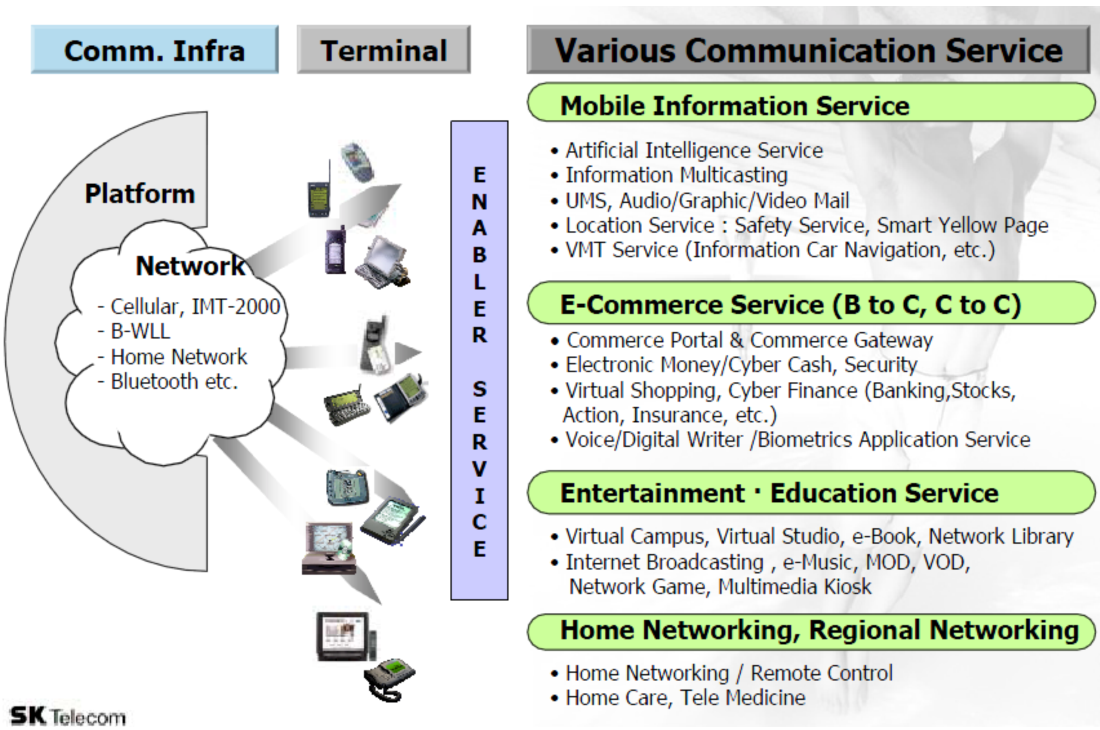
I. INTRODUCTION

1. Introduction of SK Telecom in Korean Telecommunication Market

SK Telecom is the largest mobile network in South Korea. Its market share covers more than 50% proportion of Korea telecommunication service market. Official reports of financial year of 2008 showed that by this time, SK Telecom's revenue had been reached the number of USD 13 billion, with 23 million of subscribers (Lee, 2008). SK Telecom was established in March 1984 as a wholly owned subsidiary of the state monopoly phone company under the name Korea Mobile Telecommunications Service Co. (KMT). During the company's privatization stage from 1994 to 1996, SK Group became its largest shareholder. In 1997, KMT officially joined the SK Group and changed its name to SK Telecom in March that year.

During the history of 26 years, SK Telecom has become the figure of Korean mobile communications (SK Telecom, 2010). SK Telecom became the second operator in the world to launch a commercial 3G service using W-CDMA technology. In June 1996, it has become the third Korean company to be listed in NYSE (ADR) and also became the 6th company in the world to surpass 10 million subscriber marks in 1999 (SK Telecom, 2010). In October 2000, the company launched world’s first commercial service for CDMA2000. Since 2002, SK Telecom established its foothold in the global market by the world’s first commercialization of CDMA2000 1xEV-DO technology which favors significantly increased data transmission speed (SK Telecom, 2010). During the company's ubiquitous age from 2001 to 2007, it served wired and wireless multimedia services and also began efforts to combine and converged mobile communication service. In the meantime, SK Telecom (2004) also focused on providing services that enhance productivity by putting M-Commerce and satellite DMB services into business (see Figure 1). Early 2006, the company achieved sales record over KRW 10 trillion.

Figure 1. Market Paradigm Shift - Various Service Demand



*Source: SK Telecom (2004)

Based on its strong technology and economic potential, SK Telecom hopes to break through stalled growth in the local telecommunication market boosting its international profile. Since 1998, it constructed the Northeast Asian CDMA belt encompassing China, Japan, and Vietnam. "We aim to attain IPE revenue of 20 trillion KRW by 2020 and we hope more than 50 percent of that revenue will come from our overseas markets," said Jung Man-won, the company's CEO (SK Telecom, 2010).

In July 2002, the company signed MOU with China Unicom to establish a joint venture. In July 2003, the company started commercialized CDMA service in Vietnam and operated the local brand named S-Fone. In February of 2004, the company won certificate to establish UNISK, a joint corporate with China

Unicom. In May 2006, it advanced into the U.S. mobile communication market with Helio brand. In June 2006, its strategic partnership with China Unicom was signed and SK purchased CB worth $1 billion. In April 2007, the company S-Fone in Vietnam reached 2 million subscriber marks. Then in April 2007, SK launched TD-SCDMA project with Chinese government. However, in the end, its investment of some $400 million in Helio of the United States didn't pay off (Kim, 2010). On the other hand, SK also departed from China Unicom by selling back of its 3.8 stake. In Vietnam, the carrier has suspended additional investment in the joint venture, S-Fone (Kim, 2010).

2. SK Telecom entry to Vietnamese market

From the beginning of 2000, while most of Korean big enterprises have entered Vietnam market, SK Telecom made a decision to invest in the country's telecommunications market. An alliance named SLD had been compromised between SK Telecom, LG, and Dong-Ah. 3 years later, in 2003, SK Telecom made a decisive step when it came to a BBC contract with SPT (the Saigon Postel); then, officially appeared as the first CDMA mobile service supplier in Vietnam under the name S-Fone.

Both domestic consumers and telecommunication service suppliers were surprised by SK Telecom's decision to invest in Vietnam. There were two main reasons for these reactions. Firstly, S-Fone was the first foreign telecommunication company in Vietnam market. Secondly, S-Fone introduced to Vietnamese consumers a brand-new mobile technology that they had never been introduced before: CDMA. To such a closed telecommunication market like Vietnam, this was considered as an important turning point. Since before the entry of S-fone, Vietnam telecommunication market had just only two mobile network suppliers VinaPhone and MobiFone, which both belong to the national operator VNPT. For those reasons, S-Fone was hoped to take its advantages as the first dynamic motivate.

In the comparison with other powerful domestic mobile operators, although S-Fone's proportion of Vietnam market was still small, it held some advantages related to new mobile technologies. Those advantages could challenge Vietnamese mobile service carriers: the provision of values added service and also 3G such as Mobile TV and internet connection (the idea mentioning internet access for both PCs and laptop via its mobile network). Totally, S-Fone had invested a capital amount of $543 million by May, 2007.

Once making the decision to invest in Vietnam mobile industry, at first, in the view of SK Telecom's leaders, Vietnam was considered as an extremely potential market whose advantages could be listed as a large, young, and active population; a stable and high economic growth. Besides, these conditions fixed when SK Telecom had been targeted oversea markets in order to look for new revenue growth since the domestic mobile market is remarked by signals of satiation. Among those oversea market which SK Telecom had been seeking, Vietnam was evaluated as a very potential one.

However, there are some typical obstacles which are mostly related to domestic investment laws for foreign investors to do business in Vietnam. At the end of 2008, S-Fone was considered as the fourth largest mobile service supplier in Vietnam market with 6.42% market share. According to BBC contract, the only framework which has permitted foreign investors to join the Vietnam telecommunications and mobile market, SK Telecom has a very limited function such as the supplier of network infrastructure investment, the technology transformer, end-user devices supplier, as well as the consultant and other technological supporter. From the first stages, SK Telecom had announced that BBC would be its contemporary target while waiting for Vietnam's joint to WTO and then open its telecommunication market. From 2005, in fact, SK Telecom also officially expressed its future plan to change the business framework of S-Fone from BBC to a joint venture, so that SK telecom could play a deeper level into management decisions as well as do other service business activities.

On the side of the story, SK Telecom's direct investment decision into Vietnam market has been considered an over-ambitious target while its image in the market is still vulnerable, as well as it has faced with tough competition from other domestic mobile operators. As a result, Korean SK Telecom came to let S-Fone down, and closed down its business in Hanoi.

Thus the main purpose of the study is to investigating the reasons why SK Telecom failed to break through the Vietnamese mobile market. Besides, the study will focus on the International Marketing strategies of the SK Telecom when entering Vietnamese market, and from there point out the reasons for this failure through these aspects: Product, Price, Promotion, Place, Customer Behaviors, Culture, Economy, Law, Competition, and Technology.

The structure of the remains is as follows. In section 2, we will present about the Vietnam mobile and telecommunications market: characteristics and potentials. In the Section 3, we will discuss about SK Telecom strategies to enter the market. Section 4 points out the limitations as well as the internal factors affecting to S-Fone's failure. More recommendations about the case will be also given, since SK Telecom is planning to enter the Malaysia's market. The last section concludes this research.

II. REVIEW OF VIETNAMESE MOBILE & TELECOMMUNICATIONS MARKET

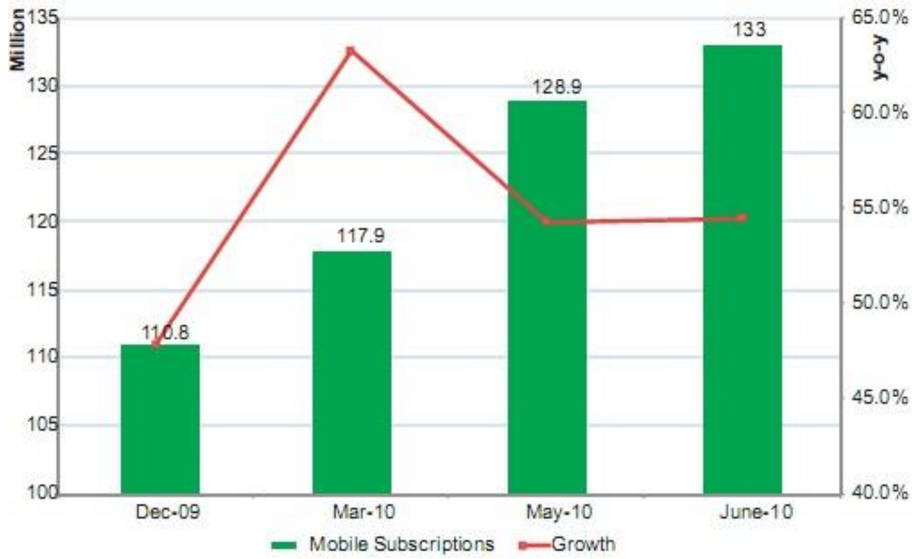
1. Overview

Thanks to Vietnam's young, dynamic and enterprising population, the country presents many opportunities for businesses, especially in mobile phone market, which is most dynamic telecommunications sector of the country. In the past, within the economic development of a social republic leadership, the VNPT (Vietnam Posts and Telecommunications) had reached a monopoly position in this sector. However, since the market is bigger and bigger as well as consumers' requests to have better mobile services and various operators, nowadays, consumers have nine mobile operators to satisfy their choice: MobileFone, VinaFone, Vittel, S-Fone, EVN Mobile, Vietnamobile, Gtel Mobile, Indochina Telecom, VTC Telecom. Together, three biggest mobile operators of the country, VinaFone, MobiFone, and Viettel, have developed 3G network to meet dynamic consumers' needs of the country.

2. Market size and share

With the development of economy, the country's telecommunication as well as its market scale has become bigger and bigger. In the first quarter of 2010, one official report of department of telecommunication s and information said that there has been an increase of 50 percent of mobile subscriptions every year (see Figure 2). By 2012, the number of mobile subscriptions is going to increase to 30 million, according to the estimation of telecommunication and information department (VFR, 2010).

Figure 2. Number of mobile phone subscriptions



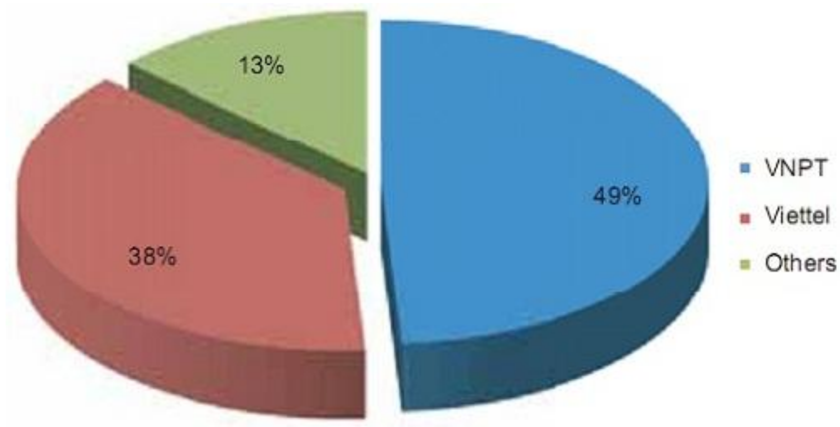
Source: GSO and MIC (June, 2010)

This number definitely demonstrated new age of the country's telecommunication and mobile industry. But on the other hand, MIC (Vietnam Ministry of Information and Communication) has stated that this number was not really true. According to the Ministry, the real mobile subscriptions are much lower than the estimated number, since in Vietnam, one person can have more than 2 SIM card for mobile use. Hence, other calculations must be done to resize the country's market scale (VFR, 2010).

On the other hand, it is not important for mobile operators to focus on the quantity (number of subscriptions), but it would be the problem if they could care more about the average revenue per user, which is called ARPU. According to a report of Departure of Communication and Information in 2010, there was a tendency of 20 percent reduction in the ARPU over 2009. One of the major reasons which could explain this tendency was that Vietnam's economy was not in a good situation as it had been over the past three years. As a result, Vietnamese customers had a trend of cut off their consumptions on almost areas of economy. Also, the country's economic impacts have made a tendency: mobile operators have begun to create more charge cut programs which aim to attract consumers as well as intense their competitions compared with other leading ones. Another truth was that at that time, the number of post-paid subscriptions in Vietnam was quite low, less than 10 percent, while the number of pre-paid customers was in fact more than 90 percent of the total. This means that most of these mobile operators have been depending a lot on pre-paid subscriptions. With this base of pre-paid preference, the entrance of 3G generation would be quite hard to be developed in Vietnam market.

In the past years, VinaFone had been the biggest as well as the most popular mobile operator in Vietnam telecommunication market at that time with the strategy of pre-paid attraction. However, developing both pre-paid and post-paid programs, Viettel, which used to be third- biggest telecommunication operator in Vietnam, has now become the most popular mobile providers in the country. This also once again emphasizes the importance of attract post-paid subscriptions in order to develop other service such as 3G…to be able to become a new leader in this area.

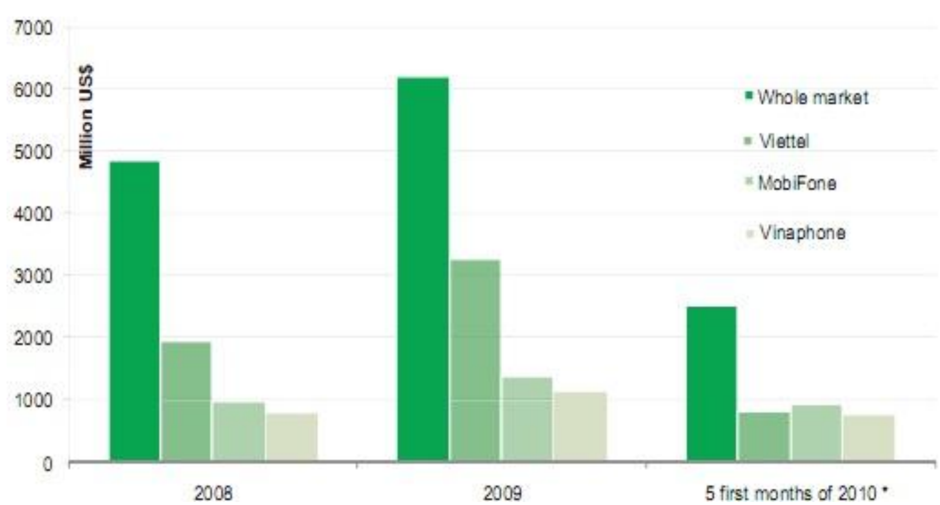
Figure 3. Vietnam mobile market share



* Source: GSO (May, 2010)

As it was said above, together with the development of technology and customers' requires, the competitions between mobile operators have become stronger and stronger. Nowadays, Vietnam have nine mobile companies, each of them is trying their best to provide services for customers under any kinds of arena: charge cuts, high quality of service, internet approaching, 3G generation development…

Figure 4. Annual revenues of big mobile operators



* Source: GSO & VNPT (May, 2010)

We can see from the figure that there is dramatic increase in the number of total revenue from telecommunication. If in the first quarter of 2010, the number shows the revenue at the point of 46.200 billion VND (approximated 2.5 billion USD), in the final quarter of the same year, this number was almost 56.100 billion VND (approximated 3 billion USD). This meant that the total revenue from telecommunication (mostly contributed by mobile subscriptions – more than 60 percent - as well as its services) was increased 33.8 percent year on year. As experts in this area had expected, this number was showed at 7 billion USD, and its contribution to the country's GDP was about 7.4 percent (VFR, 2010).

3. Policy and pricing

Within the strong competition between mobile operators, one of their strategies was providing unlimited SIM to customers with reasonable price. This was called "SIM campaign" by media and also became the big title of popular newspaper for a while. Therefore, since one person can have unlimited SIM for their own, half of these SIMs are inactive users. This shows that the price war on unlimited SIM is not an effective strategy and long-term for competition with other mobile operators. In the conclusion, while maintaining a reasonable price of SIM (in maximum of three SIM cards per person), balancing pre-paid and post-paid subscriptions, developing new services are also important strategies for mobile operators.

Another regulation would be that customers will be able to change mobile phone operators without changing their mobile numbers. The policy has come to be finished by the end of 2010, and introduced in 2011 or 2012. Accordingly, mobile phone operators will have no choices but have to increase their service quality with reasonable prices.

4. Consumer trends and perspectives

As mentioned above, compared to other developed markets in ASEAN, Vietnam is one of the most attractive, especially its urban areas. After the economic recession of the last two years, Vietnamese consumers are now more confident about their personal future finances. It can be clearly seen that telecommunications is booming in big cities such as Ho Chi Minh City and Hanoi, with the introduction of more advanced phones, mobile software and attractive plans from operators. With many low-priced packages offered by operators recently, customers have returned to their old consumption habits, preferring to top up their mobile account with various choices instead of buying a new pre-paid SIM card. As a result, the proportion of 3G customers will be higher as the number of inactive prepaid customer in the market will fall.

5. Technology

Obviously, rivalry among existing competitors is significant. It is not only fierce between GSM and CDMA but also among operators using the same technology. In particular, while GSM is entering a new period, CDMA is still trying to find a way out. HT Mobile officially announced the death of its CDMA network to turn to GSM. EVN Telecom has not yet found a way to develop its E-Mobile services (this operator is managing its CDMA fixed wireless network, the largest CDMA450 network outside of China, with around 2.7 million subscribers) while S-Fone, despite its ardent efforts, cannot compete with GSM-based networks (VFR, 2010).

III. S-FONE'S FAILURE IN BREAKING THROUGH VIETNAMESE MARKET

1. Expansion and Investment for S-Fone run into difficulties

Since April 2007, SK Telecom declared to make additional investment of USD 300 million for S-Fone, however there are some challenges like the government's approval for launching 3G in Vietnam and CDMA technology is still unpopular in Vietnam, where GSM is holding the upper hand in term market share. General Director, Kim Shin Bae had once stated: "We invested in Vietnam market since 5 years ago; however, the market is changing too fast. Therefore, because of that we have some difficulties" (Kim, 2010).

In term of technology level, CDMA is better than GSM in term of data speed, call quality, as well as effective network station. However, there are disadvantages of CDMA because End-producers tend to prefer GSM mobile to CDMA mobile (because of profit and market share), and Mobile Software makers such as Symbian, Microsoft, Palm are not interested in CDMA, especially in the situation of Vietnam. In Vietnam, CDMA has been invested since 2003; however, SK was not acknowledging that the situation would not be so promising in comparison with GSM. Vietnamese consumers' essential demands are only: Calling, Text Message and fashionable cell phone designs. Therefore, S-Fone must cut price lead to quality's decrease.

The other reason for the failure of SFone in the early stage is that Vietnam's telecommunication infrastructure is not able to be compared with the situation of Korea market. S-Fone is a joint-venture, every decisions need to be negotiated and approved, technology has to be transferred from SKT, for those reasons, procedures tend to take more time than it should be estimated.

S-Fone is also stuck in exclusive mechanism and has to rent telecommunication infrastructure of VNPT (Vietnam Post and Telecommunication Group). For this reason, S-Fone is not able to launch its strengths.

2. Strong domestic competitors:

In Vietnam market, GSM providers are holding approximately 89.6 % of market share while CDMA providers hold only about 10.4%. Especially, consumers prefer GSM to CDMA and they tend to pay much attention at cell-phone design and quality, which are current weakness of CDMA providers (S-Fone and EVN).

Another factor is Viettel Mobile, a major mobile network operator headquartered in Hanoi, Vietnam. Operated in 2004 as a GSM launcher (1 year after the entry of S-Fone), Viettel Mobile is the fourth network in Vietnam (after Mobifone, Vinaphone and S-Fone) and currently the biggest telecommunication provider, contributing 37% to Vietnam market. Viettel attained 200,000 subscribers after only 4 months; meanwhile, S-Fone was only able to attain 100,000 subscribers after 1 year, the number that Viettel attained after only 1 month. (……)

S-Fone started operated within few major cities and slowly expanded. However, Viettel started with network coverage zone throughout Vietnam. This factor helped Viettel attained equal positions with two giants Mobifone and Vinaphone. In the past over three years, S-Fone only covers 64 provinces and cities with 1,100 BTS while other networks have 10,000-15,000 BTS, the number of 3G BTS owned by Viettel up to 2010 are 15,000. The slow investment damaged S-Fone as it was not able to attract fixed subscribers, who shifted to use other mobile networks with larger coverage.

As mentioned above, S-Fone is stuck with its framework of business in Vietnam, BBC. According to many remarks of domestic marketers, from 2005 two partners (SK Telecom and SPT) sought a new business method because legislative clauses of BCC were not suitable with the development of S-Fone network anymore. Accordingly, S-Fone will be only a centre under SPT, meaning that S-Fone will not have right to decide any strategic development operation. Especially, under regulations, BCC model is not allowed to borrow or call capital from any source. On the other hand, as a Vietnam telecommunication company, Viettel has well-informed about Vietnam market, impressive marketing and flexible tariffs. It means that as a joint venture with Korean partner, S-Fone is not able to be flexible in business.

Besides, Viettel is also the cheapest operator with impressive promotional campaign to create good brand image and popular brand awareness in Vietnam right now. Furthermore, Viettel accepts subscribers from other operators change to Viettel without changing their cell phone number. On the other hand, it is difficult for S-Fone to launch strategy as Viettel does. The number must go together with cell phone. Currently, Vinaphone, Mobifone and Viettel have same advantage, which S-Fone is able to possess: secluded telecommunication infrastructure and "protection of VNPT (Vinaphone and Mobifone) and Vietnam Army (Viettel). S-Fone has to face to a lot of difficulties in terms of mechanism and procedures to rent infrastructure, negotiate with Government and national telecommunication network operators (VFR, 2010).

3. First-mover in technology but Follower in business

S-Fone did remark as the first breaker into the monopolized market had been existed for many years in Vietnam and expressed willingness to serve Vietnamese consumers with appropriate tariffs. Since the appearance of S-Fone, Vinaphone and Mobifone started to decrease calling rate and paid more attention at customer care. To some extent, S-Fone could be considered as revolutionary maker in Vietnam telecommunication market. Consumers are able to realize that S-Fone has spent huge amount of investment for promotional campaign, opened the new way for Vietnamese consumers to telecommunication services. However, the growth of S-Fone is still a critical question.

The period of 2005-2006 is the golden age of CDMA technology but due to the lack of strong investment, however, S-Fone had missed the opportunities to expand the domestic market share. CDMA experts had to admit that the disadvantages of the technology made reduce the competitive strength of CDMA developers globally. Lacking standards to improve the CDMA based handsets, producers could not offer measures to lower phone prices. In addition, the improved 3G network has gradually dislodged CDMA in many countries, including Vietnam. Despite big efforts of launching cheap handsets of Motorola F3C and Eco series or cheap knits called "1 dong", or "Forever", S-Fone could not maintain a sustainable number of users. (….)

However, technology is not the key that leads to S-Fone's failure. According one insider, Mr. Ho Hong Son, Operational Manager: “S-Fone has 3 critical difficulties need to be solved: coverage zone, cell phone design and services” (VFR, 2010).

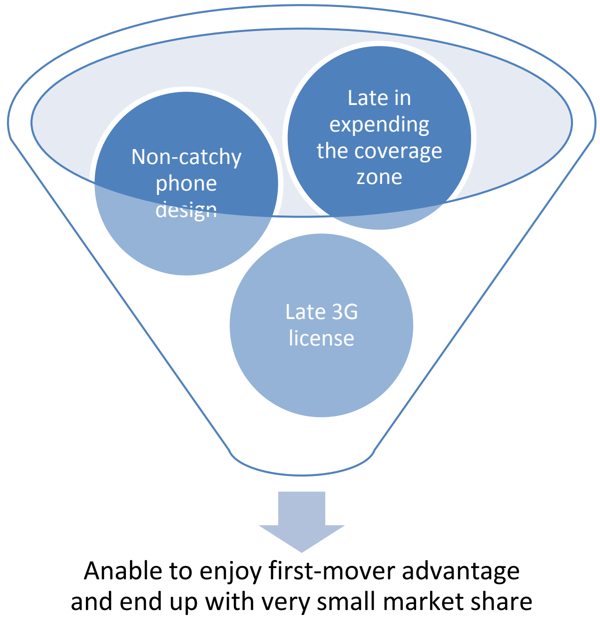
With regard to the issue of cell phone design, S-Fone still provided poor design and trivial models. The belief of S-Fone comes from the preeminent features of CDMA with high speed and high quality wireless connection. This features will create great condition for the development of email, video, music, TV, etc. Those values added services aim at convenient life for mobile consumers. Therefore, the goodwill from VNPT is not only expected from S-Fone but also Vietnamese consumers and foreign telecommunication investors.

4. Critical failures of S-Fone in Vietnam market:

a. Failure of “Free cell phone” promotional campaign:

Cell phones for this promotion were the used phones from Korea. After they were given to customers, many customers showed complained about call quality. During the period when S-Fone was launching this promotion, S-Fone’s customer care centers often received customers’ visit to return and complain about “free cell phones”. This failure leaded to the fact that S-Fone’s brand image got worse in market and slow development.

Figure 5. Weaknesses of S-Fone



b. Lack of understanding Vietnamese consumer's taste:

S-Fone came to Vietnam market with the successful model in Korea. However, it caused serious problem in Vietnam market. In Vietnam, a developing country, the demands of mobile users are different with Korean users. Vietnamese users do not pay much attention at convenient functions of mobile besides calling and sending messages. Especially, Vietnamese users pay a lot of attention at Cell-phone design and fashionable models. They tend to use cell-phones as an accessory together with watches, jewelries, rings... Therefore, cell-phone must be flexible to mobile network. However, S-Fone's cell-phone is not flexible. Only S-Fone's cell-phones are able to be access the CDMA in Vietnam, but Vietnamese users do not like S-Fone's cell-phone design. Most of users tend to prefer Nokia, Sony-Ericsson, Samsung in Vietnam. GSM operators smartly take advantage of this issue. Every cell-phone of those favorite brands could be accessed easily to GSM network.

For those reasons, S-Fone is known for its poor design and low-class cell-phone. Nobody in Vietnam consider S-Fone's cell-phone as user's proud. On the other hand, people tend to prefer cell phone, smart-phone that they are able to express their stylish and characteristics, such as Nokia series, I-phone, Sony Ericsson….

c. Increase monthly payment of "Forever couple Tariff": Is it a strategy to reduce subscribers?

Since 10th Oct 2008, S-Fone announced to increase the monthly payment of Forever Couple tariff, one of the most favourite by Vietnamese subscribers because of its reasonable monthly payment. The payment was increased from VND 40,000 /1 month to VND 180,000 /1 month (450%), this leaded to strongly rejection and objection from subscribers. The serious thing effect S-Fone's brand image was not only because of 450% increase of payment, but also because of the attitude of S-Fone in this issue. According to many subscribers, they were totally surprised and passive when they received messages from S-Fone about the monthly payment increase. (….)

The "Forever tariff" was launched with the purposes of maintaining and increasing market share in Vietnam because S-Fone's market share is extremely small in comparison with domestic competitors. However, this goal is probably unsuccessful because of this trouble. By using "Forever Couple" tariff, subscribers are able to call and send message free to another selected subscriber, and monthly payment was VND 42,000/ 1 month. S-Fone hoped that they could gain market share from competitors by Forever. On the other hand, customers have to pay an expensive price when they contact with other mobile operators' users at the rate VND 2,700/ 1 minute (average rate is about VND 1,000 to VND 1,500/ 1 minute). Therefore, most of Forever's using limit is just contact with only other selected subscribers for each subscriber, such as couples, family, business partners...

Actually, it does not mean that S-Fone gained market share from competitors, because Forever's subscribers use 2 cell phones. Besides S-Fone's Forever, they use domestic operators' services for contacting people. They only use Forever for free call to selected person. Therefore, S-Fone was totally failed in term of market share increasing.

During the launching period of Forever, S-Fone made a mistake which had never announced to subscribers that the monthly payment could be increased. Additionally, S-Fone increased at the same time when all competitors were launching their price-cut strategy for increase market share, S-Fone suddenly put them in the opposite position but in a negative way. Probably, S-Fone's subscribers would leave S-Fone for low-price competitors. More than that, there were some opinions that S-Fone took advantage of Forever to sell all cell phones in stock.

Figure 6. SWOT analysis

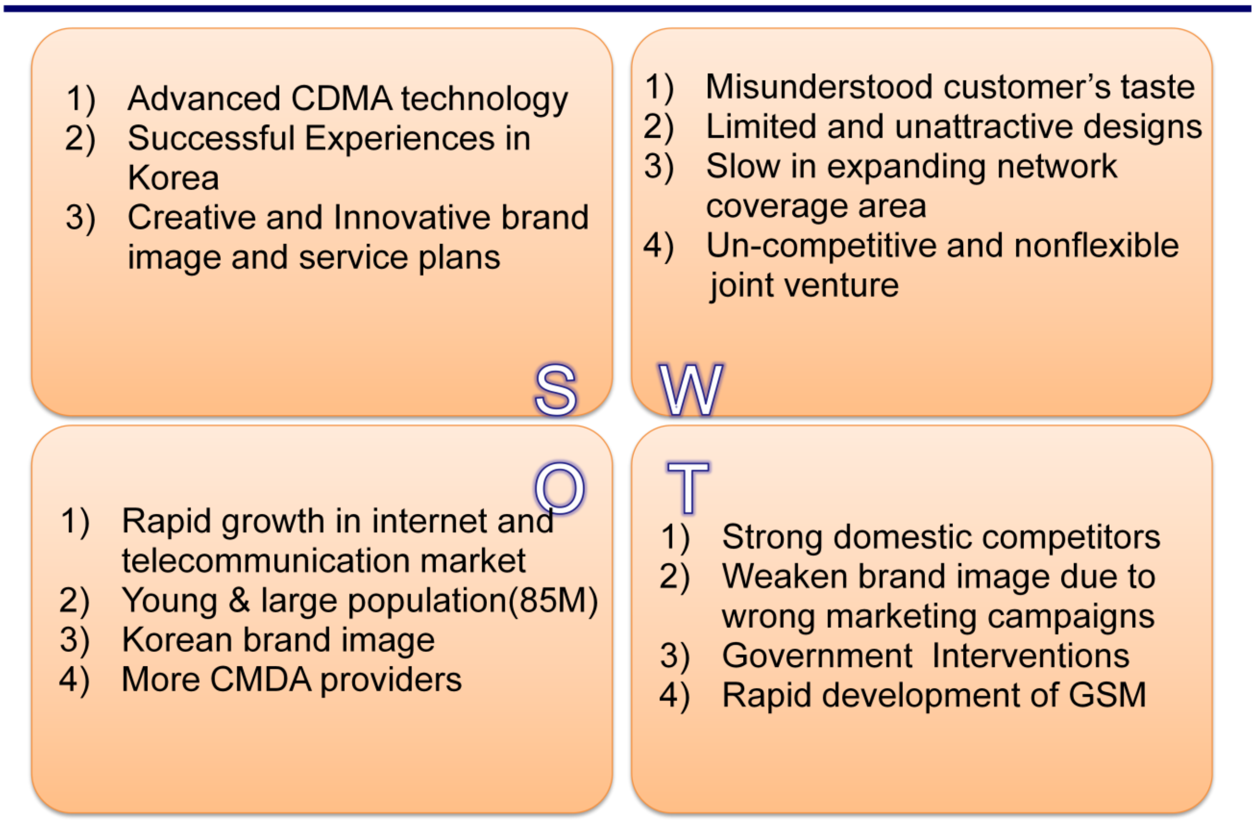


Figure 7. Recommending Strategy

IV. 4P RECOMMENDATIONS

After SK Telecom's retreatment, S-Fone has no choice but may change itself thoroughly and try to open a new chapter of the company. One of the choices would be to convert from Business Cooperation Contract model into a joint venture business model. With this model, S-Fone can sell its stakes to potential foreign partner to seek more capital to reform the company. The transformation is hoped to give the company a stronger ground to further develop. In this section, I will present 4P recommendations which may be applied.

1. Product

In order to retain its competitiveness in the market, product verifications are required to be one of the strategies to differentiate a product from its competitors. Besides providing the 3G phone service, it's time for the company to follow a consistent policy on developing 4G services. The 4G bandwidth will allow S-Fone develop new value-added service like mobile TV and high-speed internet which may lead the market and refresh the brand image. Since for other domestic companies, these services could not be provided in the short time due to the limited-bandwidth GSM 4G technologies. In addition, since CMDA technologies is "blocked" with the phone, S-Fone can consider bringing high-end devices to satisfy its customers. Potential devices could be Apple's CDMA Iphone, Samsung Galaxy line (including Galaxy S II and Galaxy Tab 8.9" and 10.1" versions), LG CDMA 3D smart phones, etc. All of those phones have gained big success when being releasing in its home countries USA and Korea. If S-Fone can coordinate better with manufacture to attach the S-Fone brand to those CDMA devices, it will also help the company to make the brand stronger in the customers' eyes.

2. Price

One of the weaknesses of S-Fone strategies which have been presented in the previous section is that the service fee of S-Fone is not consistent, such as the Increase monthly payment of “Forever Couple” service. This inconsistent pricing will spoil the brand image and customer loyalty. Initiate another price war toward the big three (Viettel-Mobifone-Vinafone) at this moment is no longer an option because of the current company’s financing situation. Therefore, a stable and long-term pricing with high-quality service are the target at the moment. The pricing strategy that US companies AT&T, Verizon Network, T-Mobile are applying could be an example: free or contract price phones with two year contract could bring in more customers and long-term commitments. This policy has also been using by the company, however, it applies only with low-quality or cheap-designed phones which are no longer attracting customers. Nowadays, customers are ready to pay more for fashioned phones and devices, as well as its convenient services. Premium products with cheap-price may create a stimulant to the freezing market.

3. Place

Place represents the location where a product can be purchased. And in the telecom business, it’s network coverage area. Therefore, S-Fone should be working even harder to deploy clearly defined measures for expanding network coverage, improving service quality as well as introducing the most-advanced solutions based upon our comprehensive customer propositions. Besides taking firm measures to mobilize all necessary resources for this development, S-Fone also needs to set and get started initiatives to cooperate and collaborate with strong and well-established strategic partners in and out of Vietnam. The company always has always to keep in mind that it should be firm in what the company wants to achieve and aims high, to better serve customers from everywhere, every corner of the country.

4. Promotion

Promotion represents all of the communications that all company's marketers may use in the marketplace. In the age of social networking, S-Fone must be well prepared to enter every network and establish the real connections with its customers. For example, it can creates a social network such as Facebook page and frequently update the company activities as well as any promotion events so that every customer always receives the latest updates on his or her Facebook's homepage. Keeping itself update to the new trends and technologies in the world will make the brand look active in customer mind, hence, broaden the customer target to the early adopted group. Word of mouth is any apparently informal communication by ordinary individuals, satisfied customers or people specifically engaged to create word of mouth momentum. And it can create a bigger momentum if those words are from the early satisfied adopted customers.

V. CONCLUSION

One of the first things S-Fone should think twice of its strategy is to renew and verify its telecom services. Nowadays, there are various interests attracting customers related to about 100 businesses in Mobile Content Service. They mostly focus on: Value Added Services (VAS: download ring tones, logo, background, photos...), games, lottery, information provide, consultancy services… However, until now Vietnamese customers has not been satisfied by the Mobile Content Service' quality. S-Fone should focus on mobile content service through some programs, such as download ring tones, games. Obviously, S-Fone is facing to the critical competition of strong competitors such as Mobifone and Viettel because they surpassed S-Fone with plenty of interesting content services. Vietnam's young and dynamic population would love to reach those various services through mobile and smart phones' apps. Thus, by reconstructing the contents of these services, especially e-contents such as movies, music, games, as well as other smart phone applications. These promotions could make it possible for S-Fone to create differences from its competitors. SK has already have experience of designing these programs in Korean market; thus, making these similar efforts with few changes in order to fix with Vietnamese customers' fashion as well as style. Since while other domestic competitors such as Viettel, Vinaphone or Mobilefone have shown no attention to create such applications for mobile, S-Fone still have chance to make profit as well as new appearance with new services' introduction to customers.

Secondary, there is an obvious necessity for S-Fone to divert its present business framework from a BCC contract to a joint venture. As analyzed above, under the BCC contract, S-Fone has to play an unfair role in its own business, as well as has to pay much more than other domestic mobile operators.

Thirdly, S-Fone should pay more attention to attract post-paid subscribers. There is no need to say that post-paid subscribers have been key policy of other Vietnam domestic mobile operators. The only way for S-Fone to create a strong foundation as well as steady development in Vietnam market is to put the standard of post-paid subscribers.

Lastly, using Android operating system to develop its service approaching features may be another wise way for S-Fone. Remember the past lessons of HTC and Motorola, thanks to Android, they have resuscitated and gained new developments in the competitions with other mobile operators. This has reminded of the value of Android operating system to mobile operators.

In brief, promoting service quality and customer care; supply 4G services in the competitions of other operators along with smart applications; omitting unsuitable services or “package”; focusing on post-paid subscribers; balancing the consumption value of pre-paid and post-paid subscribers, developing new applications with Android operating system; and all of them, divert its business framework to a joint venture… are key answers to S-Fone not only in Vietnam, but other markets where SK has intentions to invest into.

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