# Media Coverage


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## Perceptions and attitude

The low-end mobile phone segment is becoming bigger with new faces as distributors and producers, but building brand value is an issue.

■ HUYEN THANH *reports*

Having first appeared two years ago, domestic mobile phone brands such as Q-mobile (ABtel), F-mobile (FPT) and Mobistar (PT Mobile) have become known among local consumers for their low prices. Their market share stands at more than 20 per cent this year, compared to 5 per cent last year, according to the Saigon Marketing newspaper.

Their factories are mostly located in China, South Korea and Taiwan, to cut costs. Prices are therefore under VND2 million ($100), which matches the pockets of most Vietnamese people, especially the young. Mr Berthold Heinemann, Managing Director of Mai Asia, told VET that "a market of around 70 million potential domestic users (including teens), plus probably some in Cambodia and Laos, is certainly of interest to domestic producers."

Domestic mobile phone brands are relatively stable and their business and marketing strategies are clearer than previously. In 2009 Nokia and Samsung had 53 per cent and 17 per cent, respectively, in market share, while Q-mobile had 12 per cent, F-mobile, Mobell (imported from China) and Mobistar had 10 per cent, and LG 6 per cent. "Young people access new technology very quickly," said Mr Nguyen Quang Minh, Managing Director of ABtel. Two years since its establishment, Q-mobile is now the second biggest mobile phone producer, with a 20 per cent market share, according to figures from the Ministry of Industry and Trade. Young people are a key consumer group of his company in its business strategy as well as in its brand development. Its target in 2010 is for growth of 200 per cent and its turnover in the first six months to equal last year's total.

There are many business opportunities for domestic producers, such as adding and linking to Vietnam-specific services and features, entering the market of second-phone ownership and the lower end for teens and children. However, in general, "Vietnamese producers need to be aware that the mobile phone is on the way to being replaced by mobile devices that can do much more than just make phone calls." Mr Heinemann.

In his view, a brand is not just a name and a logo to start with. It's a whole set of perceptions and attitudes that make up a brand. In most categories, a few brands occupy the majority of a market. The others end up in price competition or lose for other reasons and, therefore, aren't really considered brands. Vietnamese producers (mobile phones and other categories) need to think more about how to actually add brand value, which eventually adds value to the company. The Vietnamese accounting system doesn't recognise brand value, but in takeover cases, mergers and acquisitions as well as legal battles, brand value matters. Low-end products usually don't carry much brand value. "In the low end of a market, branding can only work well for a few producers in that segment," he continued. Without technological and design innovation, it will be hard to survive in the long-term, with or without branding. ■

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Main content: Low-end mobile phones have a place in the market, but building brand value is an issue.

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