

Forbes: Vsmart wants to surpass Chinese rivals

'VinSmart can start from producing mid-range devices and upgrade to high-end device manufacturing step by step,' said Matthew Xie, mobile analyst at Canalys.

Like elsewhere in Southeast Asia, Samsung-made smartphones from several Chinese brands are trending in the Vietnamese market. These phones have good features, cameras to screen sizes are the quality users want. They run on Google's familiar Android system, and are priced lower than iPhones. Those are all ideal factors for users in a developing country.



Over the years, a number of Vietnamese companies have tried to regain domestic market share, but have struggled. Foreign brands have been around for a long time before Vietnam produced its own smartphones.

But this year, VinSmart - a subsidiary of the Vingroup Group - set a goal to surpass some Chinese brands. The subsidiary that manufactures their phones will aim to achieve that goal by providing Vietnamese consumers with a quality smartphone, maintaining a price of around US \$ 100 per phone and combining marketing. directly in ways that foreign brands find it difficult to apply.

Turning point

VinSmart CEO, Mr. Tran Minh Trung, witnessed the company's market share increase, after launching Joy 3 on February 14. The company sold 12,000 phones in 14 hours, Trung noted, because consumers liked localization features.



"Although Vsmart phones use the Android operating system, the software engineering department of Vsmart has adjusted the original Android operating system to develop into a VOS operating system - with features specific to Vietnamese consumers. "- Mr. Trung said. "The phones run faster than regular Android phones, support Vsmart-to-Vsmart messages and free calls between Vsmart devices, he added.

The company had a 6% market share by the end of 2019, lower than market leader - Samsung at 32%, as well as followed Chinese brands like Oppo at 23%, Vivo with 11% and Xiaomi is at 9%, technology market research firm Canalys calculates.

Market research firm IDC said Vsmart had a 12.4% market share in the fourth quarter of last year, compared to Samsung at 29.9% and Oppo at 19.1%. They said about 5 million phones were sold in Vietnam in the quarter.

Use Vingroup's network

"The active offline sales system in Vietnam could increase Vsmart's domestic market share to 15% this year," said Matthew Xie, mobile analyst at Canalys. "About 85% of sales in Vietnam are direct purchases," he estimated.

"Certainly, the Covid-19 outbreak in Vietnam has made shipping difficult," Mr. Xie noted, "which means that Vietnam's overall smartphone market will fall from 1% to 16. % if considering direct sales channel is seriously affected".

"But Vsmart can take advantage of Vingroup's other businesses for marketing," he said. "Vingroup operates an extensive network of shopping centers, convenience stores and resorts and housing development in Vietnam. The vendor has distributed 100,000 free phones to people living in Vietnam. Vinhomes".



Low price, higher market share

Price is another advantage. Vietnam, despite its rapid economic growth since 2012 and the booming middle class, is still a favorite market for mid-range phones priced at around US \$ 200, accounting for about 67% of the market share, Xie said. "That helps VinSmart start from producing mid-range devices and upgrade to high-end equipment production step by step," he said.

The Joy 3 phone starts at \$ 98. They come with Snapdragon 632 processor, 6.5 inch screen, system of 3 rear cameras with 8MP selfie camera. Vsmart has previously provided user discount programs for phones priced below \$ 150. But it is hard to compare specs to Chinese rivals.

Vsmart must use price strategies to keep up with the competition, said Lam Nguyen, CEO of IDC Indochina in Ho Chi Minh City. Finally, this brand has joined the smartphone popularization program of the Ministry of Information and Communications of Vietnam by providing a phone for 500,000 VND (US \$ 21.60) in return for the package. wires and pre-installed applications.

Partnerships outside Vingroup

Such relationships will help Vsmart build an online ecosystem, aimed at building networks and retaining customers. Establishing a cooperative alliance and building an ecosystem can push VSmart to the edge. But if it doesn't work, the company will work

Vsmart hopes to cooperate more closely with Google, Mr. Trung said. According to him, the pair will devise a strategy to find ways to use Android operating systems in wireless controlled devices such as TVs, he said. The duo began testing on TV.

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