



# Vietnam

by Catherine McKinley







A World Association of Newspapers and News Publishers project

# Financially Viable Media in Emerging and Developing Markets

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## Country Report



Table 12: Vietnam Country Data

Data type	2010 (estimate)
Population	88 million
Literacy rate	96.8%
Per capita GDP (US\$)	\$1,156
Urban/rural population	Urban: 26% Rural: 74%
Official language	Vietnamese
Rural electrification	95%
Mobile phone subscriptions	127 million
Internet penetration	29%

Sources: World Bank Development Indicators and other World Bank statistics, UN Population Information Network, Budde Communications Inc.

## Executive Summary

Vietnam's newspaper sector is fully state-owned and exhibits a clearly defined "two tier" system in which the lower and substantially larger tier acts as a propaganda machine for the state and, in return, receives heavy subsidies. A smaller, elite tier has developed within the national-level media in which some newspapers are attempting to develop editorial independence through financial independence. Financial viability has been officially encouraged as a means to reduce the government's budgetary burden. However, the trend of growing editorial freedoms is increasingly frowned upon by the state, which is still cracking down on political dissent.

To gain financial independence, these elite news organizations are be-

ing forced to innovate, as traditional revenue sources are souring. Print advertising revenues are falling or remaining stable thanks to a weakening of the macro economy and advertisers' slow but steady trudge to online platforms. Newspaper circulation revenues are also weakening, again due to Vietnam's growing online media and the public's declining faith in the news industry as editorial controls dumb down the news.

Recent innovations include attempts to integrate the use of new technology into traditional news businesses, such as moving print newspapers online and offering mobile services, as well as the development of technological services not directly tied to news dissemination. These include the mobile service created by Viet-

namPlus for PetroVietnam. Media companies are also stepping up diversification away from media operations and into real estate and other ventures.

Vietnam's foreign development partners have long supported journalist capacity-building but have been largely barred by the government from focusing on organizational change. Now they are building projects to do just that, as they've been encouraged by a government that wishes to reduce its subsidy load to the media. These projects focus inevitably on the top-tier news organizations. However, the management practices they help create may filter additionally into the lower tier over time.

## Country Indices: Vietnam



### Political & Regulatory

A single-party system run by the Communist Party since 1975

No separation of powers between the legislative, judicial, and executive branches of government

All media operations are subsidiaries of the Communist Party

Government owns media and internet providers

Two-tier media: lower tier, government propaganda; upper tier, attempting to develop editorial independence through financial independence

Free speech guaranteed de jure but restricted de facto

Government driving internet access via public and educational venues but halting online free speech

Media law reforms ad hoc and at will of the state



### Economy & Market

“Socialist-oriented market economy” (Doi Moi) introduced in 1986

Overall economic growth despite global economic crisis

World Bank ranks Vietnam as middle-income economy (as of 2009); GDP per capita US\$1,052 (2009)

Upper-tier media granted financial independence to reduce budgetary burden

Media ownership by private or foreign entities is strictly forbidden. De facto private media ownership introduced ad hoc, when it suits government interests

Newspaper market: around 200 newspapers, ca. 100 of them with online editions

Advertising market: US\$736 million – television ca. US\$601 million, newspapers ca. US\$83 million, magazines ca. US\$49 million



### Social

Young population; Over 70% rural (increasing trends of urbanization); high literacy rate (96.8%)

Newspaper readers – mostly young educated urbanites

Lively and influential citizen journalism culture; Internet used to access otherwise forbidden content and to test controls on content creation

Evidence of ties between citizen and mainstream journalists, with citizen journalism raising the standards of legacy media reporting



### Media & New Technologies

85% of households own a TV set (TV mostly terrestrial, but also satellite and digital)

Mobile penetration over 100%; 3G introduced in 2009

Internet introduced in 1999; penetration relatively low (29%) but growing fast

Media convergence on the rise

# 1. The Vietnam Economy and Newspaper Conditions

Vietnam became a unified political entity under the Communist Party of Vietnam in 1975, at which time collectivization of land and labor already adopted in North Vietnam was imposed on the defeated South, traditionally Vietnam's rice bowl. The results were disastrous, as southern farmers refused to farm and rice production plummeted, causing famine on a massive scale and forcing the new government to consider alternative forms of economic management.

In 1986, the state introduced a series of economic reforms known as Doi Moi, (Renovation), which transformed management of the economy from full state control and central planning to what is now dubbed a "socialist-oriented market economy." The system combines central planning, which is based upon five-year strategies and plans developed by the government. This socialist-oriented market economy is designed to retain overall state control over the economy, with market forces to make resource allocation more efficient. It

encourages both state and private ownership, with some sectors dominated by one or the other. The news media remain fully under state control. Nonstate entities are prevented by law from investing in news organizations. However, some do so by buying publishing licenses from state companies.

Since Doi Moi economic growth has been strong, averaging 7.3 percent per year from 2005 to 2009; economic growth peaked at 8.5 percent in 2007 before the world financial crisis and is predicted to maintain a healthy 6.5 percent in 2010.

In 2009, Vietnam also ascended into the ranks of the middle-income countries as defined by the World Bank, which means it can no longer receive the highly concessionary World Bank funding. This funding targets low-income countries and supports various development projects that potentially include support for media.

The government has taken many steps to improve the standard of living in the countryside, but many of

the economic inequalities are still rooted in the urban/rural divide. While industry accounts for 40 percent of the GDP, the sector employs only 15 percent of the workforce. Agriculture employs over half of the workforce but earns only a fifth of the GDP.

However, Vietnam's impressive growth rates have not overcome economic inequalities. There are significant and growing disparities between Vietnam's poorest and richest citizens, although these disparities remain smaller than the same disparities in many developing and middle-income countries. The government is attempting to contain them, as it believes that equitable income distribution contributes to political stability, which is highly prized.

The recent global economic crisis appears to have had only a limited impact on the Vietnamese newspaper sector. Although both advertising and circulation revenues have dropped in recent years, they now appear to be rebounding.

Table 13: Vietnam: GDP per capita

Data type	1990	2000	2010 (e)
GDP per capita	US\$98	US\$402	US\$1,156

SOURCE: World Development Indicators database and CIA World Factbook



Photos are courtesy of Agence France-Presse (AFP)

## 2. Political Overview

The Vietnamese media landscape is heavily controlled by the government. Vietnam is a single-party state run by the Communist Party, which has controlled North Vietnam since 1954, following a war of independence against French colonial rule, and the entire country since 1975 when the U.S.-backed southern regime was defeated by the Northern Communist forces.

Vietnam's constitution does not allow the creation or operation of other political parties, and single-party rule is strictly enforced. However, the election of officials from within the Communist Party, or, less frequently, independent candidates, is allowed via universal suffrage from the age of 18. Senior Communist Party leaders are elected through a closed-door process every five years. The last elections took place in early 2011, during the Communist Party Congress. Lower-level elections take place in the leadup to the Congress, with each level of newly elected officials in turn electing a more-senior cohort.

It is widely assumed that all significant elections are largely if not entirely staged, with decisions made through a process of secret negotiations that take place long before the official vote is placed. However, in recent years, elections to the National Assembly and to some lower-level positions have shown signs of freeing slightly. Open and increasingly public debate has become more common as a result. Until recently, this liberalization also applied to the media, with state editorial controls loosening and the media becoming more outspoken. However, the media have been subjected to an ongoing crackdown fueled by a combination of factors:

- Changing political priorities, as liberal leaders were pushed aside by conservatives. This reduced the scope for editorial freedom in the media.

- Increasingly gung-ho and sometimes inaccurate media coverage of sensitive issues such as corruption raised concerns within government.

- Concerns that political stability may be threatened grew as economic growth fell to 5.3 percent in 2009. The government responded by cracking down on media, civil society, and dissidents calling for political plurality.

Vietnam's consensus-based political infrastructure is considered to be extremely stable. Many of the controls imposed on business, citizens, and information are designed to maintain this stability, and there is an unspoken but widely acknowledged understanding between the government and its citizens that single-party rule will be accepted as long as the party facilitates rapid wealth creation. Few expect the current controls on media to loosen until after the 2011 Congress and/or until Vietnam's economy rebounds from current lows.

There is no meaningful separation of powers between the legislative, judicial, and executive branches of government; all are controlled by the Communist Party. A number of donor-supported projects are underway to reform Vietnam's public administration and legal systems, but these focus mostly on capacity building and are not expected to separate the roles or increase the independence of the three branches of government.

### 3. Socio-demographic Overview

Vietnam's demographics skew young and highly literate. Its population, while still predominantly rural, is undergoing rapid urbanization as underemployed residents of the countryside seek higher-paying jobs in the cities. All of these factors will heavily influence the future of media development.

Vietnam is home to an estimated 88 million people, with around 28 percent of the population under 15 years old and only 5.5 percent over 65 years old; the median age is 27. Vietnam's relative youth is the result of a post-war baby boom. The population has nearly doubled since 1975, when three decades of warfare ended and the population stood at just 48 million.

The government has attempted to slow population growth by imposing relatively strict birth-control policies

that recommend two children per family and penalize families with more. But these attempts have been undermined by lax implementation in rural areas and increasing urban wealth that allows many prosperous families to ignore the penalties. By 2050, Vietnam will probably be home to 111 million people.

The bulk of Vietnamese citizens are Kinh, or ethnic Vietnamese, who make up around 86 percent of the population. Over 50 other ethnic groups make up the remaining 14 percent. Minorities, most of whom hail from mountainous or river delta communities within Vietnam and in neighboring countries are often marginalized socially and economically.

Most Vietnamese have access to basic education. In 2008, the overall literacy rate stood at 96.8 percent. Litera-

cy is higher for men than for women, particularly in rural areas, where girls are often withdrawn from school before boys. Government spending on education is expected to grow significantly in coming years, from around 15 percent of total budgetary spending in 2010 to around 20 percent within a decade.

This high literacy rate, combined with a policy of distributing newspapers widely via government networks and posting them in public places, means that newspapers are available throughout the country even for people of limited resources. However, it should be noted that the papers distributed in this way are often Communist Party-affiliated; they are recognized as propaganda and may not be widely read or respected.

Table 14: Population Data

Data type	1990	2000	2010 (est)	2020 (forecast)
Population	66 million	76 million	88 million	105 million

Source: UN Population Information Network



## 4. Media Legal and Regulatory Environment

The Vietnamese media functions under heavy state control “guided by a set of principles laid out by the CPV (Communist Party of Vietnam), which are translated into law by the MIC (Ministry of Information and Communication) and other government bodies” (Culpin Planing, 2009). A core principle holds that all media operations are subsidiaries of the Communist Party, making the media effectively a propaganda mouthpiece. However, the government has recently encouraged the media to root out corruption, much of which is conducted by government and/or CPV officials. News organizations have been caught between their legal obligation as party organizations and their role as anti-corruption agents. In the mid-2000s, the latter role appeared to be winning dominance, with a growing number of news organizations, particularly newspapers, exposing or attempting to expose corruption within the state. However, weak access to information and poor investigative journalism skills have often limited their success. More recently, a government backlash has silenced inquisitive newspapers, and coverage of corruption has all but ceased.

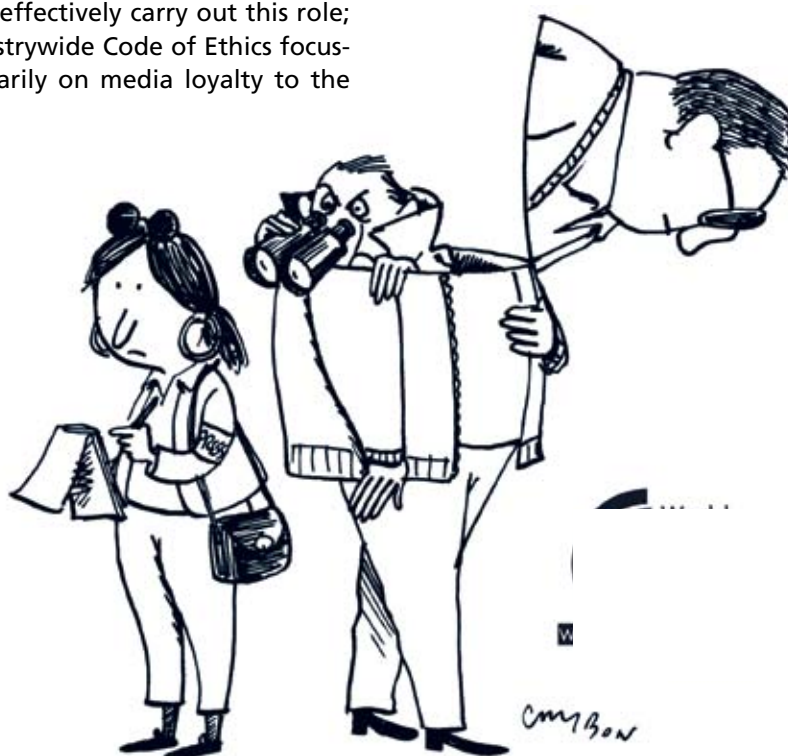
The Vietnamese media is governed by the Press Law, which was written in 1989, amended in 1999, and now under consideration for redrafting. Plans to rewrite the law in 2010 were postponed, probably because of deep-rooted disagreements within the Communist Party about the role of the press and how it should operate and be governed. These may be ironed out after the Congress, and the discussion of the contents of a new law may be reopened next year.

Myriad regulations exist to govern media operations, but members of the media pay scant attention to the law, believing that it exists to punish rather than to protect them. If governmental policy demands that a journalist or media organization be sanctioned, a legal excuse for doing so will be found.

The Vietnam Journalism Association (VJA), which is tied closely to the Communist Party, is responsible for ensuring media ethics. However, because of its political affiliation, few in the industry believe the VJA is able to effectively carry out this role; its industrywide Code of Ethics focuses primarily on media loyalty to the

state rather than reporting skills or standards. An ethics vacuum has subsequently developed, and this has strong implications for news quality. The government appears reluctant to allow other groups, state-affiliated or otherwise, to take on this ombudsman role, although the MIC may attempt to do so through a training center it hopes to establish in 2011.

Vietnam lacks a vibrant civil society, and civic groups can be legally established only if they are registered under a state organization. This means that they, like the media, lack independence. A small but growing number of state-affiliated community organizations have begun to offer social services. The media report on their work, but advocacy is in its infancy. Transparency International is trying to register a chapter in Vietnam through a locally registered organization, and a few think tanks have tried to influence policy. Where advocacy does occur, there is little or no cooperation with the media.



## 5. Portrait of the National Media

### Sector overview

Vietnam has 178 newspapers, 76 of which are national papers, and 102 are local. As of 2010, there were four online-only newspapers (VietnamNet, VnExpress, Vietnam Media, and The Communist Review) and up to 100 online editions of print newspapers. However, only a few, such as Tuoi Tre, Lao Dong, and Thanh Nien, publish online content that varies significantly from their print content. The government is keen to consolidate Vietnam's newspaper sector, as many provincial or lower-level papers have very limited circulation. Being heavily subsidized (see below), these papers are a drain on public finances. A small group of "top-tier" papers, published in Hanoi and Ho Chi Minh City (HCMC), are read widely and regularly by the public.

It should be noted that newspapers are often shared widely, meaning that a single copy may have multiple readers. A 2000 study by the international research firm, Kantar Media, found that between 30 and 50 percent of readers polled said that they read papers given to them by someone else.

All traditional media forms – print, television, and radio – have significant reach in Vietnam because literacy rates are high, state-sponsored newspaper distribution is pervasive, and radio and television access is broad. Kantar Media reports that television is the most popular medium, with 94 percent of those surveyed having tuned in over the previous 24 hours. Thirty percent had read a newspaper and 36 percent a magazine. Just 23 percent had listened to the radio.

According to MIC statistics, more than 85 percent of the Vietnamese population has access to television, mostly terrestrial but also (particular-

Table 15: Popular print newspapers and their estimated circulation (August 2010)

Print	Daily Circulation
Tuoi Tre (Young People)	400,000
Cong An Thanh Pho Ho Chi Minh (HCMC Police)	400,000
An Ninh The Gioi (World Security)	380,000
Thanh Nien (Youth)	250,000
Nhan Dan (The People)	180,000
Phu Nu Thanh Pho Ho Chi Minh (HCMC Women)	100,000
Saigon Gai Phong (Saigon Liberation)	80,000
Tien Phong (Vanguard)	70,000
Lao Dong (Labor)	60,000
Nguoi Lao Dong (Laborer)	60,000

Sources: Publisher and interviewee estimates, Google Analytics

ly in cities) cable and digital stations, and 95 percent of the country receives radio signals. The Internet now reaches 29 percent of all Vietnamese people, and web access is growing fast. Internet penetration has grown at 3 percent or more of total population each year for the past five years.

Kantar found that Vietnamese newspapers are read most regularly by young urbanites with at least a secondary education in a middle-income band. These individuals earn between US\$299 and \$699 per month. Newspapers are read marginally more often by women than by men. Magazines are more widely read by women, especially young women between the ages of 15 and 34 than by men. The Internet is more commonly accessed by men, with over half of users under the age of 24.

### Media's influence

Vietnamese newspapers have traditionally served as propaganda organs rooted in the country's Communist history that taught people to unquestioningly believe what they read. As a result, Vietnam's newspapers have been hugely influential in guiding popular opinion, which, in turn, influences the government's public policy. In the absence of other measures, the government has used newspapers to gauge popular reactions to its policies. However, the recent backlash against the media has tempered the public's faith, particularly in newspapers, which were the most outspoken medium in the mid-2000s and have subsequently become the most heavily censored. Online foreign and unofficial news sources such as blogs now attract a growing following, especially in urban areas.

## Censorship

Vietnam does not exercise prior censorship, but it does impose a system of controls emanating from within the party and feeding down to editors-in-chief through weekly editorial meetings to ensure that editorial content is tightly controlled.

## Editorial controls and ownership

Editorial controls are substantial due to the media's historical influence over the public and the government's ongoing determination to capitalize on that influence for propaganda purposes. Controls are imposed both in advance of publication through pressure imposed on reporters and editors and retroactively by both the Communist Party and the MIC. Controls consist primarily of lists of forbidden topics and stories that are communicated to editors-in-chief via weekly meetings hosted by the MIC in major cities and attended by senior editors and party and government officials. In addition, the party and the MIC will issue occasional edicts to editors, informing them of issues that emerge between meetings that are deemed urgent enough to require action before the next scheduled meeting is held.

During periods of relative editorial freedom, positions transmitted through these avenues are considered "flexible," to be regarded as guidelines. In more-restricted times, edicts become more concrete, and failure to abide by them can result in the dismissal of senior staff. In early 2009, the editors-in-chief of Tuoi Tre and Thanh Nien were dismissed, analysts believe, because they refused to follow these edicts. The dismissal of an editor-in-chief, while decided by

the Communist Party and the MIC, is carried out by the newspaper's ownership, which is legally responsible for its paper's performance.

As noted earlier, all news organizations are owned by the state organization, and ownership by private or foreign entities is strictly prohibited. However, de facto privatization has occurred in a number of instances. There are two scenarios:

Under the first, a state enterprise establishes a newspaper that is then sold to the public as part of Vietnam's devolution of nonstrategic state assets. By default, the enterprise's newspaper is also privatized. A well know example of this is VnExpress, a major online newspaper established in 2001 by the state telecom firm FPT, which was privatized a year later. The newspaper remained within the new company until 2009, when its editorial operations were reclaimed by the state and placed under the Ministry of Science and Technology. VnExpress remains affiliated with FPT for business development and other noneditorial functions. According to a senior editor, "We still operate as a private company." As Vietnam continues to privatize state assets, this scenario may arise again.

In the second and more-common scenario, state organizations in need of cash apply for media licenses and are thus the legal "owners" of the newspapers established under that license. But they then sell the right to use the license – often for a share of profits – to a private company. This practice occurs most often in the magazine sector in which advertising revenues are thought to be highest, or at the local and provincial level, where state organizations have fewer revenue-raising opportunities than their

centralized counterparts. There has been no such privatization of a major national newspaper to date.

## Media convergence

Media convergence is increasingly common in Vietnam, as most major news organizations attempt to offer their services via print, radio, television, and Internet platforms. A smaller number also plans or already offer mobile services. The MIC supports this development, and according to one senior official, the MIC believes that convergence will "create complementarities, not competition." However, industry analysts and some media executives have expressed concern that this trend may lead to substantial industry consolidation, with many ventures falling by the wayside.

The concept of winning or losing applies only within Vietnam's top tier of national newspapers. At other levels, newspapers continue to see themselves as propaganda machines, and they expect state support in return. Despite the slow reduction of state subsidies over the past decade, they have little or no reason to seek profits or encourage innovation.

## Newspaper sales, ad revenue, and state subsidies

The newspaper sector gains most of its revenue from advertising, circulation, and state subsidies, although diversification away from media services also provides substantial revenue for some.

Vietnam's advertising sector in 2009 was estimated by Kantar Media to have been worth an estimated US\$736 million, of which the bulk went to television in the amount of US\$601 million. Newspapers attract-



Photos are courtesy of Agence France-Presse (AFP)

ed most of the remaining advertising, worth around US\$83 million, and magazines took in around US\$49 million. Radio advertising was worth just US\$2 million. Cimigo Research and Consulting estimated online advertising at around US\$15 million, up 71 percent from 2008. Interviewees believe that advertisers remain wary of this new medium, and for that reason online advertising is relatively cheap; they do not have a solid proof of its efficiency.

According to Dat Viet Media (2007/2008), advertisers are both foreign and Vietnamese. They are largely made up of service providers such as banks and mobile phone operators, beauty/personal hygiene and household cleaning goods manufacturers, and beer breweries.

In 2006, when Dat Viet conducted its research, a 30-second prime-time advertising slot on VTV cost the advertiser VND52.5 million (Vietnam dong), which amounts to about

US\$2,700. A 60-second radio slot cost VND3.2 million (US\$164), and a full-page full color ad in a major newspaper or magazine cost around VND55 million, equal to US\$2,800. Tuoi Tre, a major daily, earns 80 percent of all revenues from advertising, of which over 80 percent comes from its flagship print daily. Fourteen percent comes from online advertising, and 2 percent from a weekly newspaper.

Tuoi Tre used to earn 90 percent of revenues from advertising, but it, like many other newspapers, has been hit by Vietnam's economic slowdown. This economic slowdown has cut both the number of advertisers and the amount the advertisers are willing to spend. Most editors noted that advertising revenues dropped or remained flat over 2008 and 2009, but they claimed that 2010 showed a slow reversal of that trend.

The economy has also impacted circulation. In the words of one editor in chief, "People who used to buy

three newspapers are now buying only one." Rising printing costs have forced newspapers to raise their cover prices, and a slow but steady move online by key audience groups, mostly young readers, has accentuated this trend. Several interviewees noted that the recent controls on editorial freedom have dumbed down content, which has also contributed to the reduction in sales.

Newspaper sales now make up 20 percent of Tuoi Tre's revenue, which was below 10 percent, according to November 2010 survey data, "but they were 40 percent a decade ago," according to a senior editor. Thanh Nien boasted a circulation of 500,000 in 2005 but now sells just 250,000 copies each day, a retired senior editor there added.

Newspapers are distributed via the post office, which is considered slow and costly. Service subscriptions go to government offices or to private-distribution companies that sell news-

papers to individual vendors. While direct subscription from news organizations is almost unknown, many people buy regularly from their local street vendors, who know exactly how many copies to buy each day. "It's subscription in another form," said one editor.

Interviewees said that distributors are unwilling to work with newspapers to attract readers by offering discounts, because distributors' fees are usually around 20 to 25 percent of the sale price. They added that newspapers do not consider offering their papers for free because "people will think it's no good if they don't have to pay." Vietnam now has just one "almost-free" newspaper, *Mua Ban*, which publishes classified ads. Even this paper charges a nominal fee in order to attract readers.

The state heavily subsidizes all newspapers that "have a mainly political function" and are unable to support themselves, one editor said. Using budgets taken from the state organization that applied for the publishing license, it offers 100-percent financing for the first three years of operation. "After that, it depends on their financial viability. If they're going to go under, the government will give them money," added an official with the MIC. This system discourages innovation at almost all levels but allows newspapers that are willing to forego subsidies to develop new ways

of financing operations. "We're free to develop as we want, as long as it's only with regard to business," said the editor-in-chief of an online paper in Hanoi.

Within Vietnam's top-tier newspapers, innovations abound, including the use of new technologies. Property investment is relatively common and can take the form of subleasing properties provided by the state, as is believed to be the case for the Communist Party's flagship, *Nhan Dan*, and investment in Vietnam's bubbling real estate market. *Thanh Nien* now earns 50 percent of all revenues from its property portfolio – up from nothing a decade ago. It also organizes events that generate additional revenue. Some news organizations sell license rights for glossy magazines, which still command high advertising fees. These licenses are sold to private companies in return for a percentage of profits or a lump sum. Real estate and other external sources of revenue are sometimes underreported by the media organizations whether for political reasons or due to local protocol.

Ethical dilemmas emerge when newspapers sell pages to companies that fill them with advertorials published as news. "We know it happens, but we don't know who," said an MIC official. Another distinctly questionable revenue source for some newspapers is the alleged bribery of indi-

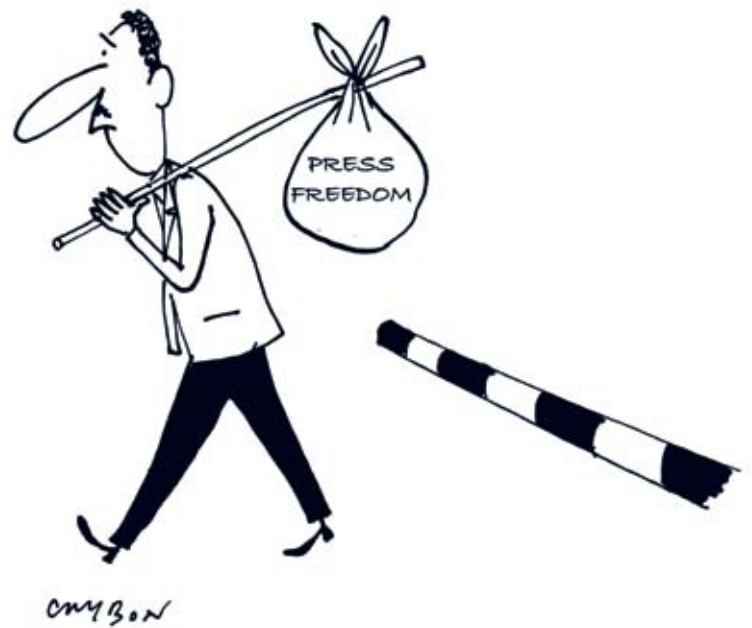
viduals and companies to prevent or ensure the publication of a particular story, whether or not it is true.

## Costs

Newspaper costs consist primarily of staff salaries, newsprint, and distribution expenses. Overhead costs for such items as office space, often in prime locations, are often provided by the state. As noted above, this real estate is often leased out for profit.

Vietnam has around 17,000 accredited journalists and possibly the same number again of unaccredited reporting staff, although it is unclear how many of these work for newspapers. *VnExpress* employs around 250 people, of whom half are editorial, and the newspaper production staff is based mostly in Hanoi and some in HCMC. Half of the production staff works in business development, research and development, and other support services. *Tuoi Tre* employs 450 people, of whom 120 work in the editorial department, 100 in advertising, and the remaining 230 in areas such as distribution, printing, etc.

Salaries vary dramatically, ranging from a low of around US\$100 per month for a new reporter to around US\$2,000 for a senior editor. Staff salaries comprise 60 percent of all costs at *VietnamNet*, where around 380 and 250 are employed. They earn from US\$200 to \$1,300 per month.



Vietnamese journalists graduate with the same university degree as students who will later work in public relations and advertising, both of which offer considerably higher salaries. This disparity, along with a number of perverse financial incentives offered to journalists, encourages corruption within the sector. To augment low salaries, newspapers offer additional payments to their reporting staff, including per-story fees. These payments encourage reporters to focus on quantity at the expense of quality. By offering journalists fees for bringing in advertisers, newspapers compromise their editorial independence. Some journalists also raise their take-home pay by bribing companies with threats of exposure of misconduct, whether or not such misconduct has taken place. Both salary reform and improved ethical standards are required to address this issue.

Newsprint is another major expense, which in recent years has grown by around 30 percent per year based on international paper prices. "We buy in 6-month blocks, but smaller papers can't do that," said an editor with a major HCMC-based newspaper. However, a second editor notes that "paper prices have been stable for the past five or six months." Seven out of 12 participants record an increase in newsprint price and 10 out of 12 respondents confirm increase in costs. Online newspapers also face rising costs in the form of broadband sub-

scription, although as this cost is associated with increased readership it is more easily borne. Distribution costs newspapers up to around one-quarter of their cover price.

### Taxation

Newspapers are taxed at a flat rate of 25 percent corporate income tax, which is currently deducted before profit. They also pay a 10 percent value-added tax on advertising revenues. The industry enjoys no tax breaks, but as noted above, it is heavily subsidized in other ways. However, based on the argument that newspapers are not businesses and should not therefore be taxed as such, the Ministry of Finance has developed a proposal now before the prime minister that, if passed, will reduce newspapers' tax burden. The details of the proposal remain sketchy, but it is believed that it suggests newspapers be taxed after, not before, they make a profit. This allows them to offset substantial costs such as salaries.

### Market research

Only very limited market research is conducted by or for the media sector regarding circulation, readership, or advertising to help newspapers gauge their audiences' needs and develop long-term strategies. Online newspapers track their "unique visitors" and "daily page hits" on Google Analytics, and some larger print newspapers

conduct their own market research. But senior editors have noted that it would be valuable to have independent research that provided more-detailed audience information such as age, sex, and profession, among other factors. A few try to gather this information in-house through research and development departments that send out surveys. Such research can be conducted through newspaper inserts or online and organized discussion groups and seminars. However, one editor describes these approaches as "not very professional," even though he himself had to rely on such methods.

A few foreign companies based in HCMC provide audience profiling, but their research targets major advertisers and is considered too expensive for most local media organizations. Some local companies are beginning to offer media research, but "it is still mostly PR-focused," said an editor in HCMC. He and others noted that because only a few major newspapers would purchase such research, the sector is unlikely to attract substantial private investment. Because most newspapers are state subsidized to some extent, they lack the profit motive and see no value in gathering market data. "Two or three of us may want it [data], but we alone cannot create a market," said one editor.

## 6. New Technologies and Citizen Journalism

The Vietnamese government understands that new technologies are necessary for economic growth, and it supports technology development. A series of recent economic development plans have promoted the expansion of the Internet into schools, public buildings, and rural areas. In cities, people without private or workplace access to the Internet can access the web at one of thousands of private Internet cafés. In the countryside, web access is growing mainly via state-run “culture houses,” although few rural residents are thought to use the Internet yet. E-government (information and online services) is slowly taking root within some ministries and provincial authorities, and the MIC hopes that by 2020 Vietnam will be among the world’s top 60 countries in terms of web penetration.

However, the government is aware of the impact of the Internet on information flow and is now engaged in a delicate balancing act to promote technology for businesses, but it also prevents its use in uncontrolled information-sharing. Internet access is provided by a small number of state-affiliated and private companies that are compelled by law to control access to certain sites and monitor Internet user activity. The government allows the publication of online newspapers, of which there are now four that publish exclusively online. Dozens of others offer online editions of a print newspaper.

Although still low compared to print readership, online news readership is growing. Of over 2,000 people surveyed by Kantar Media in 2009, 87 percent said that they use the Internet to access news. This growing audience will, over time, allow newspapers to capitalize on online advertising. Indeed, some exclusively online newspapers already finance operations using online revenues alone, although print newspapers with online editions still gain the bulk of their advertising revenues from print adver-

tising. “We provide news faster, and our audience is growing fast. Advertisers know that,” said the editor-in-chief of one online paper.

Most newspapers use their web edition simply to reproduce print content, but some news organizations use it to test editorial controls by publishing stories on the Internet that may later be rejected by Vietnam’s “retroactive censors.” If a story is rejected and the news organization is told to withdraw it from the site, editors can be confident that it has entered the blogosphere and will continue to circulate via blogs.

Blogs and social media are an increasingly important form of communication in Vietnam. Given the country’s extremely young demographics, blogs and social media will become even more important over time. A survey of over 1,000 people found that 74 percent of Vietnamese bloggers are younger than 24, and 33 percent blog at least once a day. Most of them blog about uncontroversial social issues, friendship, fashion, and other topics. However, a small but influential minority is often drawn from within the media. This minority blogs about politics, religion, corruption, and other sensitive issues. Thus until recently, when the controls limiting reporting were extended to blogs, the blogosphere offered jour-

nalists an avenue for breaking stories they could not cover in the state-owned press.

Despite the arrest and harassment of prominent bloggers in 2009 and 2010, some bloggers continue to break news and push issues into the public domain. In this way they oblige the state-owned media to pursue stories they would otherwise have avoided. In addition, citizen journalists provide the media with a system of checks and balances that the state system lacks. This is forcing prominent news organizations to reconsider their editorial strategies.

“Before, a few professional journalists provided news for passive readers. Now the number of people providing news is greater than the number of those passively receiving it. Our readers have huge resources with which to check our accuracy and objectivity, so we’re no longer competing with our colleagues, which include other newspapers. Instead, we are competing with our readers. We must collaborate with them [and] develop tools that allow them to become part of content creation,” said an editor-in-chief.

Other new technologies are also impacting the news media in Vietnam, mobile phones in particular. Subscriptions have grown from 815,000 in

Table 16: Vietnam: mobile phone subscriptions (Paul Budde Communications, 2011)

Data type	1990	2000	2010 (e)
Mobile phone subscriptions	23,000 (1995)	815,000	127 million

2000 to an estimated 127 million in 2010, and mobile phones are now being used as a platform for news distribution. This trend is new, with the first mobile news service launched only in late 2009. This came after the introduction of third-generation, or 3G, telephony earlier that year. Four mobile phone operators are now licensed to offer 3G mobile services: Viettel, Vinaphone, Mobifone, and EVN Telecom/Hanoi Telecom.

With seven operators, the Vietnamese mobile phone market is one of the top five most competitive markets in the region. Vietnam's mobile connections grew 58 percent in 2009, and penetration reached 127 percent. However, recent operator comments suggest that 50 percent of these connections are inactive and as much as 70 percent of the connections added in 2009 were multi-SIM users.

On the broadband front, the Vietnamese market has seen growth of over 60 percent in the past four years. A subscriber base of 2.1 million in 2008 gave the nation a household broadband penetration rate of 11.9 percent.

A number of online newspapers, notably VietnamNet, VnExpress, and the state news agency's online service VietnamPlus, offer mobile news applications and services but do not

yet generate significant financial returns. Most existing mobile news applications appear to be losing money or just breaking even. However, their creators anticipate myriad ways in which their mobile services will raise revenue in the future.

One online newspaper anticipates the development and sale of applications for smart phones and iPads, with each application selling for very little: "When you have a big audience, then small revenues can become big revenues." VietnamPlus is already offering such an application, which its editor-in-chief and application creator believes is globally groundbreaking: "My application runs over 500 types of phones and with both 2G and 3G," he said.

VnExpress and VietnamNet are both developing social networking services that will be packaged with their online newspapers and will add new revenue sources. "We think it'll be big business in the future. We'll have more audience and from that greater advertising revenues," said the editor-in-chief of one.

While financial returns may take time to materialize, the cream of Vietnam's newspaper sector will continue to innovate with new media. However, its second-tier newspapers are not expected to do so because of tight

## Vietnam Plus

VietnamPlus is an innovative online newspaper produced by the state-owned Vietnam News Agency, one of Vietnam's five main propaganda organizations. Despite its parent organization's editorial and financial links to the state, VietnamPlus has developed new ways to increase the appeal of its product and develop new systems of data-sharing.

VietnamPlus's website offers news in Vietnamese, English, French, and Spanish. Its news is relayed to mobile subscribers via an application that works on over 500 different types of telephones, unlike those produced by many Western newspapers, which are tailored to a particular device such as a BlackBerry or an iPhone. "We have 500,000 mobile subscribers and another 200 more each day," said VietnamPlus's editor-in-chief, Le Quoc Minh. He said he decided to develop this versatile application because Vietnam's mobile market is extremely diverse, unlike those in many more-developed countries in which a small number of telephone makers dominate the market.

Mobile and online content are now both free, but VietnamPlus plans to begin charging soon for premium content such as audio files. Revenues are generated through advertising.



political constraints that bind them and a lack of financial incentives. These organizations are likely to leapfrog over technologies such as SMS headline alert services, from which customers in comparable developing countries might expect to benefit. Executives interviewed for this research believed Vietnam's high Internet and telecom penetration rates means that there is little demand for such "outdated" services.

Vietnam's communications infrastructure, particularly telecoms, is well developed: As of 2010, 78 percent of all Vietnamese households had fixed-line telephone access in 2010, a 10 percent growth over the previous year. Broadband Internet access has grown from 15 to 20 percent of all households, and mobile phone penetration rose from 130 to 140 percent over the same period.

## Facts and Figures

According to the Committee to Protect Journalists' Shawn Crispin, "Vietnam's government actively promotes Internet usage to modernize the economy but at the same time cracks down on bloggers who post views critical of the government and its policies."

From the Vietnamese news consumer's perspective, the danger lies less in accessing prescribed sites than in the later repercussions. One Vietnamese Internet consumer with family ties to the government reports that

the government monitors both home computers and accounts used in public spaces to see who is accessing the critical sites over time and then takes action. "They follow your usage over a period of time, and then the police show up at the door," he said. However, the government pays little attention to day-to-day international news coverage; its principal concern is criticism of the Vietnamese government, especially that which originates in exile groups in the United States and Europe.

## 7. International Aid to Vietnam Media

As noted earlier, Vietnamese law prohibits foreign ownership of media production of news-related content, and no change to the law is expected soon. In other areas, limits on foreign media activity are dictated by the Domestic Investment Law, with restrictions on "radio or television broadcasting" and "establishment of telecommunication network infrastructure. This could also affect signal transmission and emission, provisions of Internet, or telecommunications services." However, there are tentative signs that foreign activity in the media sector is increasing, albeit in the non-news media for now. A bilateral trade agreement with the United States in 2001 and Vietnam's entry agreement with the World Trade Organization in 2007 facilitated limited foreign access to areas such as ad-

vertising, film production, and distribution. There is even more potential for the opening of the news media in the recent licensing of foreign publications such as *Cosmopolitan* and *OK! Magazine*. These publications' Vietnamese incarnations contain stories translated from English as well as locally produced content.

Foreign development assistance to Vietnamese media has been dominated by Sweden, which has offered training to thousands of journalists and attempted dialogue with the government regarding legal and policy reforms that might benefit the media. Other foreign donors, particularly the French and the British governments, have provided training for media professionals and foundations and universities. Still other foreign players have offered smaller capacity-

building initiatives. However, the Vietnamese government fears that significant donor assistance will impact the state's ability to control its media. This has heavily influenced the kinds of projects developed. To date there has been little focus on organizational capacity building; most emphasis has been placed on individual training.

While these projects have had significant impact on the media professionals involved, many trainees have noted that it has been difficult to put their new knowledge to use while senior management practices and expectations remain unchanged. International instructors and recipients of training alike consider management training as a key area of need into the future.

