

Vietnam's Mobile Revolution Catapults Millions Into the Digital Age

Smartphone use has dramatically increased Internet penetration and growth in online services



Men read news from a smartphone in downtown Hanoi, Vietnam, on Dec. 5

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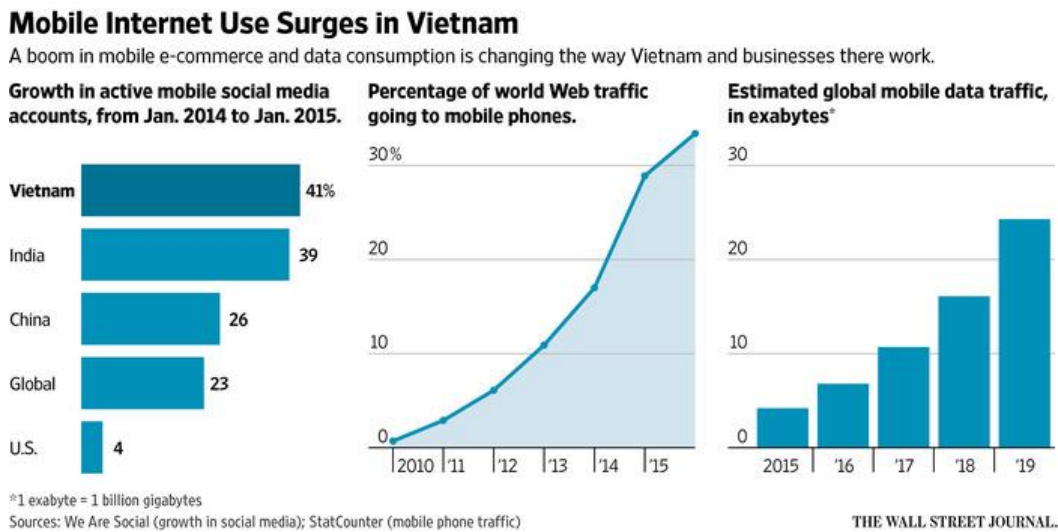
HO CHI MINH CITY, Vietnam — To get an idea of how the mobile Web is catapulting millions of people into the digital age by skipping landline connections, have a look at Vietnam.

Internet penetration has grown to 44% of the communist state's 90 million people from 12% a decade ago. Much of that is driven by smartphones, which are used by more than a third of the population.

This mobile-first expansion is powering a range of online services, many of which are showing their first signs of serious growth, such as mobile e-commerce. A Vietnamese government agency forecasts the market for e-commerce will generate revenue of \$4 billion this year compared with \$700 million in 2012.

Dispatch riders wearing brightly-colored uniforms of e-commerce companies zip through traffic to deliver anything from women's shoes to men's fashion to kitchen equipment, much of it sent

to offices where some workers pass the time on their smartphones buying from websites such as Lazada.com and Hotdeal.vn. These kinds of businesses couldn't thrive before because fixed-line Web services were difficult and time-consuming to install, especially in outlying areas.



Telecom companies such as Viettel Mobile, Vietnam's largest operator by subscribers, and Mobiphone, owned by Vietnam Mobile Telecom Services, have rolled out 3G signals to cover much of the country. Data prices are among the lowest in the world, according to a Vietnamese government study, at just over \$3 a gigabyte.

The impact has been huge. Vietnamese are now among the world's most voracious watchers of videos on their smartphones, a Nielsen survey says. Active mobile social media accounts, meanwhile, grew 41% from January 2014 to January this year, says U.K.-based consultancy We Are Social. That is more than China, India or Brazil, and indicates what might happen in other mobile-first countries such as Myanmar or Nigeria as they race to catch up with Internet usage in more developed countries.

This presents an opportunity for local businesses and at the same time expands the footprint of global technology giants.

In Vietnam, Facebook had 30 million active users as of the first quarter this year, up from 8.5 million in 2012, making the country one of Facebook's fastest-growing markets. Even cabinet-level ministers have launched Facebook pages to reach a new, on-the-go audience.



Yan.vn Founder Johnny Vo in Ho Chi Minh City.

As people view different kinds of media on mobile devices, often opting for shorter, snappier video clips that can be easily shared, companies like Yan.vn, an MTV-style music and entertainment organization, are adapting to the changes.

In recent years, Yan.vn rode a boom in Vietnamese popular culture with its television shows carried over cable networks to some five million households and many of Ho Chi Minh City's cafes and bars. The company also manages its own artists and has begun staging concerts and other events. American singer Demi Lovato headlined its recent "Beatfest" festival in Ho Chi Minh City.

Founder Johnny Vo, 32, and chief executive Phung Lan Khanh, 38, are now also broadcasting raw fragments from celebrity interviews online before complete packages are approved by government censors for television. They have also launched a teen soap opera broadcast over Google's video-upload site, YouTube.

"We have the same material but we recook it in different ways for the different media, especially mobile. That's our big focus now," Ms. Khanh said, adding that revenues at the privately-held company are steadily expanding, though she declined to provide specifics.

At Yan.vn's offices in the suburbs of Ho Chi Minh City, Mr. Vo says the company had to move into other businesses such as television. Thanks to the mobile boom, "everything is possible," he said.

Keeping ahead of the competition is going to be difficult, though. The mobile Web is breeding new heroes. Farmer Nguyen Duc Hau became a cult television actor after his off-key renditions of Vietnamese love ballads went viral when he uploaded them to YouTube. Comedian JVEvermind

has over 1.5 million subscribers to his channel on the video-sharing site, building his audience through linking clips via Facebook, Twitter, Google+ and Instagram, helping drive YouTube's growth in the process.



A man uses a laptop to access the Internet at a coffee shop in Hanoi on Aug. 6, 2013.

State-owned newspapers such as Tuoi Tre, or Youth, have also launched racy websites as they compete for clicks, churning out stories involving four-legged chicken, suggestively-shaped tree roots and people with unusually-long fingernails in the race to become the country's top social and entertainment website. Media Partners Asia projects total advertising in Vietnam will reach \$1.20 billion by 2017, nearly double the amount a couple of years ago.

“There is a strong demand for the right kind of content,” says Nguyen Quynh Trang, a novelist who previously worked for online news portals and who now advises celebrities on how to attract more flattering coverage. “They’ll run anything now.”