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How suitable is Bangladesh Telecom market for an internationalized Telecom company (TeliaSonera) and what could be a preferable entry strategy for such company to enter into such market?

# A Study of Bangladesh Telecom Market



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# Abstract

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Course name	Master Thesis
Program	Masters in Business Administration (International Marketing)
Authors	Rana Alamgir 801004, Uppsala Nitin Anand 810618, Västerås
Supervisor	Jan Löwstedt
Title of the Paper	"A Study of Bangladesh Telecom Market"
Target Audience	The management of TeliaSonera is our main target audience. Also students from management, marketing and business administration are our secondary concern.
Problem Statement	"How suitable is Bangladesh telecom market for an internationalized telecom company (TeliaSonera), and what could be a preferable entry strategy for such market?"
Purpose	The purpose of this paper is to investigate Bangladesh telecom market in order to find out the potentiality of the market which could be considered by the company to think about starting a business there and also to determine a suitable entry strategy from the company depending on the factors have been investigated.
Methodology	The project is based on both primary and secondary information retrieved in connection with the theoretical framework. A qualitative approach of research and analysis has been considered to reach the desirable result.
Theoretical Framework	The theoretical framework has been created with Porter's (1998) five forces and National Diamond together with factors that influence the international entry strategy described by Franklin R (1998)
Findings	While presenting the data, we have followed a structure. We have divided all our data in four parts. They are namely, The Focal Company Factors, Home country (Sweden) factors, the Focal country (Bangladesh) Factors, and the Focal country's (Bangladesh) Telecom market factors. All data have been presented under the respective headings of these parts and also with some corresponding subheadings.
Analysis	The analysis is based on the result of a consolidated evaluation of relevant theory and empirical information collected accordingly. All the collected information has been observed through the gloss of theoretical framework and has been used for answering the problem statement.
Conclusion	After investigating the factors of Bangladesh telecom market, we can conclude that it will be a good idea for TeliaSonera to expand their business in Bangladesh as both the industry and the country has a lot of potential to offer. An Investment entry mode (Joint Venture) has been suggested. It is worth mentionable that this paper is a preliminary idea about the market to encourage TeliaSonera to expand in Bangladesh which reveals the opportunity for further research.

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With Best Regards

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# Chapter 1

## Introduction

*"Watson, come here: I want you."* This was the first message ever transmitted from one place to another, through a device called telephone. American genius, Alexander Graham Bell (1847-1922) along with his assistant Thomas Watson invented the device. It was March 10, 1876, an important day for human civilization, the first step towards developing means of communication. We've come a long way since then. Today, telephone is a part of our everyday life. Nowadays, the phone is not only used for making calls, among many other functions it's used for communicating through text-messages and so called multi-media messages, as well as to connect us to the internet. The opportunities that lie in the telecom market seem endless and the growing demand for mobile telephony systems is creating a world-wide market. The telecom industry is nowadays not only by means of millions, but by means of billions. Actors in this industry are seeking the most profitable markets throughout the world. (The Great Idea Finder n.d)

The upcoming trend in global telecom is offering the opportunities in other countries and also showing the significant signs for realizing the value for entering a new market through utilitarian method. These utilitarian methods might have different directive procedures and the purposes, possible entry strategy; joint venture, licensing, acquiring national player or the fully own subsidiary. Telecom market has kept on presenting the opportunities for generating the high volume of revenue and certain sectors predict the overall substantial growth. (Business Insight Report 2007)

The country of our choice has a different mode of offering than to a European country for European telecom majors. The report from Business insight describes the European market, this has legislative and regulatory of each single market; there are several rules for entering the market which means no "one rule". The outcome is; the national player who is dominant maintains the position and earns the overall market share. The new entrants are in dispute with the dominant national player so gets into long and time consuming regulatory processes. Whereas Asian countries which are developing and offering the

opportunities and predictable substantial growth. Telecom companies for example Nordic major Telenor has operations in Asian countries like Bangladesh, Malaysia, Thailand and Pakistan which are not top economies in Asia but has lot more to offer. Companies have their concentration in overall growth and revenue generation which goes directly proportional to number of customers with some degree of changes in usage pattern of the country. (Business Insight Report 2007)

This paper is to understand the international expansion of successful multinational telecom company in an Asian country. Work would provide the handy idea about telecom market in a south Asian country called Bangladesh. It is worth mentionable that our project is about a successful Multinational telecom company which is mature enough to expand its business in country with developing economy.

There are certain facts we know about the focal market and Company, Other than this we comprehend what Bangladesh telecom market is offering to the new entrants and the existing players. In the due course of the time for writing this paper we tried to fit our selves in the marketer's shoe to feel the same pain (proverb).

After a long evaluation of alternative brands and markets we found the great combination of this Swedish-Finnish company and the Bangladesh Telecom market. Going through the certain facts we can conclude that the real competition for the European players, Asian players and Middle Eastern companies present in Bangladesh telecom market would be offered by this multinational company.

*" TeliaSonera are to become a genuine service company with simplicity as the hallmark"* – This line says a lot about the company and their vision. We are talking about a company that is believed to be the leaders. They are currently in a focus period which means that they are concentrating on markets offering the most potential. (TeliaSonera 2008)

We chose this market because we have decided on a company and a potential market as for that company to enter. We decided that the telecom market is interesting and our experience as customer with the telecom company

TeliaSonera provoked us to think of linking and comparing the home country market in the same telecom sector. Thus we are also knowledgeable about the services the company is providing, and as a customer for both countries one of us understands the consumer's behavior up to an extent and other member would play a role of critical thinker to see the market from a neutral point of view. Having decided on company, we started speculating on how it would be if the company decided to enter a geographically distant market with customers that were used to totally different mobile-services.

## 1.1 The Country

The focal country called Bangladesh, has undergone through several changes in recent past. It is full of great cultural values and story of a nation with high self esteem. The present Bangladesh was the eastern wing of Pakistan called East-Pakistan; however it was a great mismatch between two culturally different parts of Pakistan. Ultimately the two parts of Pakistan entered in to a war started in 26<sup>th</sup> March 1971. And after 9 months, in 16<sup>th</sup> December 1971, Eastern Part of Pakistan became an Independent country which is known to be Bangladesh. (Virtual Bangladesh n.d)

The geographical settings of Bangladesh describes, it is situated in Southern Asia, bordering the Bay of Bengal, between Burma and India With a geographic coordinates 24 00 N, 90 00 E. (CIA World Fact Book 2008)

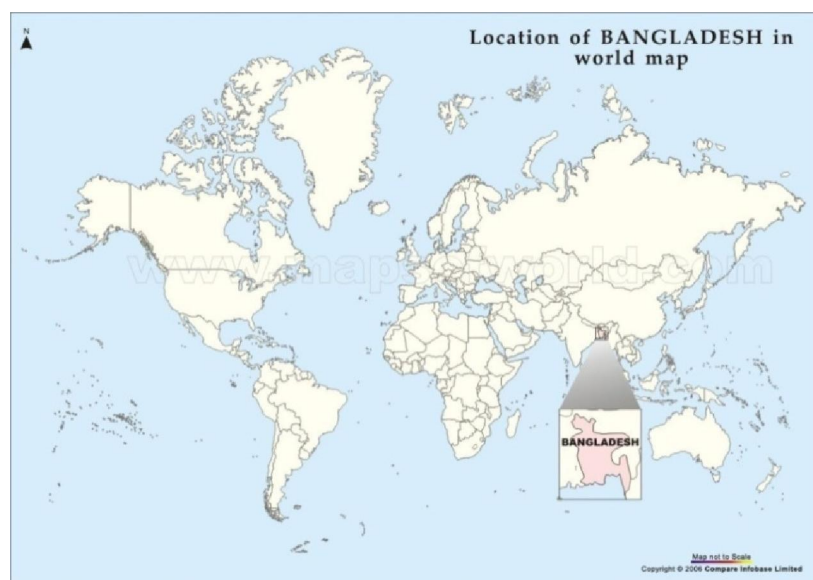


Figure 1. 1 Location of Bangladesh (Maps of world, [www.mapsofworld.com](http://www.mapsofworld.com))

Bangladesh is a semitropical and monsoonal type of country with a hot and rainy summer and a dry winter. The total land area is about 144,000 sq km where 133,910 sq km is covered by land and 10,090 sq km is covered by water. It has 4,246 km of land boundaries where 4,053 km is with India and 193 km with Burma. Bangladesh has a coast line of 580 km (CIA World Fact Book 2008).

Family and kinship is the core of social life in Bangladesh, People in Bangladesh has different set of mind when it comes to family, family living in a house can be combined or single. But most of the family in the rural areas is combined. Father is the head of the family even though mother plays important roles. Married sons usually live with their parents during the father's life time. After the father's death, the whole property is evenly divided between sons and daughters. Such split causes changes of the physical layout of the house. (Mongabay n.d)



**Figure 1. 2 Typical Bangladeshi Family**

In Bangladesh a social status can be defined in terms of money, property, education, job or even popularity in the locality. Even though the society in Bangladesh is still male dominated, but the current spread of education among the population is changing this situation. The common scenario is, male is the earning person in the family and female is by means of looking after the households and taking care of children. Male is the main decision maker and the females are sometime considered to be a good adviser. (ibid)

## 1.2 The Company

TeliaSonera Company came up in the present form with a merger of two major telecommunication companies, Telia AB from Sweden and Sonera Oy from Finland in December 2003. These companies announced this merger in March 2002,. The report by Global information Inc. suggests; the result of this merger was; company became the leading telecommunication group within Nordic and Baltic regions. Not only in Baltic and Nordic TeliaSonera have operations in Eurasia, Russia and Turkey. The higher growth in 2007, company has plans for future investment in Eurasia for expanding in the new markets in Asia. Before this merger both of these companies have a long history, Telia of present day was formed in 1853, Swedish government formed "Elektriska Telegraph Verket". In 1877 Telia started telephone service and changed the name to Telia in 1993. Sonera started in 1855 they were also the first to provide the telegraph services to Finland, they changed the name to Sonera in 1988. (TeliaSonera 2008)

TeliaSonera provides the services reliably, innovative and easy to use telecommunication services. TeliaSonera is expanding their GSM network in Nordic and Eurasia coming from Russia to Asia, their possible market capturing trend is covering the northern or say the Asian countries like Kazakhstan, Azerbaijan, Uzbekistan, Tajikistan and finally to Afghanistan. Company has near future plans to enter the real Asian market (ibid).

In course of the time, company changes the approach in business strategy. The company has changed its approach from country-based profit centre organization into product based business area organization from year 2007. By January 2008, the Company refined its business organization by making the different business segments to work more closely. (ibid)

The company has future plans to capture throughout Asian market, as of now company has Eurasian market operations and leaders with in the multinational operations. Company has acquired the shares in the domestic service providers. Company has 12.5 percent shares in Afghanistan's Leading telecom company. This is the sole operation which comes in Asian market. (ibid)

### **1.3 The Market**

The Telecom market in Bangladesh has differentiated characteristics of very low Tele-density, inefficiency and totally controlled by capitalization. BTTB (Bangladesh Telephone and Telegraph Board) is proved to be incapable of providing sufficient interconnections to meet the demand of mobile services providers. The state owned BTTB has been the monopoly telephone service provider. The zest of improving the efficiency and ability of BTTB, the government initiated a restructuring program in telecom sector to corporatize BTTB (Alam and Yusuf 2007a).

In the telecom sector earth shaking changes cropped up when Bangladesh government allowed private sector participation in telecom sector by granting the permission to operate as a private service provider in 1989. This license was awarded to two operators, BRTA (Bangladesh Rural Telecom Authority) and Sheba Telecom Pvt. Ltd. Opening its mobile phone sector for private and foreign investment in 1989, Bangladesh holds the pioneering figure among LDC's. Pacific Telecom launched the country's first mobile phone service and subsequently, three more mobile phone licenses were issued, in 1996, 2004 and 2005 (Alam and Yusuf 2007b).

The mobile phone operations decisions were never being influenced by any International agreement but held up as an independent entity for making market to grow. Self learning and liberalizing the mobile phone sector shaped up in a sequential strategy for Bangladesh. From 1993 till 1996 the mobile phone services were monopolized by one company; Pacific Bangladesh Telecom Ltd. which didn't let the customer benefitted, however, with the commissioning of mobile phone service by Grameen Phone Limited and Aktel in 1997, the situation started to improve in terms of price reduction and quality. The later period could be said Grameen phone Ltd. golden period, but the arrival of Banglalink in (2005) the mobile phone market brought immense price competition. The intensity of competition came as a blessing for the customers. This change in trend forced every player to adjust their price policy and quality (Alam and Yusuf 2007b)

The open market for international companies increased the total Tele-density (fixed + mobile phone) which now standing at 16%, which was only 0.30 in 1998

and 0.85 in 2005. The present Tele-density is still very low compared with global average Tele-density of 50 % (Alam and Yusuf 2007a).

The Telecom regulatory authority of Bangladesh with the related agencies has been doing a crucial role of monitoring. The Bangladesh experience of mobile phone liberalization has a rich experience and presents a role model and suggests some important lesson for others; that is, in an industry like the mobile phone sector where network externalities and switching costs are important, Moreover, in liberalizing the telecom sector, the policy makers should keep in mind that a minimum number of players (may be three, four or more, depending on the market size, Tele-density and availability of radio spectrum) are needed in the sector to have a competitive environment (Alam and Yusuf 2007b) .

## **1.4 Problem Statement**

As discussed in background that TeliaSonera has potential to enter in new markets and significantly doing it from past years in European market now heading towards Asian markets. Therefore we are looking at the problem like;

“How suitable is Bangladesh telecom market for an internationalized telecom company (TeliaSonera), and what could be a preferable entry strategy for such company to enter into such market?”

## **1.5 Purpose**

The purpose of this paper is to investigate Bangladesh telecom market in order to find out the potentiality of the market which could be considered by the company to think about starting a business there and also to determine a suitable entry strategy from the company depending on the factors have been investigated. The paper will be concluded with some recommendations for further in depth research.

## **1.6 Scope of the Research**

This research will try to answer the problem statement stated. This means, the investigation will follow the pathway provided by the theoretical framework. The readers might sometimes feel that, more investigation could have been done. Or the theoretical framework should have designed with more corresponding theories. But considering the time frame and size of the research paper, we tried to nail down the topic as much as possible and had tried to formulate the

description in a concise way. The inability of physical presence in the Company and the country also limits the in-depth research.

## **1.7 Target Audience**

This work will interest different people in different sense depending upon their business profile and profession. The readers who are practitioners from the same business responsibility are the first person to get attention to this work.

### **1.7.1 The Focal Company TeliaSonera**

The managers who are dealing with International marketing, Global head, Chief executive officer, Strategic alliance manager, Merger and acquisition manager, Chief Financial officer et al, Business continuity manager, Business development manager, Sourcing manager. These are the people who are the prime focus of this paper. This work could be beneficial as a frame work for their future reference for making decisions or may direct them towards a potential future research ground. We didn't contact the focal company for sponsorship and any financial help so that we excrete out the pressure to make it subtle for practitioner and we feel free to make justified unbiased study. e.g.; we might suggest changing the orthodox approach by the company if found so and needed to change.

## **1.8 Other Audiences**

Academics purposes also the secondary concentration, reader might be management students, marketing students, specialization in International marketing and the scholars for research and thesis paper. It could be helpful in improving their understanding about the particular topic. This surely would give reader a deeper insight about the subject which might be helpful for allied or further studies.

Lastly, it would be useful for companies which despite of fact as being in different industry but want to enter the same Bangladesh market. It can be use as a country note book guide for same industry but for the different but a bit similar industry can use some of the knowledge as background study for starting new research.

We want to provide the possibly all follow ups to counter check the information and the reliable data in simple and precise manner to present and evaluate. This



intent is for providing reader the interesting paper to enjoy, understand and to use if it could.

## **1.9 Delimitation**

This is the initial research that reveals advantages/disadvantages that could arise for the particular company in the particular market, and gives a hint about critical factors for further considerable research. This project lacks primary information from the focal company side. But the information collected from source which is published by the company itself. Another limitation of this project is, the market has been investigated without being physically in the market. So there are little possibilities that collected data or conclusion derived may be needed some more clarification on certain factors. That's why further research in this field is required.

## Chapter 2

# Methodology

This part will describe the approach to the project. The ambition is to describe the process of the gathering and compiling information for the project work as clearly as possible, in order to enable a critical review of the credibility of the final results.

The choice of methodological approach depends upon the nature of the investigation to be carried out, its purpose and problem statement. For this project, the main approach was mainly determined by the guidelines for the task. The problem statement and purpose that was composed for the project in the beginning has guided the work from collection of information to analysis of findings in relation to theory.

### **2.1 Literature review**

Telecom industry is one of the fastest growing industries in the world. People are now a day's considering to have frequent communication among them. So in course of time and with the growth rate of population and also appeal for high standard living, telecom industry is growing in a high pace. This fastest growing industry has already attracted many marketing geniuses, researchers, research companies to explore the opportunities. Researchers are trying to investigate different markets and potentials of those markets. Marketing geniuses are making theoretical forecast or theoretical model for suitable market investigation.

Multinational giants are always in a desire to be extended globally. Observation says telecom multinationals are trying to diversify into the markets with high growth rate. A lot of studies have provided the pathway or the map of reaching into a foreign potential market. Bangladesh telecom industry is such a market which has already attracted lot of researchers to explore the opportunities. Lot of literatures has been published by number of researchers regarding such markets.

Most research needs to begin with a literature review: earlier studies on and around the topic of research. These include books, journals articles, and online pages for example government websites, corporate websites and catalogs (Ghauri & Gronhaug 2005, p91).

We have conducted the literature search connected to the topic to support and direct the research. This search was mainly conducting on the University databases, Journal databases, Library Journals, websites and Textbooks.

We have searched the databases provided by University library access, like Emerald, Business Insight, ABI/Inform, Global Information Inc (professional Research reports) and search engines like Google scholar and university special search engine connected to all databases and textbooks Samsok, Elin@malardalen. The key words mainly used were TeliaSonera in Asia, Bangladesh Telecom industry, Telecom future, Trends in Telecom, New market entry strategy and Bangladesh telecom Market.

In the full range of articles and journals on the subject of internationals marketing, investing in a new market, the We have found one of them very useful on the subject of "Bangladesh Telecom Brief (Ken Zita<sup>1</sup>, 2004)" This paper tells the inside of offering and the potential what Bangladesh market offers, not exactly the same subject but one major side of our paper has the subject of same interest. There were two sections of study, one from Bangladesh market side other one is TeliaSonera market but to evaluate the potential this was a great help for understanding the market potential. To understand the company and its strategy over the growing market, Corporate annual report (2007) published by TeliaSonera has been studied. Some other research papers also have been used for this project. "Doing business 2008: Bangladesh" is an interesting research conducted by the World Bank. This research revealed the economic condition and the risks rating of starting a business in Bangladesh. Another interesting research paper was conducted by the Ministry of Foreign Affairs Denmark. This is a sector study prepared for Danish Federation of small and medium sized business. The paper was named "Business opportunities within the IT and Telecommunication industry, Bangladesh" published in November 2006. This was an excellent paper and helped us a lot while analyzing our data.

The Theoretical Framework has been created with the help of some text books on International Marketing and marketing in general. Text books of marketing such as "International marketing" by Cateora & Gauri (2006), "Entry Strategy for

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<sup>1</sup> Ken Zita is president of Network Dynamics Associates LLC ([www.ndadventures.com](http://www.ndadventures.com)), a telecom sector management consultancy active in 35 countries worldwide.

International Marketers" by Franklin R. Root. (1998), "International Marketing" by Bennett & Blythe (2002) and On Competition of Porter M. (1998) has been used for this project.

The main theories were chosen for the competitive environment and Porter's (1998) five forces, Country's International Competence and Porter's (1998) National diamond. The last one is the classification of entry mode and factors influencing the entry mode, Franklin (1998).

## **2.2 The Research Process**

Ghauri et al (2006, p155) grouped marketing research method into two basic types; quantitative and qualitative research.

### **2.2.1 Quantitative Research**

In this type, the respondent is asked to reply by answering structured questions and a preferred format, for example, Yes or no. This type of research is conducted to get a specific response which could be presented with precise estimation. Personal interview, mail or telephone interview can be methods to conduct this kind of information collection. (Cateora & Ghauri 2006, p155).

### **2.2.2 Qualitative Research**

Qualitative research seeks un-structured and open-ended response from the respondent. "*Qualitative research is also used in international market research to formulate and define a problem more clearly and to determine relevant questions to be examined in subsequent research*", says Ghauri et al (2006, p155). Interview, interview through mail and telephone with the help of un-structured open questions, can be used to gather information for this type of research.

Considering Ghauri's opinion, we have found qualitative research method suitable for our research as we have found this way of doing research best fit for our work.

Below the figure provides a glimpse of the projection of the research work -

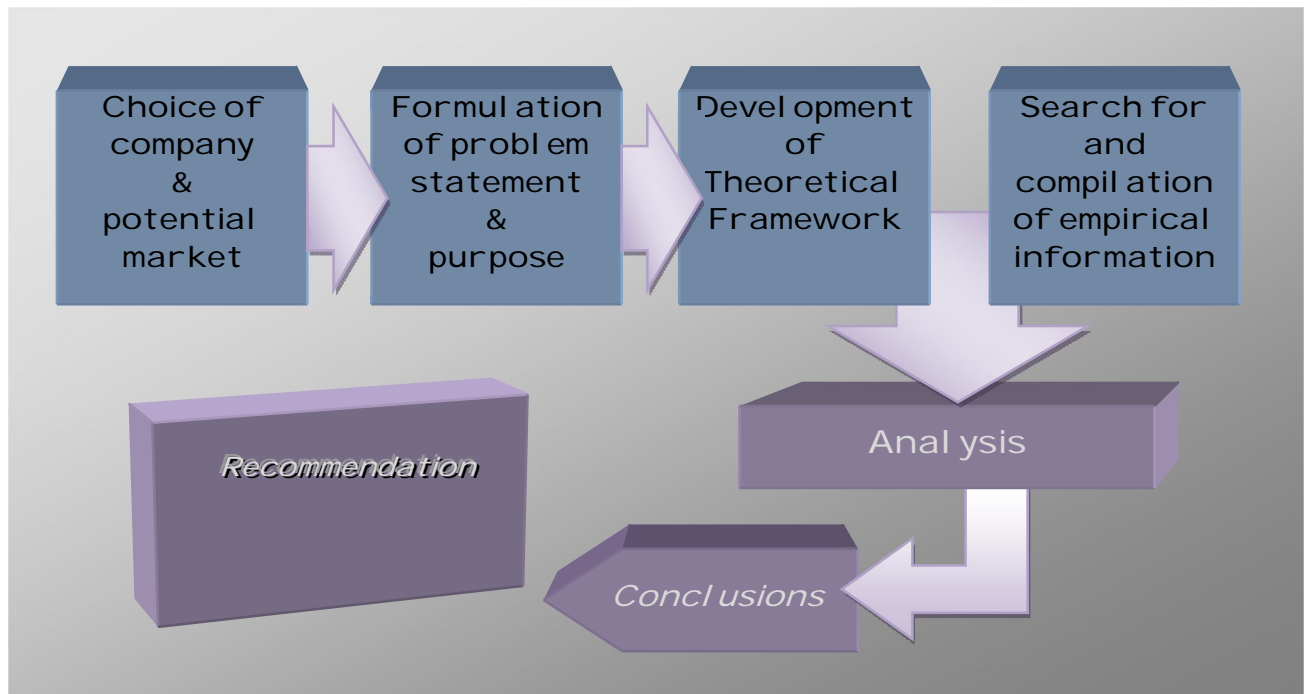


Figure2. 1 The Authors model of methodology

## 2.3 Choice of Topic, Company and Potential Market

Considering Fisher (2007, p 31) recommendations that the researcher should choose a topic that interests them and even possibly excites them. And the chosen topic should also arise some interest to some external audiences. Keeping that in mind we have discussed some topic regarding international marketing and found the selected topic about telecom industry very interesting and challenging. This topic covers relatively the portfolio analysis and positioning in a new market. This is closely related to potentiality of a market and factors that influences the market entry strategies.

Our decision was to focus on exploring the possibility of a major telecom company to expand in a developing Asian country. The focal country already has five international players which reveal the potentiality of the market. The closest rival of the focal company is the maximum share holder in the country which focal company already has beaten in many fronts and in many countries. This clicked our mind (native country advantage) to address this problem statement and draw out derivative business plan for entering in the market even the in-depth research suggests worthwhile to enter.

We have explored the market in Bangladesh and tried to verify what this market has to offer to the multinationals in return of investing in the country. After this we have started to observe marketing activities of the Major telecom companies in Sweden and then chose two companies (One company did not show any interest to expand in Bangladesh) which we thought might be interested in our study and the country to enter, after evaluating their capability to expand.

TeliaSonera replied with the basic information and their interest to discuss about the Bangladesh market. So we have designed the work keeping TeliaSonera in mind and later on had an informal email interview with Mr. Niklas Henricson, Acting head of communications, Business area mobility services. From the initial email we got to know what they are interested to know and what type of study and plans they see for Bangladesh or say Asian market.

## **2.4 Formulation of problem statement and purpose**

It is the first step which is wrestling with problems Ghauri et al (2005, p44). Fisher (2007, p34) has mentioned two types of question that could be formulated to accomplish a master thesis. In one hand, research question which can be answered by doing in depth research and on the other hand, strategic question which can be answered by judgment and will. The Problem statement for this project is a mixture of both. First part of the problem statement initiated the scope of market research to find out the degree of suitability and the second part of the problem statement has given a scope to use our own judgmental ability.

We would like to raise a real life example to make it clear how we have come up with the problem statement. Suppose Mr. X wants to enter into a room which is an office room used by Mr. Y and closed from inside. But Mr. X does not know who is sitting inside and what he has to offer to him. Now the first thing Mr. X will do is to find out who is sitting inside and if it is the suitable person he is looking for. Once Mr. X is sure about that, this is the right room and the person inside is the right person to talk to, he will try to enter into the room. At this situation, in general people try to knock first on the door or may be press the bell so that the person inside opens the door for him.

While brainstorming about the company as well as the market, we found that, every multinational company must follow some steps to expand itself into foreign

markets. Since the overseas factors are unfamiliar, the first step a company should take is to justify the suitability of the market by research. In the example Mr. X was trying to realize if he is in front of the right room. Thus gave me the thought of the formulation of the first part of our problem statement, where the company will know the degree of suitability of the Market. Once the suitability of the market is found, the company should find a way to enter into the market. In case of Mr. X, he knocked the door. So, this gives the idea of the second part of the problem statement and this is a strategic question about entry strategy.

## **2.5 The Development of Theoretical Framework**

Keeping the problem statement in mind, it becomes obvious that, our chosen company should know in first hand whether the target market and also the target country are suitable for them. This means that the competitive environment (country + market) of the target country should be assessed first. And depending on that assessment, further investigation should be done on all the controllable and uncontrollable factors in order to derive an entry strategy decision. Under the light of this argument, we have created our own theoretical framework.

The conceptual framework is a perfect mix of the following theories which by means of as a trident to nail down the research and to the answer the problem statement.

- Porter (1998) Five forces
- Porter's (1998) National Diamond
- Franklin (1998) Classification of entry mode & Factors influencing the entry strategies

Fisher (2007, p122) simply notified that the goal of defining a concept and designing a conceptual framework is to simplify the research task. The conceptual framework also helps to nail down the topic and also reduces the collected research materials by determining the relevancy of the materials with the problem statement. Under the light of Fisher (2007), we have brought up the concept of evaluating the foreign market for the new entrant. The concept of International market was brought up by Porter's (1998) five forces which deliberately evaluate the market, how that market is going to behave like in

terms of entry barriers, competition and supplier threats. The other theory which needed to take a stand still in new market as Country's International competence "The national Diamond" by Porter (1998), This apt to make familiar with the condition depending upon the entrants own home market and the new market which company is going to enter and the industry it will belong to and the surrounded industry which is important to know beforehand.

When talking about Porter's theory, we realized the necessity of justifying why we have chosen these two particular theories. Michael Porter is believed to be the strategy guru since 1990s. His theories are considered by many marketing geniuses to be a seminal and definitive work on corporate strategy. Porter's idea has been proved to be an effective guidance for strategic managers over the world. Porter is very innovative in terms of expressing complex concept in an easily understandable format. Many authors have referred to Porter in their book several times (E.G. Bennett & Blythe 2002). Moreover, we have been studying Porter throughout our whole academic period, and we have deeper understanding of these theories than some others.

The concept of evaluating the market by Porter (1998) is handy and results in with the information of the degree of suitability of the market. Then entering a market is again a challenge, company should see what entry mode should be taken. The concept of Entry strategies and factors influencing the entry mode by Franklin R. Root (1998) is being used to classify the Entry mode and factors which might affect the company's choice of entry mode. Cateora & Ghauri (2006) also pointed out the factors that could be influencing an entry strategy. Those are same as Franklin's. But we chose Franklin, as the description of the theory was better understandable.

The dimension of this research describes the prime focal of estimation and strategic planning for entering a market with an approach to grasp the market share from the existing holders and also from the growing market. For effective and accurate result we have fundamentally evaluated the International market through Porter's (1998) Five Forces and National Diamond and lastly evaluated the factors that could be and should be considered for entry strategy decision making. (Structure described in 'Entry strategies for International marketers' By Franklin).



## **2.6 Search for and compilation of empirical information**

Ghauri and Gronhaug (2005, p91- 106) has divided the type of data into two different types; primary sources and secondary sources, depending on the source they can be collected.

### **2.6.1 Secondary Data**

Ghauri et al (2005) has defined secondary data as a type o data that has been collected by others for a completely different or little similar to the research problem. Ghauri also included that some research questions can be answered only by secondary data but there are possible risks as those data were collected for a different purpose and can be biased (Ghauri and Gronhaug 2005, p91).

While answering one of our questions about how a foreign company can start their business in Bangladesh, Mr. Tariq Abedin, Trade attaché between Sweden and Bangladesh, he named some reliable sources and advised that the company should collect data from that source. In his words, *"Once an investor intends to do business in Bangladesh, the first thing is to have reliable and sufficient information on the investment & business climate, culture (both business and social), country's competitive positions, strength, etc. All the necessary information could be collected from government agencies, Embassy, Board of Investment, chamber houses, different associations, and websites of Bangladesh."* (T. Abedin 2008, bangladeshembassy.se, 28 May)

With that advice in mind we have considered some reliable sources for the secondary information. Some of them are; Bangladesh Telecommunication Regulatory Commission BTRC webpage, Board of investment Bangladesh BOI webpage, TeliaSonera corporate webpage, Central Intelligence Agency CIA webpage, Swedish post and telecom board and some other very reliable organizational and research based company web pages. Some information also has been collected from published online articles regarding Bangladesh Telecom market and Internet version of Local news paper.

### **2.6.2 Primary Data**

Primary data are data that has been collected by the researchers themselves to answer their own formulated research questions (Ghauri and Gronhaug 2005,

p91). When secondary source is not good enough to answer the research question, importance of primary data await says Ghauri et al (2005, 102). Since the data is collected for the particular project, reliability of the data is unquestionable (if the source is reliable) and this is the biggest advantage with primary data.

After gathering all the secondary data, we have realized that some primary information from the company and the country side would be beneficial to collect to support the secondary data in order to reach a desirable result of the research.

The main method used in this project for collecting primary information is email with open questions. Email has been sent to responsible officials from the company and also to the Telecom regulatory board of Bangladesh. One big reason for choosing this type of method is that the market has an international location. We tried to understand the current situation of the market through questions. Some questions may not have direct connection with the theories but were necessary to understand some situations.

We have sent emails to the following person for primary information and the following questions have been used for gathering primary data.

Mr. Manzurul Alam, Chairman, BTRC; Mr. Tariq Ibne Abedin, Trade attaché, Embassy of Bangladesh, Sweden; Mr. Niklas Henricson, Acting head of communications, Business area mobility services, TeliaSonera.

### **2.6.3 Presentation of Data**

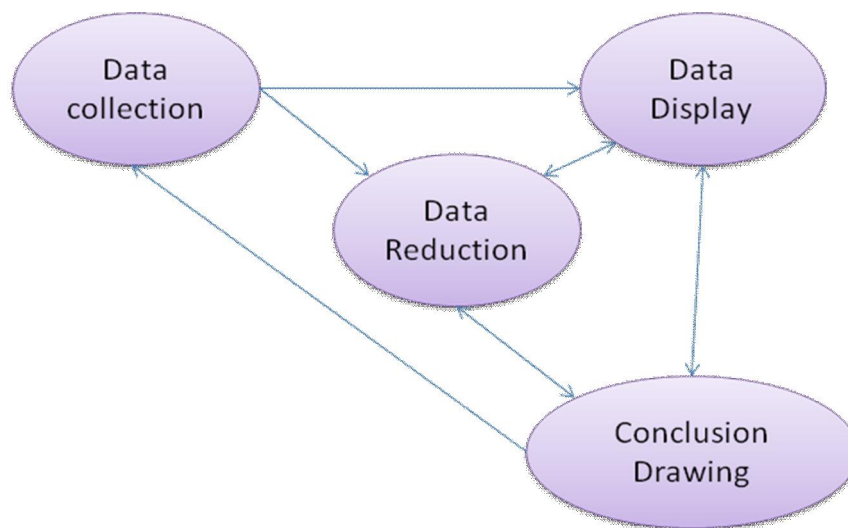
While presenting the data, we have followed a structure. We have divided all our data into 3 different categories. They are namely *the country*, *the market* and *the company*. All data have been presented under the respective headings and also with some corresponding subheadings.

## **2.7 Analysis, Conclusion and Recommendation**

The analysis is based on the result of a consolidated evaluation of relevant theory and empirical information collected accordingly. All the collected information has been observed through the gloss of theoretical framework and has been used for answering the problem statement. As it has been mentioned before that qualitative research method will be conducted, which is more

explorative and un-structured with high emphasis on understanding (Ghauri et al, 2005, p202). The scope of qualitative data analysis comprises *data reduction*, *data display*, *conclusion drawing* says Miles and Huberman (1994). *Data reduction* is process of selecting focusing, simplifying the data; *data display* is the compressed assembly of information which helps in the conclusion drawing.

In this case, we have focused and simplified the data according to the theory and afterword displayed those data for an attempt to take decision and also the conclusion. The recommendation is made based on the conclusion which also includes some further research direction.



**Figure2. 2Qualitative data analysis model (Miles and Huberman 1994, p207)**

For analyzing the market and cultural aspects to make comparative analysis for different markets; home country market and foreign market, we decided to use **Geert Hofstede's Cultural Dimensions** (Clearly Cultural n.d). But unfortunately we did not find any information about Bangladesh. But instead we found information about India that we have considered for our case as Bangladesh and India are neighbor countries and have very similar culture. The table in findings shows the cultural difference between Sweden and India. The table is based on Hofstede's cultural dimension.

## Chapter 3

# Theoretical Framework

The main force for going abroad for companies is natural growth of the company. Companies generally internationalize gradually. When the company's economies of scale are suitable for expansion and the company reveals some potential scope in a foreign place which seems to be missing in the domestic market and also when the company finds the domestic market is being saturated, then it becomes a good thinking of global expansion (Bennett & Blythe 2002, p8). Experience and psychic distance are the main determinants for internationalization decisions. The more experienced a firm gets in a particular market, the more resources it will be willing to commit. The psychic distance can be an obstacle if the company comprehends the market as psychologically distant. If the company decides to go abroad, depending on how the situation is perceived, it will have to decide on the amount of resources that it will commit. (Cateora & Ghauri 2006, p268). For this particular research work, we have developed our own theoretical framework. Here we present the framework

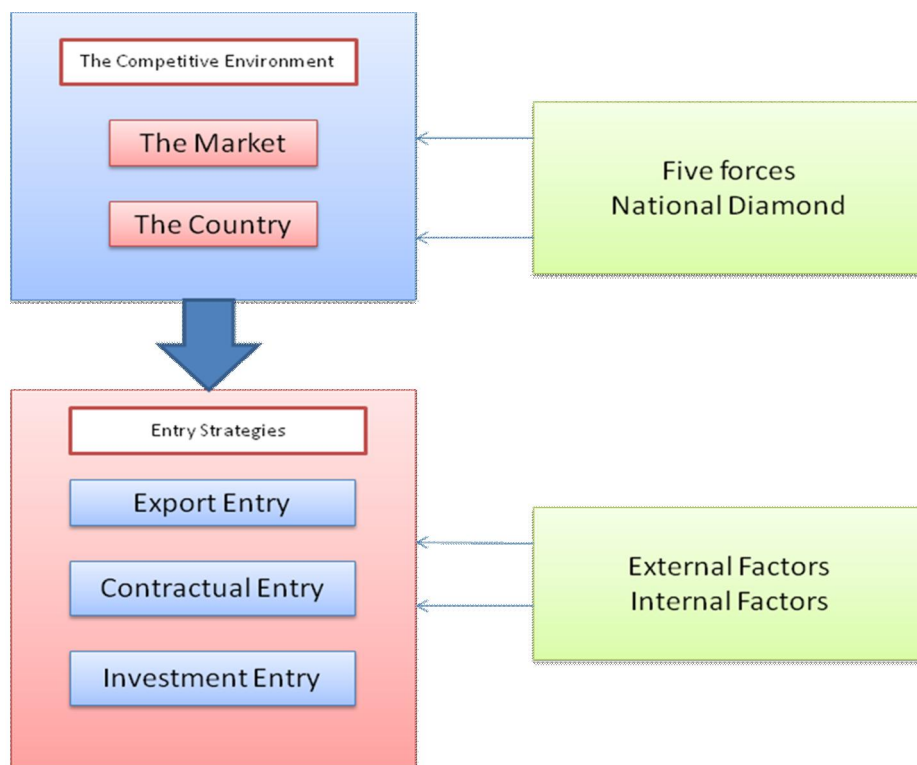


Figure 3. 1 Theoretical framework, the authors model

### 3.1 The Competitive Environment

Before getting into a market, every company should have an assessment of the market environment, how that market could react in different circumstances. Porter's (1998) five forces model has the ability to determine the competitiveness of a market. According to Porter (1998), the collective strength of five major forces determines the ultimate profit potential of an industry. But whatever the collective strength is, the strategy should be formulated in such way that the company can defend itself against these forces or influence them in its favor. And knowledge of these contending forces provides the pathway of the right strategic action (Porter 1998, p21-22).

Porter's five forces are as follows: -

1. Barriers of Entry
2. Bargaining Power of customer
3. Bargaining Power of Supplier
4. Available substitutes
5. Level of existing rivalries

While entering in a market, it is important to assess the barriers that could create some hinders during the entry. Low **entry barriers** create high competition in the market and vice versa. Company's economy of scale that is the capability of entering with large scale investment can ease some entry barriers. If the existing companies have already created a unique brand positioning, then that could be a great barrier for new comers as it will force the new entrant to invest heavily to establish new brand image over the old ones. In this case, again heavy investment is required to nullify the threat. Necessity of heavy investment is a big hurdle. Many more things can create entry barrier. **Government** can have policies that are tough for the entrants to go through. **Distribution channels** can be tied up by existing rivals and also price war among them can impose a pressure on the company to keep the price down. (Porter 1998, p21-25)

The company will have to face a threat from the **buyer** as the buyers in the market can act as a vital force. When the customers are few in number and switching to another company's product are easy for them, and then the

customers are considered to be **POWERFUL**. In this situation the company is always under the threat of buyer's specified price and also the possibility of buyer switching to another company. Buyer can be weak if higher switching cost can be ensured. (Porter 1998, p28 -32)

When the company is supposed to design their product according to suppliers demand as the suppliers output is unique then the **suppliers** are considered to be **POWERFUL**. If number of suppliers is large, then the suppliers become weak as the company have more option. Low switching cost can be one more reason for the supplier to be weak and vice versa. (ibid)

In case of availability of greater **substitutes**, the firms are not able to raise the price as that could cause the customers to switch to another product (Bennett & Blythe 2002, p20). In this situation, the companies are under pressure of reducing the price as there are possibilities of switching (Porter 1998, 32). When a large number of existing rivals with equal power while the industry growth is slow, then this can be considered as **HIGH** level of competitive pressure (Porter 1998, p33).

Even though, a business could be rated high by Porter's model. But in reality it could fail as many organizational and efficiency factors are there to be considered to become succeeded. Also the model gives a snapshot of a situation of a particular moment, but its predictability for future success is questionable (Bennett & Blythe 2002, p21).

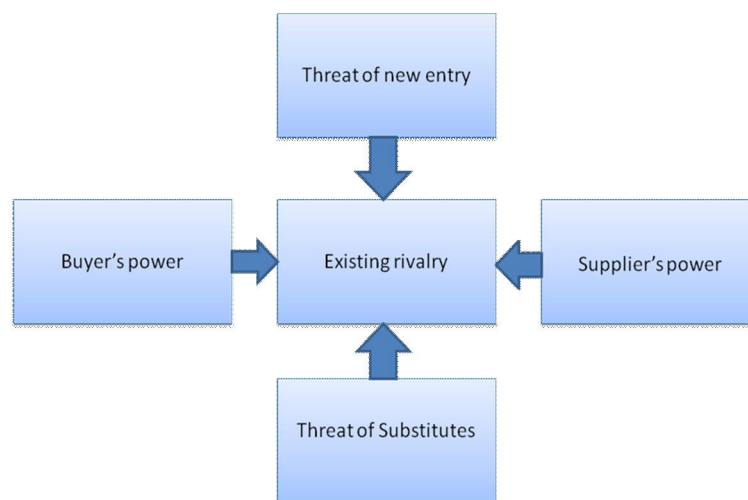


Figure 3. 2 Porter's 5 forces in action

A country where the business will be started should fulfill some basic requirements. According to Porter (1998, p166), there are four major factors or determinants that create the national environment in which companies are born and learn the way to compete. Each factors of the diamond or the diamond as whole effects the requirements of international success. The determinants are namely: *Factors condition*, *Demand condition*, *Related* and supported industries and finally firm's structure, strategy and rivalry.

Positive conditions of skilled labor, communication infrastructure and local raw material source determine the factors condition of the country. And proper utilization of these factors can clinch success for the company. There should be some positive demand in market for the product. Customer's expectation about the product should be assessed too. Level of sophistication of the product is also an important factor. A company cannot just start a business in country. The presence or absence of internationally competitive supplier industries or other related industries is necessary. (Porter 1998, p172 -178)

Circumstances of nations affect the management style and organizational structure of the company. According to Porter (1998, p 178), "No one managerial system is universally appropriate". This determinant also influences the nature of rivalry of the company within the country.

One other influential factor that affects the industry within the country to grow is **government policies**. Sometimes government determines the nature of business competition or state intervention in the industry. According to Porter (1998) countries that has heavy interferences in private business are generally been least successful (Bennett & Blythe 2002, p23). Porter suggests that, to be a successful country, the nation should move to investment driven economy followed by innovation driven economy from a factors driven economy. Lack of natural resources can stimulate to a high level of innovation says Bennett and Blythe (2002, p23) in the words of Porter (1998).The figure shows the national diamond factors of Porter (1998)

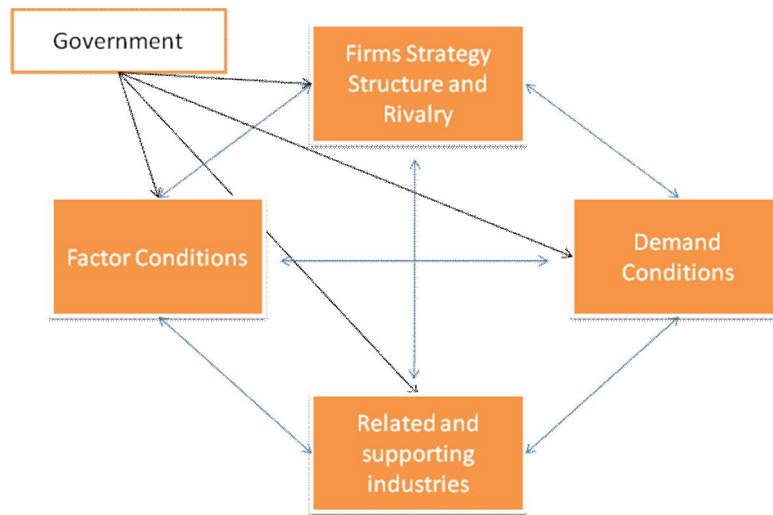


Figure 3. 3 Porter's National Diamond

## 3.2 Entry strategies

Once the country and the market potential have been assessed and positive result has been found, the company can plan a suitable entry strategy as a next step. Entry mode or strategy is an “Institutional Arrangement” that makes a company possible to enter into a foreign country with its product, technology, human skills or other resources. Franklin has classified the international entry modes into 3 different categories which also includes several sub-categories. (Franklin 1998, p 5-6)

### 1. Export entry modes

- Indirect
- Direct agent/ distributor
- Direct branch / subsidiary

### 2. Contractual entry modes

- Licensing
- Franchising

### 3. Investment entry modes

- Sole venture : new establishment or acquisition
- Joint Venture

#### 3.2.1 Export Entry Modes

A company can think about export entry mode when they have a final or intermediate product manufactured outside of the target market and eventually the company wants to transfer that into the target country market. So, exporting



is about physical products. A company can learn adopt and exploratory and experimental attitude to gain knowledge about foreign markets and its competence within the market (Franklin 1998, p7, p53).

The Company can use a home country middleman to exports its products. By using indirect channels the company can start exporting with limited risks, least startup investment and with no fixed capital. Company can assign a direct agent or distributor also. In this case the company uses a middleman from the target country. The middleman is responsible for the marketing of exporter's product. One more choice could be using a middleman but besides the company requires some equity investment in the marketing institution located in the target country. This type of exporting depends on company's own operating units in the target country. (ibid)

### **3.2.2 Contractual Entry modes**

It's a non equity association between an international company and an entity in a foreign target country that involve the transfer of skills and technology from the company towards the entity in the target country says Franklin (1998, p7). This type of entry could create some export opportunities also. Company can go for a licensing strategy which requires minimum capital investments in foreign markets. Licensing takes several forms but generally one company grants permission to some other company to manufacture its product, or make use of its proprietary material (patents, trademark etc) and gets royalty or other compensation in return (Franklin 1998, p7) . Licensing is considered to be most favorable for small or medium-sized companies. Generally it's used as a complement to exporting or manufacturing. The greatest disadvantage of licensing is that it is the least profitable way of entering a new market. The advantages are most eminent when capital is limited or when restrictions forbid other entry-modes. (Ghauri & Cateora 2006, p. 278)

Otherwise the company can plan for franchising which is almost same as Licensing but with some additional variety of supplementary management services for example training, advice etc. The franchisor in addition helps the franchisees in marketing the product in an effective way. Franchisors hold the complete control of how the product should be marketed (Franklin 1998, p7), (Bennett & Blythe 2002, p205).

### **3.2.3 Investment Entry modes**

When an international company owns manufacturing plants or other production units in the target market, then this type of entry mode is called investment entry mode (Franklin 1998, p7). A company can own 100% and start their business from a scratch as a sole venture. Thus points to new establishment (Franklin 1998, p7-8). In this way the company has the total control. On the other hand the company can acquire a local company which is considered as acquisition. In this case the acquired business will have to be formulated according to the company's current business infrastructure (Bennett & Blythe 2002, p215).

Another interesting entry strategy is Joint venture. This is considered to be one of the most important collaborative relationships. A joint venture is a partnership of two or more participating companies that have joined forces to work as a separate legal entity. Joint ventures are distinguished by working as separate legal entities, sharing managements, being established by legally incorporated entities and not by individuals and that the equity positions are held by each of the partners. Joint ventures lessen political and economic risk and comprise less risk when entering markets with high legal and cultural barriers compared to acquisition. Another advantage of this entry-mode is that a joint venture can be established with a local company that can lead the way through a complex domestic environment (Cateora & Ghauri 2006, p 280-281). In this type of entry mode, the partners might have to share intellectual capital and also might not be able to act free as wish (Bennett & Blythe 2002, p218).

### **3.2.4 Factors influencing the choice of entry mode**

When a company decides to expand its business to a foreign country, a substantial planning process and several crucial decisions await. The market potential has to be assessed and weighed against company capabilities and the degree of commitment that the management is prepared to make (Cateora & Ghauri 2006, p 275). Following steps should result in the choice of a potential market, and later on, an entry mode that fits chosen marketplace. The entry modes vary; some demands larger investments of capital, resources and management effort, while others involve less stake and commitment for a limited share of the market. Each entry mode has its advantages and disadvantage, depending on the strengths and weaknesses of the company, the degree of

commitment the company is willing or able to dedicate and the characteristics of the particular market (Cateora & Ghauri 2006, p277).

International environments include uncontrollable elements such as economic, cultural, legal, political elements. A company is generally exposed to many uncontrollable forces in the domestic market as well, but generally the company is more familiar with the characteristics of these elements. In contrast to these uncontrollable elements, the company can use internal controllable elements such as product, price, promotion and channels of distribution, in order to adjust and adapt itself when necessary. To adjust and adapt a marketing program to a foreign market, the uncontrollable elements should be detected, and the influence and impact of these should be interpreted effectively (Cateora & Ghauri 2006, p14).

When deciding to enter a foreign market, knowledge of the market is indispensable; but in itself it's not enough as the company is restricted by its resources, as well as management perceptions and objectives. A generic strategy is needed for the company as a whole to cope with expansion. A generic strategy can be considered as the core strategy of the company. It should be possible to apply across markets and products. The generic strategy doesn't limit the company's adaption to different markets, in fact a company should adopt specific marketing strategies to be as successful as possible, but there should also be an overall strategy governing the uniformity of the firm (Cateora & Ghauri 2006, p. 252). There are two general generic strategies that companies most commonly adopt, (1) differentiation strategy; which is when the company focuses on trying to convince the consumers that their product is different from others, or (2) focus strategy; when the company puts focus on particular a particular market segment or part of the product line (Ghauri & Cateora 2006, p 252-253).

Franklin (1998) has described some factors that could be essential to consider before deciding an entry mode. The factors have been named into two different classes namely **external** and **internal factors**. External factors are related to target country uncontrollable and also home country uncontrollable. And internal factors are factors that are related to company which are said to be controllable. These factors can affect the company's decision making process either by encouraging or by discouraging. But no single factors can influence the decision

making process (Franklin Root R. 1998, p8 -15). The following figure at a glance shows the factors:

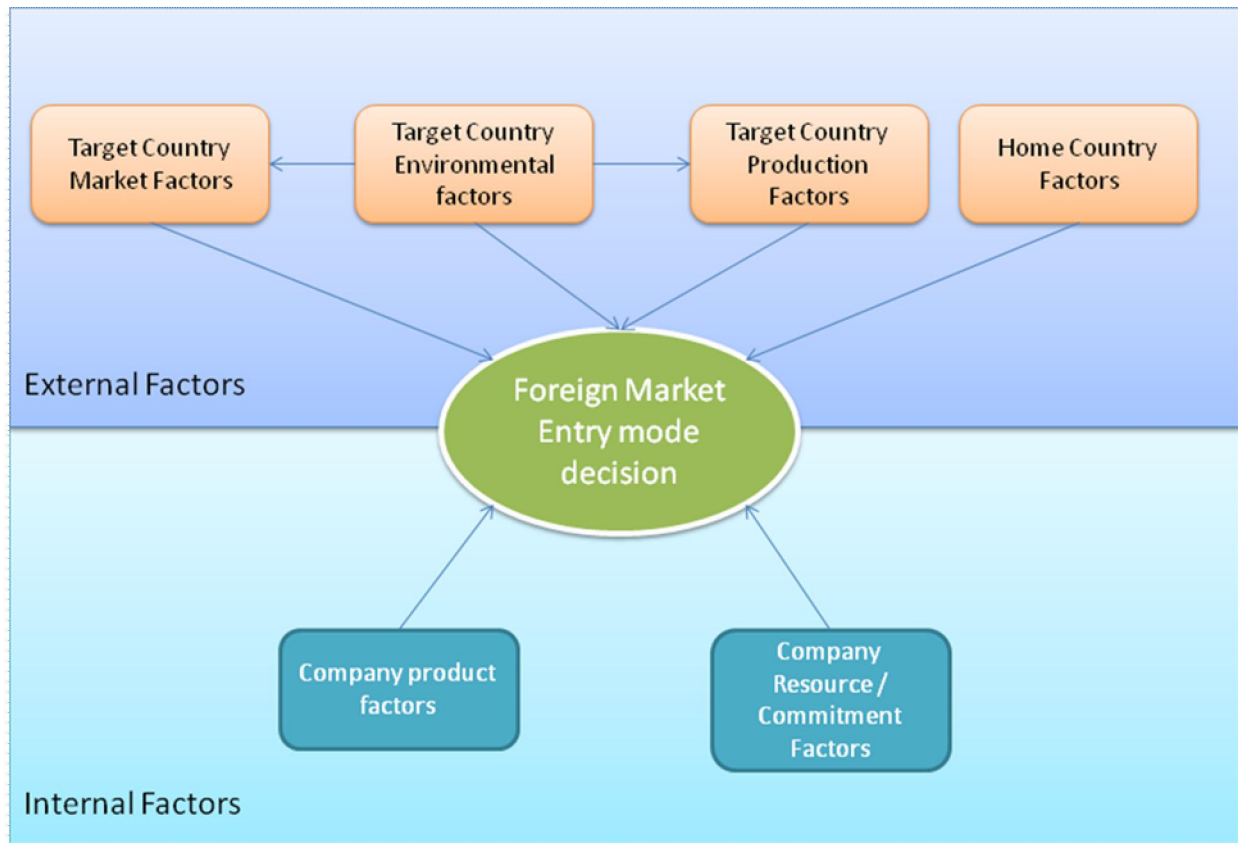


Figure 3. 4 Factors in the entry mode decision (Franklin 1998, p9)

Here the table has been formulated by Franklin (1998, p16-17). It shows which entry mode is favorable under which states of the external and internal factors. As it has been mentioned before that the entry strategy should be formulated according to the situations of these factors. In case of a high sales potential of the target country market, the company can plan for an export entry mode (Branch or subsidiary) or Investment entry mode (Equity investment/ joint venture). When the competitive structure of the market shows atomistic/oligopolistic competition in the market, an export /investment entry mode is preferable (Franklin 1998, p8). But decision should not be taken by only looking at one factor. All factors should be considered and when highest number of factors will indicate towards a certain type of entry mode, the company should plan for that. For example, below in the table, there are 44 internal and external factors. Suppose a company has investigated all these factors and found that 20 of these factors are suggesting for an investment entry mode, 16 factors are

suggesting export entry mode and 8 factors are suggesting some other entry mode. Since highest number of factors (20) are suggesting for an investment entry mode, the company should plan for it. Below the table shows the factors.

Generally Favors					
	Indirect and agent/distributor Exporting	Licensing	Branch or Subsidiary exporting	Equity investment or production	Service contract
<b>External Factors :- Foreign Countries</b>					
Low sales potential	X	X			
High sales potential			X	X	
Atomistic competition	X		X		
Oligopolistic competition				X	
Poor marketing infrastructure			X		
Good marketing infrastructure	X				
Low production cost				X	
High production cost	X		X		
Restrictive import policies		X		X	X
Liberal import policies	X		X		
Restrictive investment policies	X	X	X		X
Liberal Investment policies				X	
Small geographical distance	X		X		
Great geographical distance		X		X	X
Dynamic economy				X	
Stagnant economy	X	X			X
Restrictive exchange controls	X	X			X
Liberal exchange controls				X	
Exchange rate depreciation				X	
Exchange rate appreciation	X		X		
Small Cultural distance			X	X	

Great Cultural distance	X	X			X
Low political risk			X	X	
High political risk	X	X			X
<b>External Factors :- Home Country</b>					
Large market				X	
Small Market	X		X		
Atomistic competition	X		X		
Oligopolistic competition				X	
Low production cost	X		X		
High production cost		X		X	X
Strong export promotion	X		X		
Restrictions on investment abroad	X	X			X
<b>Internal Factors</b>					
Differentiated products	X		X		
Standard products	X		X		
Service intensive products			X	X	
Service products		X		X	X
Technology intensive products		X			
Low product adaption	X				
High product adaptation		X	X	X	
Limited resources	X	X			
Substantial resources			X	X	
Low commitment	X	X		X	
High Commitment			X	X	

**Table 3. 1 External and internal factors influencing the entry mode by Franklin (1998, p16-17)**

## Chapter 4

# Findings

In this chapter, all empirical information that was gathered to be analyzed in relation to theory is presented. Firstly, we have classified three main headings under which we have classified the information which relates with the theories supported. In these headings facts about the country of business expansion (Bangladesh) are given, some facts about the telecom market and competitions in the market are presented then finally, a brief discussion about the company is given.

### 4.1 The Country: Bangladesh

Under this heading, we have tried to present some information about the general business environment of the focal country Bangladesh. These factors can be considered to determine the international competence of the country. This data has the political, economical, environmental and social facts about the country which are very important for evaluating the worth of the country to consider.

#### 4.1.1 Population

By July 2008, the total population of Bangladesh is going to be 153,546,901 with a growth rate 2.022%. In July 2007 the growth rate was 2.056%. (CIA World Fact Book 2008)

Age structure is *0-14 years*: 33.1% (male 25,639,640/female 24,174,937), *15-64 years*: 63.4% (male 48,659,087/female 46,712,687), *65 years and over*: 3.5% (male 2,818,638/female 2,443,350) (2007 EST.). Median age of the population is 22.5 years. (ibid)

#### 4.1.2 Surface of Transportation:

There are three types of transportation in Bangladesh. Roads, Air and Water (Rivers and Sea). There are 16 airports, 15 with paved runway and one with unpaved runway. There are 2,768km of railway lines (946 km broad gauge and 1,822km of narrow gauge). Road ways are total 239,226km (paved 22,726, unpaved 216,500km). Waterways are about 8,370km which includes 3,060km of main cargo routes. This network reduces to 5200km in dry season. (ibid)

### 4.1.3 Communication systems

Communication in Bangladesh is based on Telephone, mobile communication, TV Broadcast, Radio, Internet etc. Three types of radio broadcast stations; AM15, FM 13 and shortwave 2. There are 376 Internet hosts with 10 ISP's and 450,000 internet users as of the year 2006. Telephone density is less than 1 per 100 persons. Mobile cellular density is 13 per 100 per person. The country is introducing digital systems, trunk systems which include VHF and UHF microwave radio links and some fiber optic links. The country has a link to Europe with SEA-ME-WE-4 fiber optic submarine cable. (CIA World Fact Book 2008)

### 4.1.4 Economic statistics and activity

In the years 2006, the GDP was calculated \$336.1 billion according to purchasing power parity and 69.21 billion according to official exchange rate. Real growth rate of GDP was 6.4% and GDP per capita was \$2,300. Sector based GDP composition was 19.7% in agriculture, 28% in industry and 52.3% was in service sectors. 11% of the labor force is engaged in industry and 26% in services where as the number is 63% for agriculture. There was a 2.5% unemployment rate. Industrial product growth rate is 7.2%. (ibid)

### 4.1.5 Economical Strength for Doing Business

Bangladesh is ranked 107 in 178 countries in the world where as Singapore is number one and Afghanistan has ranked 159 (Doing business Bangladesh 2008, p2). Below is the table shows the ranking of Bangladesh in economical sector based on different aspects.

	Ranking
Ease of doing business	107
Starting a business	92
Dealing with license	116
Paying Taxes	81
Closing a business	102

Table 4. 1 Economic ranking of Bangladesh.

(Doing business 2008 Bangladesh, p2)

### 4.1.6 Political System and Risks

The official name is People's Republic of Bangladesh. They have a republic parliamentary democracy. The president is the chief of state and the prime



minister is the head of the government. Country *Legislatives* are unicameral Parliament with 345 members. Government is chosen by general election for one term consisting of 5 years. One government can be elected for 2 consecutive times.

The country is now under caretaker government and they will be until a general election is held. The President will remain as Minister of Defense during the caretaker government period and all other Cabinet portfolios are held by Caretaker Advisers (CAs). The Chief CA is defined to be equivalent to Prime Minister. (CIA World Fact Book 2008)

The caretaker government has lessened the political unrest situation by imposing the emergency rule which prohibits from doing any vulnerable political acts. Social tensions also have been have dissipated by this law. (Bangladesh: Risk ratings 2008)

#### 4.1.7 Social and cultural Distance

In order to get some idea about social and cultural distances between Sweden and Bangladesh the findings are placed in the table is based on Hofstede's cultural dimension parameters used by Hofstede are given below and instead of Bangladesh we have used Indian factors to compare which is the closest similar country in terms of culture–

- Power Distance Index (PDI) – Explains how less powerful individual accepts the unequal power distribution.
- Individualism (IDV) – Explains the degree of one's tightness with his or her family
- Masculinity (MAS) – Explains practice of male female equal rights distribution.
- Uncertainty avoidance (UAI) - Explains society tolerance of uncertainty
- Long term orientation (LTO) – Explains some cultural facts for example having a sense of shame etc. (Clearly Cultural n.d)

Country	PDI	IDV	MAS	UAI	LTO
Sweden	31	71	5	29	33
India	77	48	56	40	61

Table 4. 2 Hofstede's Cultural Dimensions (Sweden - India)

#### **4.1.8 Foreign Investment and trade restrictions**

Apart from some reserved public sector, Bangladesh welcomes investment from overseas sources. The investment could be made independently or through joint venturing with the local companies. Bangladesh desires foreign invest in the following special industries (Board of Investment Bangladesh 2008)

- Industry that is export oriented
- Industry producing high-tech product that could either be import substitute or export-oriented.
- Basic industries based on local raw materials
- Technology intensive industries.

#### **4.1.9 Investment Incentives**

Bangladesh has a very liberal policy to attract foreign investment. 100% foreign investment is allowed. Even no permission needed from the government to establish new industry. The investor only has to register by Board of Investment Bangladesh. Bangladesh government is focusing on stimulating the economy with heavy foreign investment. Despite Bangladesh is a big market, government policies to encourage the foreign investor to invest in the country are very attractive. Some of them are given below – (ibid)

- Tax exemption – 5 to 7 years depending on the area of investment.
- Duty – for export oriented industry, the import duty is 0% and for other industry it is 5%.
- Tax law – In case of bilateral agreement, double taxation could be avoided. Exemption of income tax up to 3 years for expatriate person.
- Remittance – The investor can transfer the whole profit and dividend to his native land.
- Ownership – 100% self owning is allowed and also joint venture is encouraged.

#### **4.1.10 Labor force and working conditions**

The total size of the labor force is 69.4 million. By occupation 63% percent is engaged in agricultural employment, 11% is in industry and 26% is in service based employment. Unemployment rate is 2.5%. Labor in Bangladesh is cheap

due to poverty, lack of skill and poor human resource management. But foreign managers report that Bangladeshis are well respondent to training. Bangladesh government has labor-laws which explain employment condition, working hours, wage levels policies, compensation for injured workers. Workers have right to join unions and create associations. There are 6,400 trade unions with 1.9 million members in Bangladesh. (CIA World Fact Book 2008)

## **4.2 The Market: Bangladesh Telecom Market**

We have collected some very enthusiastic information about Bangladesh Telecom Industry, both from primary and secondary sources.

### **4.2.1 Telecom related labor**

Various institutions are producing around 2000 ICT related graduates. And also a huge number of non-IT graduates are also working in this field. The survey also found that current students are more jumping into ICT related study as the telecom and IT industry is rapidly growing in the country and more employment opportunities are arising (Business opportunities within the IT and telecommunication industry Bangladesh 2006, p3).

Bangladesh labor cost in ICT sector is very low and the range of salary is from USD 75 – USD 1200 per months. (ibid).The paper also reveals that the skill level of these graduates is satisfactory. Evidence shows that these graduates have a history of winning international programming contest. Cheap skilled labor is the significant competency of Bangladesh ICT industry. The labor force is easily trainable and has the capability to learn quickly (ibid).

### **4.2.2 Telecom Related product suppliers**

A giant Swedish company Ericsson is pursuing their business in Bangladesh as a telecom related product supplier (Ericsson 2008). They have 3 branches in Bangladesh. Apart from that, one more giant company, Nokia from Finland is there in Bangladesh (Nokia Bangladesh n.d). From the exploration of companies that have been registered for telecom related product suppliers, the number is huge (Bangladesh Trade Holding n.d). All of these companies have preferable business experience and international competence.

Ericsson in Bangladesh is supporting the mobile operators of Bangladesh for developing skills in telecommunications by bringing in the latest ICT technology. In February 2006, Ericsson announced the establishment of a full-fledged company in Bangladesh. Leading mobile and telephone operators of the country including GrameenPhone, AKTEL, BTTB and Warid Telecom have awarded Ericsson the prime integrator contract to plan, design and integrate an in-building solution. Ericsson signed a major deal with Telenor, the parent company of Grameen Phone to build and integrate a complete IP mobile backbone network for the introduction of layered architecture across Bangladesh. This marks Grameen Phone's first step towards an all-IP network. Besides, GP has awarded a contract to Ericsson to expand its GSM/EDGE network and upgrade it. In February 2006, Ericsson won a US\$ 150 million contract to supply GSM services and build infrastructure for Grameen Phone over a two-year period. (T. Abedin 2008, bangladeshembassy.se, 28 May)

#### **4.2.3 Government policies about new licensing opportunities**

The government's policy for foreign investment is quite liberal. Most of the procedures are taken care of by BTRC so that the investor finds it very easy to accomplish the procedure (The Daily Star 2008). In case of setting up a call center, BTRC is providing the simplest way of licensing procedure with a minimal cost. (M. Alam 2008, gmail.com, 20 May)

In the Telecommunication sector, all aspects of business are governed by the Telecommunication Act, 2001. There are rules and regulations for foreign companies to setup their business. The rules are applicable for everybody irrespective of their origin or investment outlay. Neither of the rules reflects any hindrance for international entry. Telecom business runs on spectrum which is a very scarce resource of any country. It is no different in Bangladesh. As the spectrum is limited, an oligopoly business environment is there for its survivors. Because of that the license to an operator is not always readily available. BTRC provides license according to the feasible market needs. (ibid)

Moreover, Bangladesh government has initiated a Regulatory Reform Commission (RRC) as well as Bangladesh Better Business Forum (BBBBF) to review the existing government rules & regulations and to work towards identifying and solving the problems prevailing in the fields of investment. The

BBBF will mostly work with foreign direct investment. (T. Abedin 2008, bangladeshembassy.se, 28 May)

#### **4.2.4 Telecom Infrastructure in Bangladesh**

Many foreign investors are now interested to do business in telecom sector in Bangladesh which reveals that Bangladesh has become a significant hub for telecoms (Hasan Md 2008). It has been forecasted that the average revenue from telecoms sector will be Tk1500crore<sup>2</sup> a year. Bangladesh is a country which is densely populated and also is a flat and easily extends able coverage. The infrastructure and Tele-density is low which on the other hand made the market a perfect place for telecom business. The demand is very high and the consumer base is very large but the investment is low because of the topographic layout. The government has a receptive foreign investment policy with no restrictions on repatriation of profit. Even though the current infrastructure is not much developed but it is suitable for foreign investment (M. Alam 2008, gmail.com, 20 May)

Bangladesh has a huge potential in WiMax and submarine cable which is a new technology in the country and has attracted the foreign telecom operators. Many foreign telecom operators are coming to Bangladesh to explore the potentiality of the technology. Some interested international telecom operators who want to start a business in Bangladesh; UK-based Orange Telecom, South Korean SK Telecom and UAE's Etisalat. (Hasan Md 2008)

The government is encouraging private sector to invest more in the industry as they think that the industry is playing a vital role in developing the socio-economic structure of the country. And to ensure that, the government has taken several attempt. Giving private sector the license for fixed line telephone is one of those attempts. Due to the environmental facts, the foreign entrants should adjust their equipments according to demand of the environment (T. Abedin 2008, bangladeshembassy.se, 28 May)

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<sup>2</sup> 1 crore = 10 million (Native country measurement unit)

### 4.2.5 Current Market Size

Consumer demand in Bangladesh makes the mobile market one of the fastest growing markets in the world. During first six months of 2007, Bangladesh recorded 7.7 million (1.3 million/month) subscribers. At this pace, the expected mobile subscribers by the end of 2007 were 35 million and a market penetration of around 25%, signifying year-on-year growth of up to 70%. The following figure can give an over view of the potential market of Bangladesh in near future. (Telecom Insight 2007)

In the figure above BMI (business monitor international) had forecasted a rapid growth and average y-o-y growth of 56% per year between year 2007 and 2011. Market penetration should be reached by 50% by the end of 2009 and can be increased by 75% during the forecasted period. So, according to the forecast, by the year 2011, mobile subscribers will be 115millions. That sounds like a great potential market. (ibid)

The reality is close to the forecast. According to BTRC, The total number of Mobile Phone Subscribers has reached **32.33 million** at the end of **October 2007**, when BMI's expectation was about 35 millions. Mr. Manzurul Alam, Chairman BTRC while answering a question, has given the latest information. As of April 2008, the total number of mobile phone subscribers stands at 40.34 millions. And the average growth rate falls in the range of 1 million subscribers per month. (M. Alam 2008, gmail.com, 20 May)

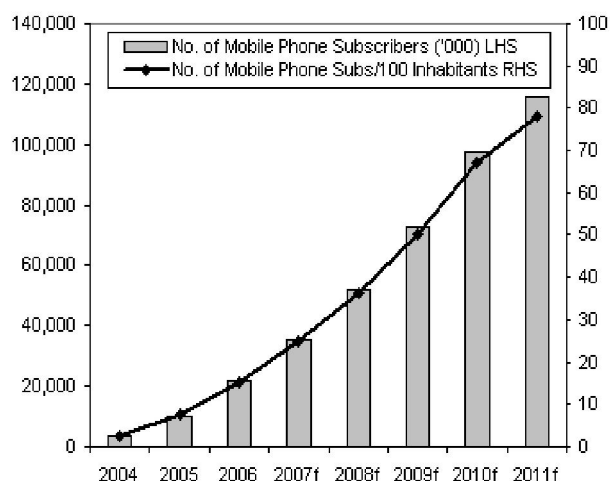


Figure 4. 1 BMI forecast

### 4.2.6 The competitors

Currently there are 6 mobile operators in Bangladesh. They are namely

- Grameenphone – Joint venture (62%) with a Norwegian company Telenor. (Grameenphone n.d)
- Banglalink – Joint venture with Orascom originated from Egypt. (Banglalink n.d)
- Aktel – Joint venture between Telecom Malaysia Berhad TM and A. K. Khan & company limited (Aktel n.d).
- Warid Telecom – An investment of Dubai and Abu Dhabi Group UAE. (Warid n.d)
- TeleTalk – Public limited company but 100% share have been owned by the government of Bangladesh. (Teletalk n.d)
- Citycell – Joint venture with SingTel Asia pacific investment Pte limited. (Citycell n.d )

Below is a table that reflects the current competition of the market. Number of subscribers for the Mobile Phone operators is shown below:

Operators	Nov 2007	Dec 2007	Jan 2008	Feb 2008	Mar 2008	Apr 2008
Grameen Phone Ltd. (GP)	16.01	16.48	16.88	17.20	17.81	18.60
TMIB (Aktel)	6.53	6.40	7.28	7.36	7.45	7.57
Sheba Telecom Ltd. (Banglalink)	6.51	7.08	7.45	7.88	8.31	8.64
PBTL (Citycell)	1.38	1.41	1.45	1.51	1.56	1.60
Teletalk Bangladesh Ltd. (Teletalk)	0.72	0.85	1.00	1.00	1.01	0.99
Warid Telecom International L.L.C (Warid)	1.95	2.15	2.37	2.60	2.79	2.93
Total	33.10	34.37	36.42	37.55	38.93	40.34

Table 4. 3 Bangladesh Mobile operator's market share.

(BTRC 2008 )  
\*Subscribers in Millions.

Keeping the competitors in mind it looks like there is not a big room left for an international entrant in case of Mobile phone and PSTN phone. But there is good opportunity for data and broadband internet service providers with latest technologies such as WiMax, HSPA, and LTE etc.

### 4.2.7 Government interruption in strategy making

As the previous finding shows, Bangladesh government is very liberal in terms of foreign investment. The government only interrupts at the occurrence of any

anti-competitive behavior of any company. Government does not control the pricing strategy but has imposed a tariff range with highest and lowest parameters. The operators are free to design their own pricing within the provided price range. But it is important to keep a low pricing strategy. A superior service quality can be obtained to gain a differentiated competitive advantage in the market. To be sustainable in the market, the company should be aware of the corporate social responsibilities as well as the brand value. (M. Alam 2008, gmail.com, 20 May)

Early movers had got a lot of benefits as there was no licensing fee at the beginning and also the call charges were very high. After that the telecom industry had gone through a paradigm shift. Now, no internationals within the country are showing any constant pattern of profitability. (ibid)

### **4.3 The Company: TeliaSonera**

We have already given some information about TeliaSonera, its history and geographical expansion. Here we will try to stress that information a little more in relation to internal factors of the company and the country where the focal company has the parent origin. We have contacted Mr. Niklas Henrickson, Acting Head of Communication, and Business Area mobility services. Mr. Niklas has stated that our project is an interesting one and also mentioned that TeliaSonera is already in Afghanistan. So they have some experience and interest to expand in to this region.

#### **4.3.1 Products and Services**

TeliaSonera is a provider of reliable, **innovative and easy-to-use telecommunications services**. From the corporate website, it is clear that TeliaSonera is providing a service through some standard products, i.e. GSM. Telia are a part of the company which is providing the mobile telephony, broadband and fixed telephone services. TeliaSonera is also focusing on developing technology intensive products which is integrated fixed and mobile communications, voice, data and telecom-related IT-services. The company is also providing infrastructure services in Sweden under the brand Skanova (TeliaSonera 2008)



### **4.3.2 Product Adaptation**

According to the corporate website, it is clear that the company believes in product adaptation according to customer demand. And customer opinion gets highest priority in case of product development. "We involve customers early on in the development process." (TeliaSonera 2008)

### **4.3.3 Resources**

TeliaSonera is a giant multinational company with an operating income of 26,155 million SEK. The number of current subscribers is 115 million with a net sales increase of 5.8 percent. In the year 2007, TeliaSonera has experienced a 28% sales increase in the Eurasia region. (TeliaSonera Annual Report 2007)

### **4.3.4 Strategy**

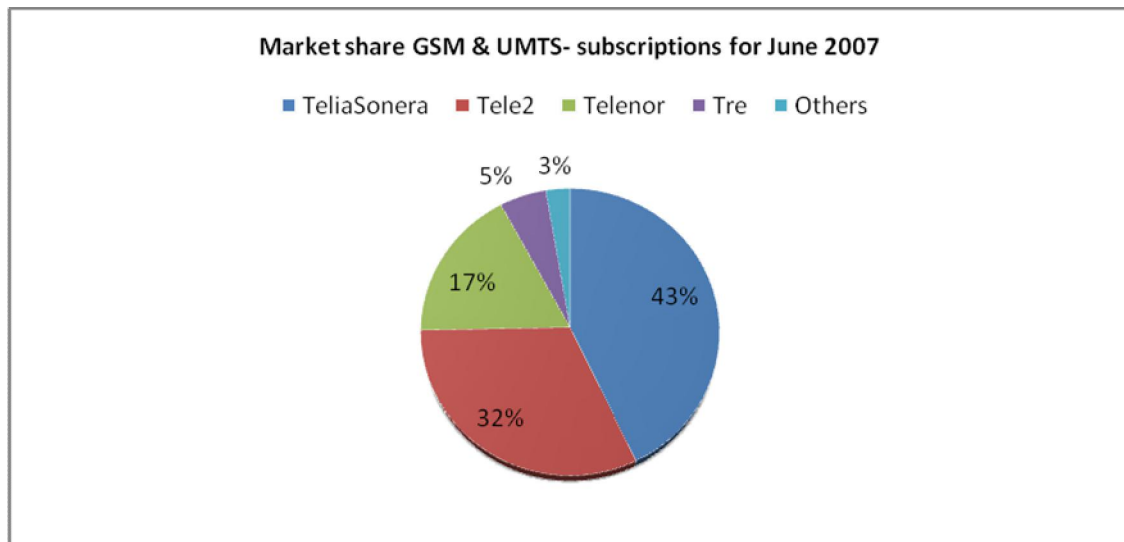
"Add value, show respect and make it happen" (ibid).

The basic strategy is to provide different customer segments with products and service. This includes deep understanding of customer demand and future customer needs. TeliaSonera is willing to create shareholder value through strong profit and cash flows. Cost effectiveness and sustainable manner is the prime base of delivering the services. (ibid)

For international expansion, TeliaSonera prefers acquisition strategy or joint venture with a local fabric in order to handle the uncontrollable risks in the region. (ibid)

### **4.3.5 TeliaSonera expansion in Eurasia and current market share**

TeliaSonera is in Eurasia now. They have an ambition to grow through the Eurasian region where they find strong economical growth or high growth rate in subscribers. They like to go through acquisition or joint venture strategy (ibid). It has mentioned before that TeliaSonera is on a joint venture strategy in Afghanistan. The following chart shows the current market share of TeliaSonera in Sweden – (Swedish Post and telecom board 2008)



**Figure 4. 2 Market share GSM & UMTS subscription June 2007**

From the above figure, it is clear that TeliaSonera is the highest market share holder in Sweden.

Now-a-days, competition has been increased in all mobile markets. In Nordic countries, the growth rate is low compared to Eurasian market. In Eurasian region, the economy is growing at a higher rate than the European counterpart. And this growth rate will continue in near future too. And TeliaSonera with its vast local and international experience, is a company well equipped to be the leading telecom company in Eurasia (TeliaSonera Annual Report 2007)

While executing through the path of growth, TeliaSonera in 2007 added a new growth in its foot print. That was the acquisition of a mobile company in Uzbekistan. Telia's belief is "the combination of low penetration, large populations, strong economic growth and weak fixed line infrastructure leaves room for increasing demand for mobile services". (ibid)

We had a question in mind how TeliaSonera handled the political and cultural differences in Eurasian Countries. TeliaSonera goes for acquisition strategy in order to succeed in the region. The local counterpart has deeper understanding of the cultural factors. TeliaSonera believes that they have enough experience and strength to handle these risks. They are ready to take the risk if the opportunities are high. (ibid)

Mr. Tero Kivisaari, President, Eurasia Zone has mentioned in the report "There is so much dynamism in this region and industry. Growth in Eurasia is strong. We have a long history here and know how to manage and grow our assets. We are committed to the region and will continue contributing to these societies and their rapid development. Overall I think the direction is clear – it's going up." (TeliaSonera Annual Report 2007)

It is also mentioned in the report that TeliaSonera is focusing the young and low-to-middle income peoples by providing them with service in affordable price. TeliaSonera is a big investor in that region and also plays a vital role in developing infrastructure as well as an employer. Telia is also an important contributor in the regarding societies. (ibid)

### **4.3.6 Home country (Sweden) Factors**

These factors are about the company's country of origin factors that could be vital for the decision making of going abroad.

#### **4.3.6.1 Market size**

TeliaSonera is already the highest share holder in the market. They are holding 43% of the total market share. (Swedish post and telecom board, [www.pts.se](http://www.pts.se)). Telia consider the Eurasian market for diversification as the growth rate is higher compared to Nordic market. Since TeliaSonera considers the whole Nordic area as one market, so the market is relatively large (TeliaSonera Annual Report 2007).

#### **4.3.6.2 Competition**

Competition in the country is among 3-4 major telecom operators. Namely Tele2, Telenor, Vodafone etc. (Swedish post and telecom board 2008). The companies are in oligopolistic<sup>3</sup> competition. The whole market is dominated by the mentioned telecom companies. Some other companies are available, but they are fighting for their own survival. We assume this from the market share (3%) they have.

#### **4.3.6.3 Production Cost**

In a country like Sweden, where the taxation is very high, (About 31.6%), labor cost is high (Swedish Tax Agency December2007, Report) it is obvious that the

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<sup>3</sup> An oligopoly is a [market form](#) in which a [market](#) or [industry](#) is dominated by a small number of sellers. (Wikipedia)

production cost is high too. Moreover the low flat rate in pricing of mobile data and also high data consumption could hamper the potential revenue growth thus results in increase in cost (TeliaSonera Annual Report 2007).

#### **4.3.6.4 Foreign investment regulations**

We tried to find out information regarding the foreign investment regulation from government websites in Sweden but could not get specific information, since TeliaSonera is expanding vastly into Eurasian region; we assume that there are none or very little obligations to expand into foreign markets. Rules have been found regarding any foreign investor coming in to Swedish market. It is worth mentionable that, the second largest market shareholder Telenor is doing their business in Bangladesh market and they are the highest market shareholder there.

From one source we came to know that a few years before there was no requirement of a license to do telecom business in Sweden. Telia before merging with Sonera did not require a license to commence their business. This regulation was changed for certain period of time but again in the year 2003 the Electronic Communications Act was passed by which now no license is required for a foreign investor to commence their business in the country. (Telecom Marketing intelligence report 2008)

## Chapter 5

# Analysis

In this chapter, all the findings will be interpreted and analyzed in connection with the theoretical framework.

### 5.1 The Competitive Environment

#### 5.1.1 The Market and Porter's five forces

First of all the findings shows that, TeliaSonera is already a multinational company who is seeking markets in Different parts of the world and currently in Eurasia. They are currently doing their business in Afghanistan, a country close to Bangladesh and the newest member of SAARC. TeliaSonera is the highest market share holder in Sweden (43%) which is almost half of the total market. So their home market is dominated by themselves. Company's operating revenue per year (26,155 million SEK) is huge. Considering these facts, it looks like, TeliaSonera has a well balanced infrastructure and big economies scale to establish themselves in a market where they might need to invest heavily. Due to the saturation of the home market, the company is likely to consider having more multinational entrance.

The finding part of this project has also revealed that Bangladesh government is very liberal about foreign investors. Bangladesh has been ranked 107 out of 178 countries for ease of doing business. Government is giving easy entry facilities and options. Easy licensing facility, tax free time frame, 100% ownership possibility and also 100% profit enjoying option making the entry very easy and tempting in the country. According to the BTRC chairman the government does not interrupt the strategy making of a company as long as the strategy does not arise any uncompetitive environment. The mobile operators can have their own price plan within a price range determined by the government. But product differentiation and keeping the price low with a quality service can be a crucial strategy to grasp the market immediately. And also government is taking new initiatives for taking care of foreign investment by establishing organization like BBBF. These findings prove that the government policy is very welcoming for new entrants.

In Bangladesh Telecom industry, there are already 6 giant companies trying to find their niche. It has been clearly noticed that, as the market is growing, proportionally all the companies are getting new subscribers depending their nationwide coverage. So it is assumed that, even if the bargaining power of the customer seem to be high, due to the high growth rate of the market, each company is somehow getting benefited. Their market share is increasing, keeping pace with the growth rate of the market.

Bargaining power of the suppliers is low in the market as there are a lot of telecom related suppliers available. More over some giant Swedish and Finish multinational companies have already established their business in the market.

The presence of 6 competitors in the market makes high availability of substitutes and competitions. But with a lower price strategy or may be an innovative new service, this threat could be altered says the BTRC Chairman. Bangladesh has a growing economy. Per capita income is very low, but this could not hinder people's mobile consumption. But since the income level is low, so tendency of switching seems to be ignorable. And finding have already given the idea about how the market is growing.

The following table is showing the summary of Porter's five force analysis at a glance –

<b>Five forces</b>	<b>Strength</b>
<b>Entry Barriers</b>	Low
<b>Bargaining power of customer</b>	High
<b>Bargaining power of suppliers</b>	Low
<b>Availability of substitute</b>	High
<b>Existing competitive pressure</b>	Moderate

**Table 5. 1 Summary of Five forces analysis**

### 5.1.2 The Country and Porter's National Diamond

The findings show that Bangladesh has a preferable **factors condition**. Availability of cheap and highly competent skilled labor, good communication infrastructure, and low Tele density makes the country preferable in this case. Even though the communication system is not very top class, but new technologies are yet to be established and lot of foreign bidders are willing to buy it. Foreign companies, who are already using these facilities, are getting benefited. This has been reflected by the increasing market share gaining by the companies over time.

**Demand condition** in the country seems to be very high. One million new subscribers each month is a high rate of market growth which reflects the high customer demand. Even though per capita income is very low, it could not create any obstacle in the growth of the market. It seems like; communication has become a dire need among the society and people want to practice that at a preferable cost. And availability of different substitutes has kept the price low.

Findings have explored that the **availability of related and supporting industries** is great. Number of giant multinational companies is providing telecom related support in the industry. Ericsson is playing a vital role in developing the total infrastructure of telecommunication in Bangladesh by training the willing to be trained labor and also brining the latest technology within the country.

The social structure of the country might be able to have an effect on the management style. If the power distance index is considered then it is noticeable that the difference between Sweden and India (Bangladesh) is very high. So it seems like the management style of both of the country may differ in a lot ways. And this can determine the **nature of rivalry** of the company within the market. It should be mentioned that the social structure of both of the country and also the climatic and topographical differences might have some effect on the administrative or management style of the company.

It has already been discussed in the previous section about the **government policies** and government interferences in strategy making of a company. But again it is worth mentionable that, the research found that the government is not

interfering much in the company's decision making which seem to be intensifying the possibility of success of the company.

The table below is showing the summary of analysis at a glance-

<b>Factors</b>	<b>Conditions</b>	<b>Notes</b>
<b>Factor conditions</b>	Good	Cheap and skilled labor, Good communication infrastructure, low Tele- density
<b>Demand condition</b>	Very High	1 million new subscribers each month
<b>Supporting industries</b>	Very mature supporting industry	Presence of Nokia and Ericsson
<b>Government Policies</b>	Very liberal	Easy licensing, Tax free time, less interference

**Table 5. 2 Summary of Porter's National Diamond Analysis**

## **5.2 Entry Strategies**

In this section, the factors that could be considered to take entry strategy decision will be analyzed.

### **5.2.1 External Factors - Foreign country**

From the findings, it is pretty clear that the sales potential in the market is high. This is considered because of the market growth and also the population growth. The market growing with faster rate than the expected rate TeliaSonera benchmarks the market to enter. The foreign country which offers good market and growth rate is focus area for a multinational like TeliaSonera.

It is also found that the current competition is oligopolistic type as the huge market has been shared by some big companies. Grameen Phone is the highest market share holder which is almost half of the total market (18.60 million out of 40.34 millions) and the others are not having big share. The market is divided, not dominated as TeliaSonera expects to be in the choice for entry in new market.



No data could be found about the marketing infrastructure but due to low labor cost and low possible taxes the production cost within the country should be low.

The government is having liberal policies about foreign investment, and also having liberal policies for import.

From the economic statistics of Bangladesh, it shows that the condition of the economy is dynamic as the economy is showing some movement. The GDP is growing at 6.4% rate.

Geographical distance between Sweden and Bangladesh is high and climatic condition has big differences, considering this point TeliaSonera is already adapted to different set of conditions in some similar countries like Afghanistan. This makes the cultural differences high too. The cultural differences have been determined from the data collected according to the Hofstede's cultural dimension.

Even though Bangladesh has been considered as a high political risk zone, the caretaker governments policies have lessen that risk and made it tolerable. This influential factor is very important and is of point to be considered for a new player whereas TeliaSonera has been through politically unstable markets.

### **5.2.2 External Factors - Home country**

Swedish market is relatively smaller than Bangladesh market and again the findings show that the current competitors are in an oligopolistic competition since the whole market is being dominated by a few companies which have more or less considerable market share. TeliaSonera is holding the highest market share (43%) according to our findings.

Due to high taxation policy in Sweden and high labor cost, the production cost is assumed to be high for TeliaSonera. Even though no data is found about the investment restrictions abroad, it has been assumed that the investment policy is liberal as the import policy is also liberal. The home country Sweden for TeliaSonera is economically very expensive market to operate.

### **5.2.3 Internal Factors**

TeliaSonera has a differentiated standard product. This has been understood by the market share they are holding now. And also their product is technology

intensive product as they provide high class technology through their product. It can also be said that their product is service intensive product as they provide quality service along with the product.

TeliaSonera believes in high product adaption as they give highest priority to the involvement of customers during product development stage.

The finding shows that TeliaSonera has substantial resources and high commitment to its customers. The company believes in providing the best to its customer.

Now we are going to narrow down the table formulated by Franklin (1998, p16-17). The readers might see that some rows have been deleted from the original table. The rows that are not telling the true current situation of the factors have been deleted. For example, under foreign country factors, the market is showing high sales potential. So, the row belongs to "low sales potential" has been deleted. Again, since "oligopolistic competition" has been found, so row corresponding to that has been kept and the row belongs to "atomistic competition" has been deleted. The purpose of doing this is to see where the table stands now –

Generally Favors					
	Indirect and agent/distributor Exporting	Licensing	Branch or Subsidiary exporting	Equity investment or production	Service contract
<b>External Factors :- Foreign Countries</b>					
High sales potential			X	X	
Oligopolistic competition				X	
Low production cost				X	
Liberal Investment policies				X	
Great geographical distance		X		X	X
Dynamic economy				X	
Great Cultural distance	X	X			X
Low political risk			X	X	
<b>External Factors :-</b>					

<b>Home Country</b>					
Small Market	X		X		
Oligopolistic competition				X	
High production cost		X		X	X
<b>Internal Factors</b>					
Differentiated products	X		X		
Standard products	X		X		
Service products		X		X	X
Technology intensive products		X			
High product adaptation		X	X	X	
Substantial resources			X	X	
High Commitment			X	X	
<b>Total</b>	<b>4</b>	<b>6</b>	<b>8</b>	<b>13</b>	<b>4</b>

**Table 5. 3 Factors Considered for the decision making**

From the table above, it is clearly visible that Equity investment/production (Investment entry mode) has got the highest number (13) of preference. Branch or subsidiary kind of exporting has got 8 preferences. Licensing has got 6 preferences. Other mode of entry has got 4 each.

## Chapter 6

# Conclusion and Recommendations

In this section, a summary of the project and also conclusion will be drawn based on the analysis done and the problem statement will be answered. And eventually some recommendation for the company will be stated.

It has been realized that the entry barrier is low. It seems like the easy entry policy can be a threat for the company as there is a high degree of possibility that more rivals can arrive in to the market. But considering the growth rate of the market, this threat is ignorable. And also an early moving strategy can ensure a preferable market share. Besides, when there will be 7-8 competitors in the market, it is assumable that foreign companies will start to consider the market is being highly saturated. So, rivalry will be reduced to tolerable stage and as we have already known that the market size will be growing as well.

The buyer is powerful in the industry, but since the market is growing largely, it will be easy for the company to hold its own share, because of poverty, the population will be unlikely to avail the switching cost. And this also reduces the risk of high availability of substitutes.

The supplier is not powerful in this case which is a plus for the company and the company can play with the price to keep the production cost low. Since the market is yet to be matured and growing very fast, we assume that the suppliers companies are also increasing. Some multinational companies are showing their interest to enter into the market. This can lead some new suppliers to arrive into the market and make the environment more competitive. So at some stage the bargaining power of the suppliers will become very low. And of course TeliaSonera has a lot of multinational experiences, so they have the ability to handle the situation of competitive pressure of the market. So, with some strategic effort, it will be possible for TeliaSonera to find its own niche.

So from the above discussion, it can be said that the Bangladesh telecom market has a lot of potential to offer considering strategically ignorable or somehow alterable threats. The market looks very potential and prospective. Lots of opportunities are waiting.

Bangladesh has cheap skilled and willing to be skilled labor. Communication infrastructure is in good condition and has the ability to serve the international entrants. Customer demand for telecom product is very high due to the high growth rate of the market. As the industry is becoming bigger, availability of supporting industries are increasing and already there are lots of supporting companies in the market. And finally the government policies are very welcoming and liberal.

TeliaSonera has experience in Afghanistan. This can be considered as a huge plus. Bangladesh market environment is better compared to Afghanistan and the economic ranking is also better. The company management believes that they are experience enough to handle the uncontrollable risks in that region. Substantial resource, world class marketing experience, willingness to compete over the boundary has made the company suitable for Bangladesh market. Current strategy of the company in Afghanistan seems to be a fruitful one.

From the factors that have been analyzed, it has been clearly shown that most of the factors (13 factors) are in favor of **Investment Entry Modes** which includes Sole Venture or Joint Venture. Considering the risks that could be faced by the company due to the unfamiliar environment over the border, it will be a better Idea for the company to have a **Joint Venture** with an existing telecom company or a company who has an ICT background and want to flourish its business in Telecom Market. TeliaSonera has already shown some success in Joint Ventures with some companies. TeliaSonera has Joint Venture with a local operator in Afghanistan and it is a good and somewhat supportive example in favor of this decision.

So all together, the answer of our problem statement is "Bangladesh Telecom Market is highly suitable for TeliaSonera and a Joint Venture entry strategy can be preferable for TeliaSonera to enter into such market."

## **Recommendations**

First of all, considering all the facts we have investigated in this paper, we recommend that the company should look at Bangladesh telecom market. Factors are showing great potentiality of the market. And to eliminate probable threats, the company should go for a joint venture with a company who has ICT (i.e. ISP) background but may not be in the Telecom business now or may be

thinking of coming in to this business but not yet have the courage to start. As a tough choice, TeliaSonera can think of acquiring Citycell, the mobile company that has the lowest market share even though they were the first to come in this business. Even though Teletalk is government owned company and the government may not be interested to sell it, but TeliaSonera could go for a negotiation.

One of the limitations of this paper is that the investigation has been done not really going and exploring the market physically. The research was highly dependent on secondary information. So there are some chances that the conclusion driven here may not be the exact one. That's why we prefer the company should do a further in depth research on Telecom Market of Bangladesh. Research can be done in the following directions –

- Thorough investigation of the distribution channel.
- Investigation of Market infrastructure
- A study of the price planning of the rivals
- A research on which company is suitable to have a Joint Venture with.
- Return on Investment long term perspective study for Bangladesh market in Telecom setup.

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## Appendix

### **i. Open Questions to Mr Manzurul Alam, Chairman BTRC**

1. From the website we came to know that it's a very easy process to apply for a license to start up operation. Is there any rules or regulation that could be a hinder for a foreign telecom company to enter into the country?

Bangladesh government's policy for foreign investment is quite liberal. In the Telecommunication sector, all aspects of business are governed by the Telecommunication Act, 2001. There are rules and regulations, but those are not to seek out for creating any hindrance for the foreign companies to setup their business in Bangladesh. The rules are applicable for everybody irrespective of their origin or investment outlay.

One would certainly discern that the Telecommunication business requires more resources. Most of the businesses in the service area require spectrum, a very scarce resource for any country. Besides, Telecommunication service businesses operate under a separate license in every country. Since the spectrum is limited and the nature of business entails for an environment of oligopoly for their survival, a license to operate is not often readily available. Once BTRC decides to grant a license purely based on feasibility and needs, all intended companies are required to fulfill the conditions. In most cases, demand exceeds the required number of licenses and intended companies embark on competing each other. This phenomenon is not unknown to any foreign Telecommunication company.

For some areas, BTRC does make it very simple to award licenses. For instance, if anyone intends to start a call center business, BTRC would be issuing a license with simplest formalities for a minuscule license fee.

2. Currently there are 6 multinational telecom companies operating and according to Business Monitoring International" the current market size is approximately 37 million with an average growth rate close to one million per month. Do you agree with this statistics?

As of April 2008, the total number of mobile phone subscribers stands at 40.34 millions. Yes, the average growth rate falls in the range of 1 million subscribers per month.

3. Keeping the current growth rate and competitor's presence in mind, do you think a new multinational entrant can have its own significant market share? Precisely, will it be possible for a new telecom company to survive in the market?

I would assume that the 'new multinational entrant' referred above is a mobile phone service provider. With 6 mobile operators, I don't think there is enough room for a new entrant to grow in the fiercely competitive market. The fixed line services (by the PSTN) operators are also significantly sufficient and do not create much prospect for any new entrants. But there is good opportunity for data and broadband internet service providers with latest technologies such as WiMax, HSPA, LTE etc.

4. With your past experience with multinational entrants, how much time do you think been a rough average for company to start gaining profit?

This is very difficult to answer. Gaining profit depends on a very large number of measurable and attainable attributes. Our experience with the existing operators does not exhibit a constant trend and pattern of profitability. The early movers were certainly benefited when call charges were very high and there were no license fees. The Telecommunication industry everywhere has gone through a massive paradigm shifts. The competitive market dynamics have pushed the price to bare minimum, the overhead and logistics have increased significantly. There are other factors such as management and human resource development, creative marketing, innovative approaches with perceived value addition etc.

5. Are there any government regulations that could be a hindrance for the company to start business?

The answer is already explained under question # 1. One needs to secure a license and adequate frequencies. Then it would be required to strictly abide by the licensing conditions and the Telecommunication Act 2001.

6. Do you think it will be a great idea for any capable telecom company to start business in Bangladesh ? Why?

Of course yes. Bangladesh is a country with over 140 million people and one of the most densely populated place on earth. The country is flat and relatively easy to extend coverage. The basic infrastructure is not very developed and the Teledensity is quite low. These make Bangladesh a perfect place to be in for Telecommunication business. The demand is high, the consumer-base is very large and the investment is low because of the topographic layout. The government has a receptive foreign investment policy with no restrictions on repatriation of profit.

7. Could you please give an idea about how much is the minimum investment should a company do to start their business? You could give reference to existing companies that has already invested.

The question needs to be more specific. For different types of services, different portfolio of investments will be required. It would also require the technology that would be employed. For instance, the cellular services have different set of technologies with variable investments. GSM and CDMA is different. For GSM, one could start only basic services, or one might employ IP-based soft-switches and offer EDGE services. There is no minimum *per se*. It depends on the business plan. If the entire country is to be served, one needs nationwide backbone, huge billing and customer care systems. For zonal or regional operation with few subscribers would require less investment. A set of value-added services will push the investment high.

8. Do you think the telecom infrastructure of Bangladesh is suitable for foreign investors? If not, then your suggestions for major technological adaptations which are necessary?

Yes, the present infrastructure is suitable for foreign investment.

9. If due to certain reasons the company fails to do business effectively, does the "cost of exit" will be high?

The cost of exit will depend on the company itself. Any company in any industry is required to follow certainly basic steps and Telecommunication is nothing exceptional here.

10. Do you think the price leadership strategy (Lower prices) could be a crucial strategy for becoming the market leader in Bangladesh market?

Lower prices are important for any consumer market anywhere in the world. But one must also ensure superior quality of service which could be a differentiator in a competitive market. One needs to create good brand value, impeccable customer service and perform its corporate social responsibilities conscientiously.

11. Do you have any special clauses regarding the tariff structure? For example; per minute conversation or one standard plan for every company and then their own variable plans.

We only have a tariff bracket demarcating the highest and lowest chargeable tariff. The operators are free to design their own tariff within the parameters of the lowest and highest.

12. Is government expecting companies to reduce the call charge or trying to control pricing (tariff)?

The answer is covered in the previous question. Government does want to control the price only when it becomes necessary to maintain a healthy business environment. Government does not welcome any anti-competitive behavior.

ii. **Open Questions to Mr Tariq Abedin, Trade Attaché, Bangladesh Embassy, Sweden**

### **Q&A**

1. How generally A Swedish Company can start their business? What is the first step they should take?

**Answer:**

Any Swedish company can start business in Bangladesh in the form of

- Setting up a 100% foreign-owned company in Bangladesh
- Setting up a Joint Venture with Bangladeshi company/investor
- Establishing the Company's Place of Business in Bangladesh
- Setting up a branch or a subsidiary of a foreign company in Bangladesh
- Setting up a Bangladeshi Company or participate in a Bangladeshi Company already formed

Once an investor intends to do business in Bangladesh, the first thing is to have reliable and sufficient information on the investment & business climate, culture (both business and social), country's competitive positions, strength, etc. All the necessary information could be collected from government agencies, Embassy, Board of Investment, chamber houses, different associations, and websites of Bangladesh.

2. How this negotiation works?

**Answer:**

It depends on case to case basis and nature of investment/business.

3. What is your positive and negative opinion about a Swedish telecom company to commence their business in Bangladesh? Do you think It will be a good idea for any Swedish telecom company to go to Bangladesh and start their business?

**Answer:**

Swedish Telecom Company can easily start-up their business in Bangladesh. Either they can join the existence telecom companies of Bangladesh or they can invest/start-up a new company in Bangladesh. Bangladesh telecom sector



is a lucrative market for any foreign companies, due to positive growth, positive environment for investment and increasing users over the years.

4. In your knowledge, do you know about any government legislation that could be an obstacle for A Swedish Company to start their business in Bangladesh?

**Answer:**

I

5. Do you think that the telecom infrastructure in Bangladesh is suitable for Swedish Telecom Company?

**Answer:**

Yes, its suitable. But as the weather in Bangladesh is different from the weather of Sweden, just the infrastructure equipments/machineries need to be adjusted for the environment.

Because of congenial business environment, many domestic and foreign private companies are investing in the telecommunication sectors. For modernization, improvement and extension of a telecommunication system of the country, the government has taken a series of initiatives. In the present era of information technology, telecommunication system as a productive and profitable industry has both direct and indirect impact on the socio-economic development of a country. Therefore, the government has also been encouraging private sector investment in telecommunication sector. Therefore, Government has already given license to private sector for fixed line operations. Such market-oriented move for telecom sector would enhance the telecommunication service of the country to a desired level. And from the following case, you may know that telecom infrastructure in Bangladesh is very much suitable for a Swedish company and why:

In connection with the above, Swedish company Ericsson is doing a roaring business in Bangladesh. The company started its operation in Bangladesh in 1997, though Ericsson first started selling equipment in Bangladesh back in the 1970s. It is presently the country's largest end-to-end telecommunications solutions provider with complete in-country expertise and support team. Being part of Ericsson's Market Unit South East Asia, it has access to a diversified group of technical, solutions and services experts from around the region. **It may be mentioned that Bangladesh was in Ericsson's top ten market list during the first quarter of this year (2007).** Ericsson is supporting the mobile operators of Bangladesh for developing skills in telecommunications by bringing in the latest ICT technology. In February 2006, Ericsson announced the establishment of a full-fledged company in Bangladesh. Leading mobile and telephone operators of the country including GrameenPhone, AKTEL, BTTB and Warid Telecom have awarded Ericsson the prime integrator contract to plan, design and integrate an in-building solution. Ericsson signed a major deal with Telenor, the parent company of Grameenphone to build and integrate a complete IP mobile backbone network for the introduction of layered architecture across Bangladesh. This marks Grameenphone's first step towards an all-IP network. Besides, GP has awarded a contract to Ericsson to expand its GSM/EDGE network and upgrade it. In February 2006, Ericsson won a US\$ 150 million contract to supply GSM services and build infrastructure for Grameen Phone over a two-year period.

6. How do you think that cultural differences between Bangladesh and Sweden could be handled by the company?
7. Considering the current political situation, do you think this is a good time to commence business for a foreign investor? Dose the caretaker government has any special instructions for taking care of foreign investment? which can be tempting or convincing?

Bangladesh presents several opportunities for investment compared to the other South Asian countries. Bangladesh's large population and impressive economic growth over recent years have been matched by liberal investment policies, a willing and easily trainable workforce. Bangladesh has maintained a steady economic growth rate since its independence in 1971. While the economic growth rate was on an average 3% in the 1970s, 4% in the 1980s, 5% in the 1990s, it has averaged about 6% since 2000 in spite of frequent natural calamities. Inflation has kept in single-digit, exports have gradually shifted from traditional goods to more value added items, and emphasis has put on manufacturing and IT sectors. The economy of Bangladesh is gradually reaching new heights. The stability in the macro-economic management has opened up new opportunities multinational trade and investment in Bangladesh. Foreign investors are finding the economic environment increasingly suitable for investments and therefore, they are investing in different important sectors in Bangladesh. Bangladesh products enjoy duty free and quota free access to almost all the developed countries. This access to the global market is further helped by the fact that policy regime of Bangladesh for foreign direct investment is by far the best in South Asia. Bangladesh is also a member of the South Asian Association for Regional Co-operation (SAARC), created in 1985, which aims to accelerate the processes of economic, social and cultural exchanges among its members.

To facilitate the business and investment in Bangladesh, the government of Bangladesh has formed a Regulatory Reform Commission (RRC) as well as Bangladesh Better Business Forum (BBBF) to review the existing government rules & regulations and to work towards identifying and solving the problems prevailing in the fields of investment, banking, physical infrastructure and macro-economy. BBBF basically designed to improve interaction between the business community and government high-ups. The BBBF will work in the areas of foreign direct investment, and investment promotion, sectoral development, tax policy, import, export (including readymade garments), infrastructure for private sector development, privatization, ICT and human resource development, domestic industries, World Trade Organization issues and international trade negotiation.

8. Is there any information you know which could be helpful for the corresponding research work?

**Investment Climate and Incentives:**

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**Highlights**

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- Bangladesh has homogeneous society.
  - Bangladesh has stable economic and political order.
  - Government policies on foreign investment are liberal, supportive and focused.
  - Cost of doing business in Bangladesh is competitive.
  - Investment is protected by law.
  - Bilateral agreements with several countries for avoidance of double taxation.
  - Duty free import of capital machinery for export oriented industry
  - Incentive package for the foreign investors is lucrative and transparent.
  - There is easily trainable, enthusiastic, hardworking, disciplined, and highly motivated, low-cost workforce.
  - There exists a global market access for both primary and manufactured products originated from Bangladesh.
  - Entry and Exit policies for foreign investors are simple, transparent and liberal.
  - Bangladesh has significant market, especially with potential access to South Asia.
- 

**Investment Climates-key factors for Investors:**

### **General Features of Investment:**

- § Bangladesh is a largely homogenous society with no major internal or external tensions and a population with great resilience in the face of adversity (e.g. natural calamities).
- § Bangladesh is a liberal democracy and mostly a one race and one religion country. The population of this country irrespective of race or religion have been living in total harmony and understanding for years.
- § Broad non-partisan political support for market oriented reform and the most investor-friendly regulatory regime in South Asia.
- § Easily trainable, enthusiastic, hardworking and low-cost (even by regional standards) labor force suitable for any labor-intensive industry.
- § Geographic location of the country is ideal for global trades with very convenient access to international sea and air route. Bangladesh is the bridge between ASEAN and SAARC nations.
- § Bangladesh is endowed with abundant supply of natural gas, water and its soil is very fertile.
- § Although Bangla is the official language, English is generally used as the second language. Even moderately educated people can read, write and speak in English.
- § Most Bangladeshi products other than armaments enjoy complete duty and quota free access to EU, Japan, USA, Canada, Australia, Norway and most of the developed countries.

### **Legal Framework for Foreign Investment:**

Investment in Bangladesh is well protected by law and by practice. Major laws related to private investment-both foreign and local-are:

- § The Foreign Private Investment (Promotion and Protection) Act of 1980
- § The Bangladesh Export Processing Zones Authority Act of 1980
- § The Investment Board Act of 1989
- § The Companies Act 1994
- § The Bangladesh Private Export Processing Zones Authority Act of 1996
- § The Industrial Policy 2005
- § The Import Policy Order 2006-2009

§ Bangladesh Export Policy 2006-2009

§ Private Sector Infrastructure Guideline 2004

In addition, foreign investors are required to follow the regulations of the Bangladesh Bank – and the National Board of Revenue for taxation and customs matters.

### **Bilateral Investment Agreements:**

The Foreign Private Investment (Promotion and Protection) Act 1980 includes guarantee of fair and equitable treatment to foreign private investment. Such national treatment is also provided in bilateral investment treaties (BITs) for the promotion and protection of foreign investment which was concluded with 26 countries listed below:

BITs Concluded with			
Austria	Indonesia	Malaysia	The Philippines
Belgium	Iran	Pakistan	Turkey
Canada	Italy	Poland	Thailand
China	Japan	Romania	UK
France	Korea, DPR	Switzerland	USA
Germany	Republic of Korea	The Netherlands	Uzbekistan
Singapore			Vietnam

Negotiations on concluding BITs have also been going on with other 17 countries i.e. India, Hungary, Oman, Moldova, Egypt, Mauritius, Russia, Ukraine, Australia, Byelorussia, Bahrain, Spain, Nigeria and Saudi Arabia.

Separate bilateral agreements for avoidance of Double Taxation Treaties (DTTs) were also signed with 23 countries, namely Belgium, Canada, China, Denmark, France, Germany, India, Italy, Japan, Malaysia, Pakistan, Poland, Romania, Singapore, Republic of Korea, Sri Lanka, Sweden, Thailand, the Netherlands, UK, USA, Norway and Turkey.

In addition, Bangladesh is a signatory to Multilateral Investment Guarantee Agency (MIGA), Overseas Private Investment Corporation (OPIC) of USA, International Center for Settlement of Investment Disputes (ICSID) and a member of World Intellectual Property Organization (WIPO) permanent committee on development cooperation related to industrial property.

Bangladesh ensures adequate protection for intellectual property rights, such as patents, designs & trademarks and copyright.



**Gold**  
\$882  
(per ounce)



**Oil**  
\$117.74  
(per barrel)

SOURCE: AFP

(As of Friday)

## More News

### Ctg port's operations to be privatised

The Chittagong Port Authority will handover the operational activities at the port to private sector and work only as a regulatory body to take care of maintenance, management and development of the port.

### BB governor asks businesses to practise CSR

Banks and other corporate houses should practise corporate social responsibility (CSR) to assist the poor and the destitute, the central bank governor said yesterday. "Banks are coming up to support the country's health and education sectors.

B-3

## International

### Rising prices' whirlwind effect



# Orange, SK Telecom, Etisalat eye investment

## Company reps in Dhaka this week for talks

MD HASAN

Delegates of three big telecoms companies-- UK-based Orange Telecom, South Korean SK Telecom and UAE's Etisalat-- start meeting telecoms regulator tomorrow to investigate investment opportunities in Bangladesh.

High officials of the three companies will meet Bangladesh Telecommunication Regulatory Commission (BTRC) chief between tomorrow and Wednesday to explore investment potentiality in submarine cable and WiMAX technology and mobile phone as well.

The news came at the moment when the BTRC forecast that the number of mobile phone subscribers would be doubled to 7 crore by 2010 and the sector's turnover would also reach to Tk 50,000 crore by 2011.

"We have got huge responses from the world's telecoms giants. And the visit of these companies to the country means how Bangladesh has become a significant hub for

man of BTRC, told reporters yesterday.

The telecoms regulator said perhaps the companies are coming to explore opportunities in WiMAX, private submarine cable and joint ventures in existing mobile operators.

"We will introduce a service for telecoms investors under which maximum procedures will be completed by the BTRC so that investors can decide to

### Who's coming to Dhaka ?



- Set up in 1976 in the United Arab Emirates Etisalat now has more than 56 million mobile subscribers. Its main operations are in the Middle East and Africa. In South Asia it is already present in Pakistan and Afghanistan.



- SK Telecom was established in 1984 and is South Korea's main mobile operator with a market share of 50.5 percent in 2007. It has 20 million subscribers in its home market and has expanded into the US, China, Vietnam and Mongolia.



- Set up in 1994, Orange Telecom was the fourth UK mobile operator and has grown to gain more than 15 million subscribers and 2 million internet users in its home market Worldwide it has more than 170 million customers on five continents.

BTRC has taken up initiatives to bring back discipline in the telecoms sector.

The BTRC is working hard to introduce the latest technologies like WiMAX and third generation mobile phone, Alam said.

- India's Reliance, Tata and Singapore-based Singtel also visited Bangladesh and basically investigated the potentiality to participate in the bid-

for fixed stations, and 3 to 10 miles (5 - 15 km) for mobile stations.

SK Telecom already showed interest to buy stakes in the state-run Teletalk, BTRC officials said but failed to confirm Etisalat's intention.

Bangladesh's telecoms sector has been growing since 1991 after introducing mobile telecommunications. With having telecoms penetration rate of 29 percent, at present, the country has 38 million mobile and 11 million land phone customers.

The revenue from the telecoms sector also increased to Tk1345 crore till yesterday, which was Tk500 crore in the last fiscal year. The telecom regulator said this year revenue basically increased mainly because of getting compensation of Tk631 crore from different mobile and fixed line operators for their illegal involvement in international call termination through using VoIP technology.

However, the regulator hope the average revenue from telecoms sector will be Tk1500 crore a year.

Source: The daily star April 2008 1



**Bangladesh Telecom industry research**

Sunday, 4 May, 2008 16:51

**From:** "Rana Alamgir" <rana\_alamgir@yahoo.com>**To:** manjurul.alam@gmail.com, manzurul.alam@gmail.com**Cc:** zianshah@btrc.gov.bd

Dear Sir

As an Introduction of myself, I'm a Bangladeshi student currently doing my Masters in International Marketing in Mälardalen University, Sweden(My father Sqn Ldr Zainul Abedin has already discussed with you about this matter). I'm now writing my masters thesis which is about Bangladesh Telecom market, how suitable it is for a Swedish Telecom company to go there and commence their business.

Generally, the swedish telecom companies are not interested to go to such country with under developed economy considering the political instability and natural calamities. But with my thesis work, I want to reveal that the degree of potentiality of Bangladesh telecom market is very high and profitable for Foreign telecom companies.

As a part of the project, I need to know some information about The government legislations and the current market status. The provided information will be strictly used for academic purpose and for company's interest. With my earnest request I have some questions attached at the end of this email which i really need to know at your earliest convenient time.(If possible within One week ). I have contacted with Mr Zian Shah Kabir Assistant Director, about this matter. May be he will take care of this matter. But It was worth to put it in your knowledge about this matter with the hope that you would be generous enough to consider some necessary instruction towards Mr Kabir.

With your help, I wish I will accomplish my thesis successfully and the company will have a pathway to further research and investigations.

I hope, the research outcome of my project will encourage such foreign Telecom company to consider Bangladesh as a potential business ground.

**P.S: SINCE THESE DATA WILL BE USED FOR RESEARCH WORK. AUTHENTICATION OF DATA IS A VITAL FACTOR HERE. SO I WOULD REQUEST YOU TO ANSWER THESE QUESTIONS USING YOUR OFFICIAL EMAIL THAT ENDS WITH @BTRC.GOV.BD**

Best Regards

Rana Alamgir  
Masters International Marketing  
Mälardalen University, Sweden  
email: rana\_alamgir@yahoo.com  
Mobile:

Questions:

1. From the website we came to know that it's a very easy process to apply for a license to start up operation. Is there any rules or regulation that could be a hinder for a foreign telecom company to enter into the country?

2. Currently there are 6 multinational telecom companies operating and according to "Business Monitoring International" the current market size is approximately 37 million with an average growth rate close to one million per month. Do you agree with this statistics?

3. Keeping the current growth rate and competitor's presence in mind, do you think a new multinational entrant can have its own significant market share? Precisely, will it be possible for a new telecom company to survive in the market?

4. With your past experience with multinational entrants, how much time do you think been a rough average for company to start gaining profit?

5. Are there any government regulations that could be a hindrance for the company to start business?

6. Do you think it will be a great idea for any capable telecom company to start business in Bangladesh ? Why?

7. Could you please give an idea about how much is the minimum investment should a company do to start their business? You could give reference to existing companies that has already invested.

8. Do you think the telecom infrastructure of Bangladesh is suitable for foreign investors? If not then your suggestions for major technological adaptations which are necessary?

9. If due to certain reasons the company fails to do business effectively, does the "cost of exit" will be high?

10. Do you think the price leadership strategy (Lower prices) could be a crucial strategy for becoming the market leader in Bangladesh market?

11. Do you have any special clauses regarding the tariff structure? For example; per minute conversation or one standard plan for every company and then their own variable plans.

12. Is government expecting companies to reduce the call charge or trying to control pricing (tariff)?

Rana Alamgir  
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Mälardalen University, Sweden  
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Mobile: +46 [0]762292500

Send instant messages to your online friends <http://uk.messenger.yahoo.com>

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**Re: Bangladesh Telecom industry research.**

Tuesday, 20 May, 2008 08:27

**From:** "Major General Manzurul Alam, ndc, psc (Retd)" <manzurul.alam@gmail.com>

**To:** rana\_alamgir@yahoo.com

Questions and Answers - Rana Alamgir.doc (30KB)


Dear Rana,

Please find the Answers of the questions in attached file.

Best wishes,

Major General Manzurul Alam, ndc, psc (Retd.)  
Chairman  
Bangladesh Telecommunication Regulatory Commission


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Windows Live™ Home **Hotmail** Spaces OneCare MSN Sign out rana\_xp@hotmail.com

New Reply Reply all Forward Delete Junk Move to Options

**RE: Bangladesh Telecom Market Investigation On behalf of Swedish Telecom company**

From: **Tarde-Embassy of Bangladesh, Stockholm** (trade@bangladeshembassy.se)  
 Sent: Wed 5/28/08 12:58 AM  
 To: rana\_xp@hotmail.com  
 Cc: 'Md. Tariq Ibne Abedin' (tariq\_abedin@hotmail.com)  
 Q&A to Mr...doc (61.1 KB) Security scan upon download 

**Dear Mr. Rana Alamgir,**

Thank you for your email.

Please find the enclosed document. Please make sure that these questions and answers will only be used in educational purpose.

Wishing you all the success for your masters thesis.

Best regards,

**Tariq Ibne Abedin**  
*Trade Attaché*  
 Embassy of Bangladesh, Stockholm

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 E-mail : [trade@bangladeshembassy.se](mailto:trade@bangladeshembassy.se)  
 Web : [www.bangladoot.se](http://www.bangladoot.se)

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From: rana\_xp@hotmail.com  
 To: tariq\_abedin@hotmail.com  
 CC: rana\_alamgir@yahoo.com  
 Subject: Bangladesh Telecom Market Investigation On behalf of Swedish Telecom company  
 Date: Wed, 23 Apr 2008 11:36:30 +1100

Dear Tariq Bhai

As an Introduction of myself, I'm a Bangladeshi student currently doing my Masters in International Marketing in Mälardalen University, Sweden. I'm now writing my masters thesis which is about Bangladesh Telecom market, how suitable it is for a Swedish Telecom company to go there and commence their business.

I think we have already talked about it. But on previous occassion, I was doing a small project, but this time I'm pursuing my Masters thesis.

I know that you are in the Embassy of Bangladesh as a Trade Attaché between Bangladesh and sweden. Thats why I have some questions that I really need to know inorder to accomplish my thesis successfully. I will be gratefull to you.

The questions are as follows:

1. How generally A swedish comany can start their business? What is the first step they should take?
2. How this negotiation works?
3. What is your positive and negative opinion about a swedish telecom company to commence their business in Bangladesh?
4. Do you think It will be a good idea for any swedish telecom company to go to Bangladesh and start their business?
5. In your knowledge, do you know about any government legislation that could be an obstacle for A swedish company to start their business in Bangladesh?

<http://by121w.bay121.mail.live.com/mail/ReadMessageLight.aspx?Aux=4%7c0%7c8...> 2008-06-02



6. Do you think that the telecom infrastructure in Bangladesh is suitable for Swedish telecom company?
7. How do you think that cultural differences between Bangladesh and Sweden could be handled by the company?
8. Considering the current political situation, do you think this is a good time to commence business for a foreign investor?
9. Dose the caretaker government has any special instructions for taking care of foreign investment? which can be tempting or convencing?
10. Is there any information you know which could be helpful for the corresponding research work?

I will really appreciate if you answer these questions at your earliest convenience. You can refer me to someone else who could have a better knowledge about any question.

Looking forward to you.

**P.S FOR THE AUTHENTICATION OF THE DATA, COULD YOU PLEASE FORWARD THIS EMAIL TO YOUR OFFICIAL EMAIL ADDRESS AND ANSWER THESE QUESTIONS FROM THAT EMAIL ACCOUNT? THE PROVIDED INFORMATION WILL BE STRICLTU USED FOR ACADEMIC PURPOSE.**

Best Regards

Rana Alamgir  
Masters International Marketing  
Mälardalen University  
Västerås, Sweden

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