# Intelligence





The GSMA represents the interests of mobile operators worldwide, uniting more than 750 operators with nearly 400 companies in the broader mobile ecosystem, including handset and device makers, software companies, equipment providers and internet companies, as well as organisations in adjacent industry sectors. The GSMA also produces the industry-leading MWC events held annually in Barcelona, Los Angeles and Shanghai, as well as the Mobile 360 Series of regional conferences.

For more information, please visit the GSMA corporate website at <a href="https://www.gsma.com">www.gsma.com</a>

Follow the GSMA on Twitter: @GSMA

#### **Author**

Mayuran Sivakumaran Senior Economist

# Intelligence

GSMA Intelligence is the definitive source of global mobile operator data, analysis and forecasts, and publisher of authoritative industry reports and research. Our data covers every operator group, network and MVNO in every country worldwide – from Afghanistan to Zimbabwe. It is the most accurate and complete set of industry metrics available, comprising tens of millions of individual data points, updated daily.

GSMA Intelligence is relied on by leading operators, vendors, regulators, financial institutions and third-party industry players, to support strategic decision-making and long-term investment planning. The data is used as an industry reference point and is frequently cited by the media and by the industry itself.

Our team of analysts and experts produce regular thought-leading research reports across a range of industry topics.

www.gsmaintelligence.com

info@gsmaintelligence.com

# **Summary**

#### Part 1 State of industry

Vietnam is a transitioning mobile economy, with seven mobile broadband connections for every ten citizens

According to the GSMA Mobile Connectivity Index, improving mobile infrastructure should be a priority to improve Vietnam's current score of 63

Vietnamese consumers are active users of mobile services: 88% of mobile users visit social networks websites on their phones

#### Part 2 **Economic impact in 2018**



In 2018 the mobile ecosystem generated <u>8.8% of GDP</u> or \$21 billion in value added.

This is forecasted to increase up to **\$29 billion** in 2023, due to productivity benefits from increasing mobile internet penetration.



Firms in the mobile ecosystem created 800,000 direct jobs in 2018

Their activity also supported the indirect employment of **510,000 people**.



The mobile ecosystem's contribution to public funding equalled \$2.2 billion, close to 4% of government tax revenue.

Over 15% of the value added by the mobile ecosystem is retained by the government in the form of taxation.

# Vietnam

Vietnam 63

Asia Pacific **59** 

Mobile Connectivity Index 2017 Total mobile spectrum

340 MHz

Sub-1GHz spectrum **90 MHz** 



## Penetration, 2018

148% Mobile penetration

67% Mobile broadband penetration



## **Economic Impact**

2018

\$21 billion

8.8% GDP



\$29 billion

(+\$8 billion growth in 5 years)



# **Jobs Impact**

2018

**800,000** direct and indirect jobs



# **Fiscal Impact**

2018

**\$2.2 billion** fiscal contribution

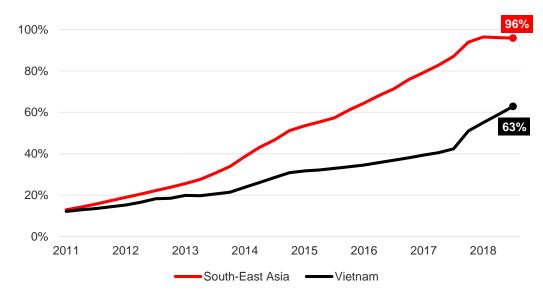
**Source** GSMA Intelligence



#### Penetration

#### Mobile broadband connections penetration

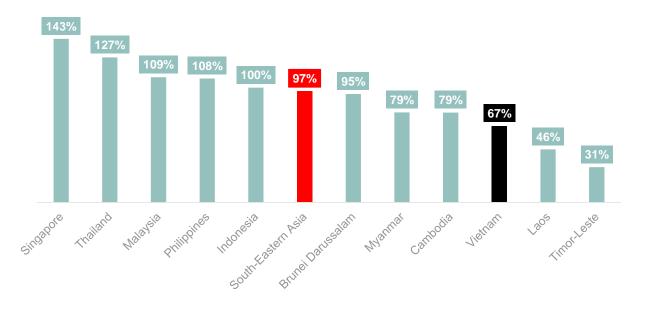
Connections as % of population



Mobile broadband-capable connections grew significantly in South-East Asia from around 2013 onwards. Vietnam's significant growth has only started recently (mid-2017), leaving it some way off the average South-East Asian market.

#### Mobile broadband connections penetration

Connections as % of population, Q4 2018

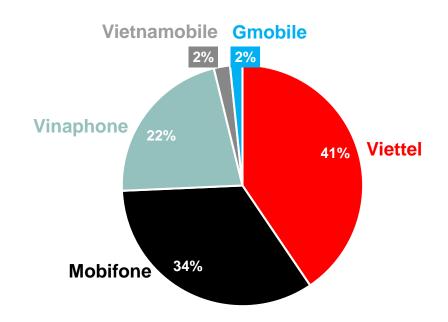


Vietnam currently ranks well below its neighbours such as Myanmar in particular, where recent liberalisation and investment has seen mobile broadband connections significantly increase. This will however be some way off penetration rates seen in Malaysia and Thailand.

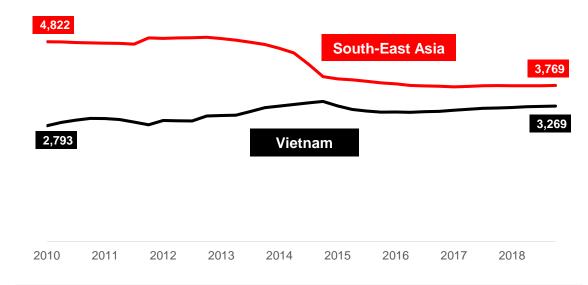




**Viettel** is the market leader in Vietnam with over 40% all mobile connections. However, competitors **Mobifone** and **Vinaphone** are major players as well. **Vietnamobile** and **Gmobile** provide challenger competition to the big three.



#### Herfindahl-Hirschman Index: measure of market concentration



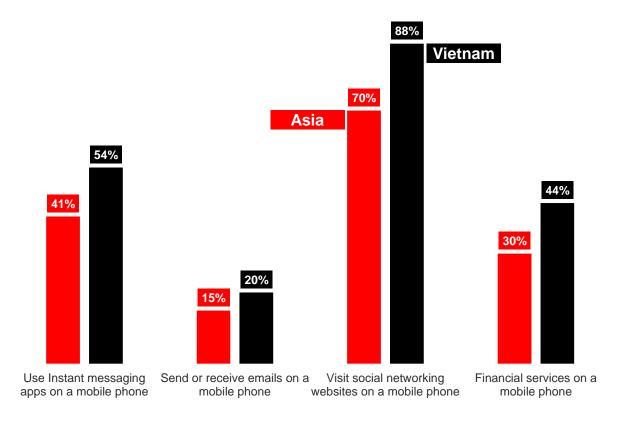
Market concentration is lower in Vietnam than across South-East Asia on average. The gap has narrowed over the years because of consolidation of market share in Vietnam but also because of the liberalisation of markets in Myanmar and Timor-Leste bringing down the South-East Asian average.





#### Consumer use of services on a mobile phone

Percentage of all mobile users



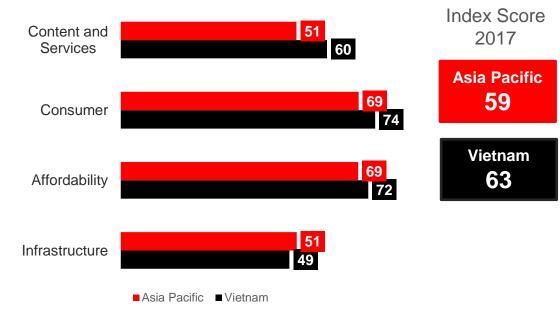
- According to the GSMA Intelligence Consumer Survey (2017), Vietnamese consumers are more engaged than the average consumer in the Asia region
- 54% of Vietnamese mobile consumers use instant messaging applications on their phone, and 20% use phones to send or receive emails
- Most significantly, 88% of Vietnamese mobile users visit social networking sites on their mobile, indicating a high penetration of these services in Vietnam
- Promisingly, 44% of consumers are using financial services on their mobile phone, which will have a large impact on efficient access to banking





#### Mobile Connectivity Index

Score of enablers, ratings based on data for 2017

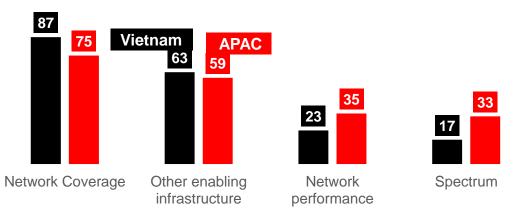


The score of each enabler can range from 0 to 100

- Vietnam scores above the APAC average on three out of the four enablers that make up the GSMA mobile connectivity index. The one area where it scores less than the APAC average is on infrastructure
- By breaking down the results for infrastructure (below) we see that network performance (such as speeds) is lower in Vietnam – which is probably due to a much lower spectrum score

#### Mobile Connectivity Index: Infrastructure enabler

Score of dimensions, ratings based on data for 2017



Intelligence

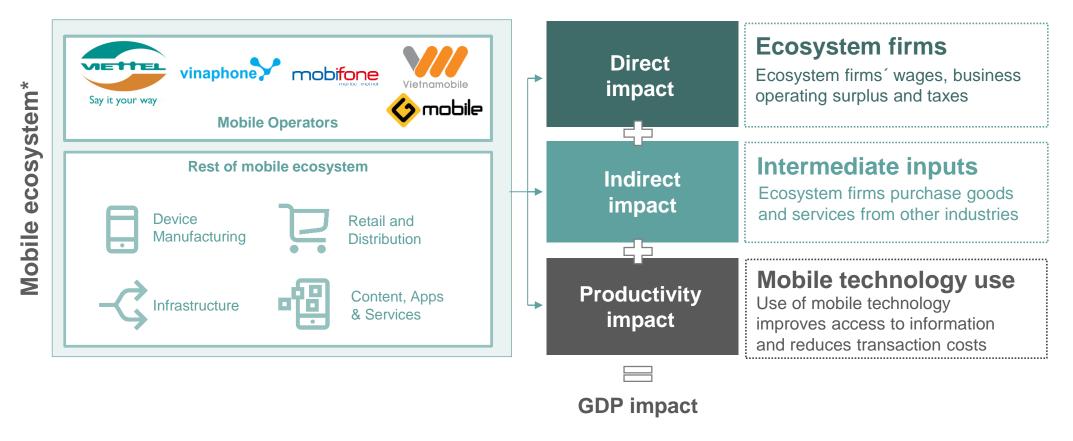
# 2. Economic impact of the mobile ecosystem

Mobile Economic Impact: Vietnam



#### The mobile industry makes an important contribution to Vietnam's economy

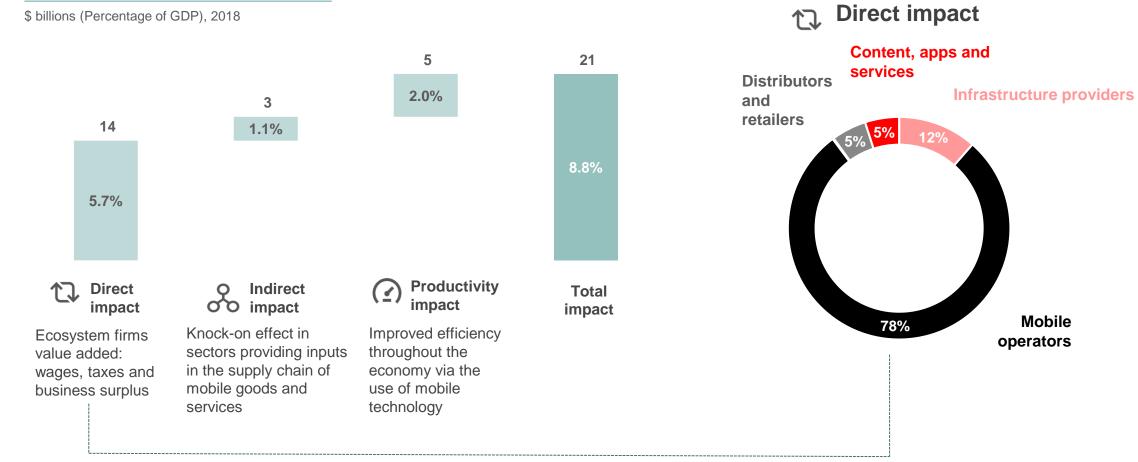
The economic value generated by the mobile ecosystem is through its direct, indirect and productivity impacts



\* Selected firms



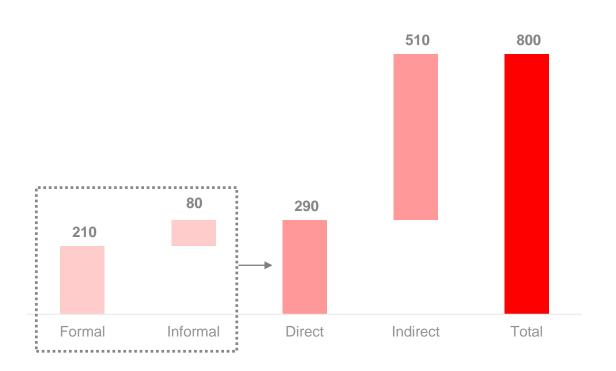
#### Mobile economic contribution to GDP





#### Mobile economic contribution to employment

Jobs (thousands), 2018

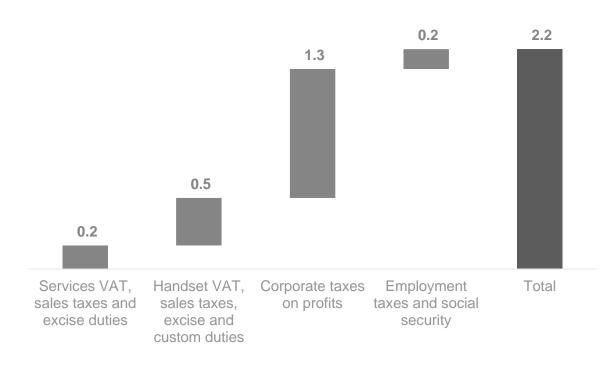


- In 2018, the mobile sector and related industries directly supported 290,000 jobs in Vietnam, of which 80,000 are estimated to be in the important informal economy.
- The mobile ecosystem buys goods and services from an extensive supply chain which in turn employs more staff. As these industries further interact with supply chains throughout the economy, this effect multiplies across Vietnam and supports a further 510,000 jobs.
- As a result in total the mobile ecosystem supports 800,000 jobs directly and indirectly.



#### Mobile ecosystem fiscal contribution to government revenue

\$ billions, 2018



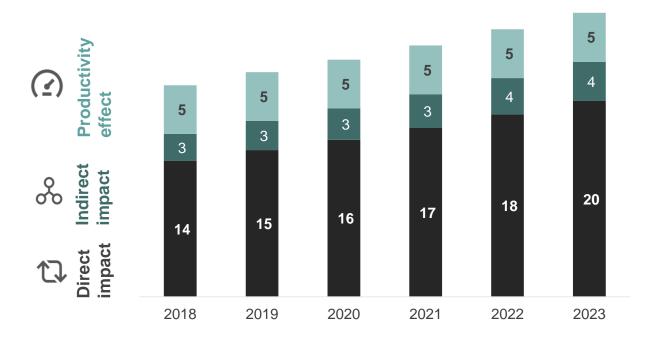
- The mobile ecosystem decisively contribute to the fiscal income of Vietnam, with a total of \$ 2.2 billion in direct and indirect taxes in the year 2018.
- Most of the revenues are obtained through corporate taxes on profits, as well as handset VAT, sales taxes, excise and custom duties.
- Overall, consumer-side taxes on services and handsets accounted for \$0.7 billion in 2018.

<sup>\*</sup>Excludes spectrum payments, regulatory taxes and fees that are not based on mobile operator's revenue



Mobile economic contribution, forecast to 2023

\$ billions



- The mobile ecosystem will continue to provide significant contributions to the Vietnamese economy in the coming years
- This is mainly driven by the direct impact of the mobile ecosystem, which will grow due to Vietnam's continued important role in manufacturing mobile devices for the global economy.
- Productivity is not expected to grow significantly as growth in mobile internet penetration is currently forecast to be modest

gsmaintelligence.com

@GSMAi

