

# Sk telecom global business



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## Contents

- Beginning:

### **SK Telecom Global Business**

#### **I. Company Analysis**

SK Telecom is the # 1 radio communicating services supplier in South Korea in footings of endorsers. The company serves more than 22 million cellular users ( 50 % market portion ) , most of which have data-capable phones. In add-on to mobile and wireless informations services, the company provides nomadic orbiter broadcast medium, telematics, and digital place security and care. SK Telecom besides operates Internet portal NATE. com and manages the SK Wyverns baseball nine. The company holds a controlling interest ( about 43 % ) in the # 2 South Korean alternate local-exchange bearer SK Broadband.

SK Telecom strives to beef up its nucleus concern country for long-run endurance, and will go on to research concern chances in endeavor and planetary markets with Information and Communication Technology leading.

( Beginning: SK Telecom web site, [www. sktelecom. com](http://www.sktelecom.com) )

#### **II. Industry & A ; Business Analysis1. Industry Environment analysis**

The telecommunications industry was loosely defined to include the transmittal of a broad scope of information, from traditional phone-to-phone communications to broadband media, peculiarly tellurian overseas telegram systems and informations communications. Although gross from traditional services of voice and messaging in mature markets is turning more easy due

to competency and regulative force per unit areas, there remains a important growing chance in nomadic informations.

Telecommunications industry had grown quickly and in 2009 had planetary gross of over USD 1. 2 trillion in the OECD. Telecommunication markets have expanded at a reasonably changeless one-year growing rate of 6 % since 1990, even during economic downswings. Mobile gross accounted for 41 % of all telecommunication gross in the OECD in 2007, up from 22 % merely a decennary earlier.

In this environment, the telecommunication companies continue to be able to introduce and develop new merchandises and services that provide clients advanced high-velocity radio informations services, including nomadic entree to the Internet, wireless electronic mail, digital image and picture transmittal, nomadic picture, music and application downloading, picture naming and bipartisan short messaging service ( " SMS" ).

There are many loads to perforate to telecommunication market ; terrible competition with rivals, competency force per unit areas to monetary value diminutions, uninterrupted R & A ; D investing to distinguish service, distinction with advanced engineering, authorities ordinance to licences for the radio spectrum and protect the local key industries, high initial cost and fix-cost for developing and keeping webs, high selling & A ; gross revenues cost to increase the consciousness of trade name, and consumers ' pick of converged communicating.

The telecommunication industry has high entry barriers and a low menace of merchandise replacements, but these attractive forces do non sufficiently

countervail the menaces posed by the strong bargaining place of providers and purchasers in combinations with the intense competition rivals face. But telecommunications industry continues to be attractive due to growing chances in endeavor and broadband markets. It provides indispensable services that serve a cardinal human demand to pass on for work and societal intents.

## 2. Rival analysis

### 1 Vodafone ( EU )

**cubic decimeter # 2 telecommunication company in planetary with 300million endorsers**

#### **fifty History of Vodafone**

- Incorporated under English jurisprudence in 1984 as Racal Strategic Radio Limited
- Changed the name to Vodafone Group Plc. in 1991 and Vodafone AirTouch plc with amalgamation AirTouch Communications in 1999
- Since so, the Group entered into assorted minutess, which consolidated the Group ' s place in the United Kingdom and enhanced its international presence to 27 states
- Promote with Korean mobile phone maker such as Samsung and LG

#### **cubic decimeter Schemes for enlargement to oversea**

- O Pursue the graduated table of economic
- O Grow concentrating on investing to oversea
- O Expand to Europe nationally with power of EU ( no limitation )

( Beginning: Vodafone, Annual study 2009, web site: [www.vodafone.com](http://www.vodafone.com) )

## **2 NTT DOCOMO ( Japan )**

cubic decimeter One of the universe ' s largest Mobile communications operators with more than 55 million clients in Japan

cubic decimeter Japan ' s premier supplier of leading-edge nomadic voice, informations and multimedia services with more 60 % market portion in Japan ( Do Communications Over the Mobile Network )

cubic decimeter In 2001, introduced FOMA™ , the universe ' s first 3G commercial Mobile service based on W-CDMA, which has transformed the nomadic landscape in Japan while conveying the DOCOMO trade name planetary acknowledgment in Asia, Europe and North America

cubic decimeter Schemes for enlargement to oversea

O Possess fiscal firepower and Invest with abundant capital

O Keep the particular theoretical account by DOCOMO manner

O Enter to developing states such as Vietnam and Cambodia

O Aggressive invest of authorities

( Beginning: Docomo, Annual study 2009, web site: [hypertext transfer protocol: //www. nttdocomo. co. jp/english/](http://www.nttdocomo.co.jp/english/) )

### **III. International Business Strategy Analysis**

#### **1. Ideal International Business Strategy Analysis**

##### **1 Analysis of force per unit area for planetary integrating**

Globalization of markets: basic demands of clients are non so different globally. Convergence of clients for nomadic telephone merchandise makes the phone merchandise companies go planetary. Wireless nomadic service industry is similar. There are no of import assortments of demands globally.

Globalization of production: Standardization of radio nomadic communicating technique drives the globalisation of market.

##### **2 Pressure for local reactivity**

Customer divergency: client and state divergency are high due to following factors.

fifty Economic conditions and infra systems for wireless web are different.

fifty Country ' s size, geographical characteristics, attitude and use of wireless communicating are different.

Host authorities policies: It is one of most of import factor.

cubic decimeter As the radio industry is state ' s societal infra industry and it has of import consequence to state ' s economic and societal system, host authorities might be sensitive and hostile to foreign company.

Both force per unit area for planetary integrating and force per unit areas for local reactivity are high. Therefore international concern scheme should be multinational scheme. ( Site Selection Issue for SKT )

**Main factors that SKT have to see to choose the site are as follows.**

**cubic decimeter Contentss and end definition:**

For SKT, the chief ground for globalisation would be net income maximization through market extension in planetary market. And they should set up about all value concatenation ( R & A ; D, selling, production [ initial CAPEX investing ] , A/S, etc ) in foreign state.

**fifty Government factors:**

since radio Mobile concern straight related with state ' s infra system and needs big sum of initial investing, authorities factors including unseeable factors ( ruddy tape, limitation, expropriation... ) should be investigated and to the full considered. Besides stableness of the economic system and currency is critical.

**cubic decimeter Input oriented factors:**

seeking substructure is critically of import chiefly in two ways. 1 ) This industry needs big investing. Infrastructure for resources effects on feasibleness of investing, sum & A ; period of investing. 2 ) If the infra systems for supplying the service are already good established, it would be easier to come in the market. But in other sense, the state may make non desire the SKT ' s support and investing and there might be strong rivals or strong entryway barrier.

**cubic decimeter Output oriented factors:**

current market size, possible growing and profitableness are cardinal sing factors. If the market is already matured, there would be small opportunity to SKT. This state of affairs means high competition and small opportunity of excess net income in the market. In the point of growing and potency, SKT

should concentrate on ARPU ( Average gross per user ) . Company ' s net income chiefly determined by ARPU. Although SKT success in garnering big sum of users, low ARPU ca n't do up their investing and do net income. ARPU are chiefly determined by state ' s economic position, civilization and attitude of the people.

Besides market construction, particularly geographic agglomeration is of import. If the state is excessively broad or cragged, sum of investing could be highly high and possibility of success could be decreased.

fifty Firm-specific fit factors: geographical distance should be considered. Since the company provides wireless nomadic service and investing executed based on geographic country, the company could set up the economic system of scope ( distance and country ) . It means the company should see bunch consequence when they decide constellation policy. Besides the state with in close distance may hold similar civilization, geographic state of affairs and other common factors. It will assist the company put to death more easy.

## **2. Entry Mode choice**

The type of entry manner 1 ) Ownership, 2 ) Exporting/importing, 3 ) Collaborative Schemes

( Ownership )

### **cubic decimeter Greenfield investing:**

if high potency and growing are expected in the mark state, highest net income could be earned. But hazard of investing is high and the mark company could curtail this type of investing.

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**cubic decimeter M & A ; A:**

It could be easy manner to come in the mark market. But it would be difficult to happen the equal mark in developing state and the state may non allow.

( Exporting/importing ) : this type of scheme is non equal for SKT ' s concern.

( Collaborative scheme )

**cubic decimeter JV ' s:**

SKT may organize pool with Korean company or with local company in the mark state. Practically easy manner to come in the mark state referring the industry ' s features. By the type of contract, the company could lose the key control power of the JV and still burdened most part of fiscal investing.

**cubic decimeter Licensing:**

this type of scheme is non equal for SKT ' s concern.

Referring the ordinance of the states, entryway barrier and industry features, JV type of investing would be preferred for SKT.

**IV. Company ' s Case Analysis**

1. What SKT did ( Beginning: Detail information below fundamentally based on SKT ' s planetary scheme report/ see list of mention )

SKT decided to spread out its concern abroad from 1995 due to the undermentioned grounds.

cubic decimeter Strong demand to develop new market and create demand due to the impregnation of local telecommunication market ( over 90 % of

Koreans using nomadic communicating ) and domestic competition acquiring fierce

cubic decimeter Advanced mobile engineering which is competent worldwide

cubic decimeter Indirect positive consequence on IT industry through nomadic industry ' s entry into foreign states ( eg. contents and services )

O Internationalization Phase and Entering States

### **Get downing Phase ( 1994-1998 )**

SKT initiated its internationalisation in 1995 through set uping Joint-Venture in India and entered into Thailand and Brazil consecutive. During get downing stage, the site choice determination was made chiefly based on future market potency of campaigner states without sufficient consideration of systemic governmental factors and assorted input & A ; output-related factors due to its ' deficiency of internationalisation experience. Since SKT did non suitably cope with unexpected environmental challenges ( eg. stricter than expected governmental control, fluctuation of exchange rate and economic crisis ) , it withdrew its concern from these states and got fiscal loss.

### **Expansion Phase ( 1999-Present )**

In Expansion period, SKT applied more systematic attack for its internalisation in footings of puting strategic aims, make up one's minding sites and choosing entry manners based on larning from old failures in India and other states. It entered into Vietnam, China, US, Taiwan, Israel, Malaysia and etc. Its internalisation became more diversified comparison to get downing stage in footings of strategic aims and sites choice: 1 ) making new <https://assignbuster.com/sk-telecom-global-business/>

demands through come ining into turning markets with high future potency such as Vietnam and China, 2 ) edifice stable client base in established big market such as US and proving new engineerings and convergence concern thoughts with qualified clients, 3 ) driving the incursion of services and contents concern following successful entry of nomadic communicating concern.

### **( Detail information by chief state )**

#### **Vietnam**

##### **A. Aims of Internalization**

cubic decimeter To make new demand through come ining into market with high growing potency

cubic decimeter Vietnam is a good topographic point for first entry before spread outing its entry into other Southeast Asiatic states

##### **B. Considerations for Site Selection**

Economic: Continuous 7~8 % annual economic growing, Economic growing expected to speed up after its entryway to WTO

Social/ Political: Communist state. Weak societal substructure

Telecommunication Industry: Presently low use rate of nomadic communicating as 46 % , nevertheless, obvious turning tendency in its use. Low call quality since 3G is non set up yet.

Government Regulation: Restriction on foreign companies ' constitution of direct subordinate and Joint-venture. Business continuity issues exist due to ' Social Collaboration Agreement ' system. Foreign companies should retreat

from Vietnam and return installations and stocks owned by company after the expiration of its Agreement with Vietnam authorities

### **C. Entry Mode & A ; Strategy**

fifty Establishment of Joint-Venture between SKT, LG electronics and Dong-A Elecom

cubic decimeter SKT closely co-worked with authorities to follow CDMA engineering for nomadic telecommunication service before it actively started its concern

cubic decimeter SKT obtained authorities ' s blessing on its concern proposal as a signifier of BCC in 2001 ( due to Vietnam ' authorities ' s limitation on foreign company ' s constitution of subordinate or Joint-Venture )

fifty Kicked-off SLD pool with LG Electronics and DongA Elecom.

cubic decimeter Launch of the first trade name ' S-Fone ' in 2003

fifty Distribution of CDMA 1x EV-DO service in five large metropoliss in Vietnam such as Hochimin, Hanoi and Danang

### **D. Interim Evaluation**

fifty S-Fone recorded 5 million users in 2008 but net income per one user is far below its mean net income in Korea

cubic decimeter SKT applied to authorities ' s command for 3G substructure undertaking but failed to be selected in malice of its advanced engineering due to authorities ' s favour to local companies

cubic decimeter Even though nomadic communicating market would dramatically turn after installing of 3G, SKT may not be a major company acquiring benefit from it

## **China**

### **A. Aims of Internalization**

cubic decimeter To construct presence and create demand in the biggest market with high growing potency

cubic decimeter Expand its concern in China with contents and services following nomadic communicating concern

### **B. Considerations for Site Selection**

fifty Economic: Continuous dual digit growing. Explosion of middle-high income consumers

fifty Social: Communist state geared toward unfastened policy. Easy to come in due to its similarity to Korea in footings of societal, cultural and geographical facet

cubic decimeter Telecom Industry: The biggest nomadic communicating market with over 500 million users. Fast growing of new users ( over 7 million monthly )

fifty Government Regulation: Government ' s strong ordinance on substructure concern including telecommunication industry. Government owns over 70 % of stocks of all national companies

### **C. Entry Mode and Strategy**

fifty Establishment of Joint-Venture with China-Unicom which is the second biggest telecommunication company in China

cubic decimeter MOU with China-Unicom on CDMA engineering in 2000

fifty Establishment of self-owned portal company ( Viatech ) and wireless cyberspace JV ( UNISK ) from 2000 to acquire understanding on local ordinance and concern environment

fifty Establishment of Joint-Venture with ChinaUnicom which is the second biggest telecommunication company in China with 150 million users in 2004

### **D. Outcome**

cubic decimeter Due to limited information on SKT ' s public presentation in nomadic communicating industry, we could non make interim rating.

cubic decimeter SKT expanded its concern in China farther to cover SNS ( Cyworld ) , Entertainment ( Beijing SidusHQ ) , Music ( TR Music ) and Game ( Magicgrid ) during 2007-2008

## **USA**

### **A. Aims of Internalization**

cubic decimeter To construct stable user base with big pool of established clients

cubic decimeter To prove its new engineering and convergence concern thoughts

### **B. Considerations for Site Selection**

fifty Economic: Mature and saturated market

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cubic decimeter Social/ Political: Stable political position. Advance societal substructure. Diversity in ethnicity, values and penchants

cubic decimeter Telecom Industry: 3G is established. Allowance of MVNO

fifty Government ordinance: Low degree of authorities ordinance comparing to developing states.

### **C. Entry Mode and Strategy**

fifty Establishment of Joint-Venture with Earthlink which is ISP ( Internet Service Provider ) , SKT decided to use MVNO non constructing its ain MNO sing cost issue

cubic decimeter Sign on the Agreement to develop EV-DO service and make co-marketing aiming planetary market with Verizon Wireless, SiRF, and Magnolia in 2004

fifty Establishment of Joint-Venture with Earthlink which is ISP ( Internet Service Provider )

cubic decimeter Launch of Helio in 2008 in coaction with Virgin Mobile USA

fifty Establishment of Mobile Money Ventures in coaction with Citi to establish nomadic banking service

### **D. Outcome**

cubic decimeter SKT withdrew its concern with losing 90 % of its original investing of 400 M USD

## 2. Evaluation and cardinal learning from old instance

Most of SKT ' s foreign investing turned out to be failure. Harmonizing to SKT ' s audit study, SKT invested about KRW 2, 000 billion accumulately and remained value is merely KRW 500 billion. And harmonizing to IR information as of 3Q, 2009, contract sing investing in China seemed to be fired. SKT is loath to let go of the information about planetary concern and internally their planetary concern processs are stopped.

cubic decimeter SKT failed to reassign it ' s core competency which was acquired in domestic operation to planetary market.

cubic decimeter Name value of SKT was non effectual in planetary market particularly in USA.

cubic decimeter SKT was non to the full ready for planetary extension. They had no experience in planetary market.

cubic decimeter Targeting whole geographic countries in USA for economic system of graduated table and changing public presentation in different countries ( eg. large success in western country, no users in southern country, limited users in eastern country )

cubic decimeter SKT failed in foretelling the profitableness of local country client. The ARPU was excessively low to counterbalance the initial investing.

cubic decimeter Invisible repulsive force and ill will

cubic decimeter The hazard of initial investing and authorities should non be underestimated.



## **V. Company 's TO-BE Analysis**

### **1. Should SKT truly travel to planetary market?**

As shown above, SKT has been invested big sum of invest to big scope of country. But the consequence turned out to be failure and immense sum of harm.

SKT should reconsider about planetary concern by following inquiry.

cubic decimeter What make SKT to travel to planetary market? Is it option or duty for long-run endurance?

cubic decimeter Is planetary enlargement is profitable and helpful for value maximization?

cubic decimeter What is the existent KSF in planetary industry market and does SKT hold that sort of nucleus competency?

cubic decimeter Most of all, are at that place accessible and executable planetary market staying for SKT?

### **2. Department of energies SKT still have the opportunity globally?**

Wireless nomadic industry is altering and turning quickly. Due to characteristic of radio Mobile industry, initial investing should be done at "introduction" and early "Growth" phase in industry life Cycle. It means the "timing" of determination and investing is important for success and at that place would non be another opportunity in same manner. Furthermore, the company should get down to put in and put at least 1~2 old ages in progress to be chosen as a service supplier in that state. SKT spend tons of clip already and the end product was failure.

These state of affairs agencies

cubic decimeter The opportunities with high potency and growing are losing and difficult to acquire back.

cubic decimeter Attractiveness and profitableness of staying possible site may be non so good.

cubic decimeter The type of investing and international Business should be alteration as the planetary market state of affairs has been changed.

### **3. Our suggestions**

( Needs for planetary )

SKT is No. 1 company in Korea with high profitableness and achieved high rate of growing. Although past planetary concern result was so pessimistic, the force per unit area for planetary extension would be raised in close hereafter. ( Due to tons of stakeholders, force per unit area for eternal growing and new growing plan/model..... )

In our squad ' s sentiment, Globalization is non the lone best manner for the Company.

( Needs for strategic alteration )

The company ' s international concern type should be divided in two types chiefly.

O Strategic option A: Initial Investment for the underdeveloped state country

O Strategic option B: planetary investing for the state whose wireless industry rhythm in mid/late growing phase or adulthood rhythm.

( Where, when, how to vie )

### **O Strategic option A**

This investing type is similar to what the company did until now. If SKT still could happen the mark state which needs big graduated table of investing from SKT and the state has big possible and profitableness, SKT may concern about executing of invest positively.

N Where: SKT should see possible mark state based on past investing experience. Since SKT failed in first mark country and investing timing has gone, it is pessimistic to happen equal mark country. Based on the information which represent the “ user of wireless service in chief area” , Africa, Middle East, Latin America, and Asia/Pacific could be the possible mark country. ( See exhibit No 2 )

N When and how: since the timing of investing is important, probe and determination should be made ASAP. How to put to death and vie will change based on each state ' s environment.

n Pros & A ; Cons: As we know, this type of investing will bring forth highest net income. But highest hazard ever exists and possibility of success is still ill-defined.

### **O Strategic option B**

This type is based on M & A ; A and Strategic association. If the initial investing type is excessively hazardous and the company lost the

opportunity of initial investing, SKT could concern the following phase of investing.

n Rationale: SKT get the bing company or travel into strategic association with the mark company in state whose radio nomadic service industry is developed. By this type of investing, SKT could cut down the hazard and time-consuming although the degree of return/profit could be reduced.

N Where, when and how: current chief mark country would be western/eastern Europe and North America. Additionally, the state which is in the procedure of growing in radio nomadic industry such as China and already developed in Asia such as Japan could be the possible mark country. Timing of executing would be determined by each state ' s position, competition, ordinance and etc.

The get cost may transcend the cost of initial investing type. But by this type, SKT can avoid the initial immense hazard and get the verified company instantly. Otherwise, SKT could use pre-made substructure by such as MVNO system through strategic association or JV.

One of SKT ' s nucleus competencies is know-how and assorted service plans which can make extra value. Using this assets, SKT place and scheme would travel from wireless service supplier to contents service supplier.

### **List of Mentions**

O & It ; hypertext transfer protocol: //economy. hankooki. com/ & gt ; ????

O & It ; hypertext transfer protocol: //www. mk. co. kr/ & gt ; ????

O & It ; hypertext transfer protocol: //www. kobaco. co. kr/ & gt ; ??????????

O SK Telecom web site, www. sktelecom. com/eng/

O SK Telecom Sustainability Report 2008

O Vodafone web site, www. vodafone. com

O Vodafone, Annual study 2009

O China Mobile Limited, Annual Report 2008

O SourceOECD Emerging Economies, Volume 2009, Number 18, August 2009, pp. 58-83 ( 26 )

## **Exhibits**

### **1 ) SKT ‘ s planetary investing position.**

( sum: KRW hundred of million )

Company Name

Site

Acquisition cost

Share ( % )

imploring book sum

Buy/Sell

Profit/loss

Ending book sum

SKT Vietnam

Vietnam

1, 913

73

1, 122

0

-859

263

Virgin Mobile

USA

0

17

621

-506

-115

0

SKT Americas, Inc.

USA

305

100

361

130

-230

261

SK TELECOM ( CHINA ) HOLDING CO. , Ltd.

China

296

100

308

63

-137

234

CYWORLD China Retentions

China

103

54

21

0

-21

0

SKT China

China

73

100

72

0

23

94

U-Land

China



175

70

54

0

-16

38

Skytel

Mongol

22

29

124

0

26

150

SK Mobile

China

21

20

21

0

0

21

UNISK

China

35

49

35

0

8

42

SK USA

USA

32

49

50

0

5

55

CYWORLD INC

USA

103

30

27

0

-27

0

SKY Property Mgmt. Ltd

China

2, 834

60

2, 874

0

-226

2, 648

C-Mall

China

71

91

71

45

-92

24

SK Industrial Development

China

237

0

237

-57

180

SKTE

Europe

13

100

13

0

0

13

SKT HOLDINGS AMERICA

USA

0

100

130

-130

0

0

Helio Inc

USA

1

1

1

-1

0

0

SK China Company

China

62

30

37

0

3

39

China Unicom

China

13, 330

7

13, 576

-13, 576

0

0

Dash

USA

754

0

754

-11

742

Entire

20, 450

19, 619

-12, 984

-1, 731

4, 899

( Beginning: SKT audit study, 2009 )

## **2 ) planetary endorsers position.**

( Beginning: S K ????? ??? ?? ( ??????? ? 10? ? 2?/ ??? ?? , ??? ?? )

## **3 ) Industry characteristic analysis**

### **1. Menace of New Entrants e Low**

In telecommunication industry, it is hard to place new rivals, because the nomadic phone operators must vie for spectrum licences.

### **2. Barriers to Entry e High**

#### **( a ) Economies of Scale e Moderate**

The telecommunication companies were spread out internationally, and the possible benefits of economic systems of graduated table allow to take down costs for both companies and to minimise the menace of new entrants.

#### **( B ) Product Differentiation e Low**

There are troubles in merchandise distinction without advanced engineering and service.

#### **( degree Celsius ) Capital Requirements e High**

Capital demands of the telecommunications industry present a important barrier to entry because of spectrum licences in auction



**( vitamin D ) Switch overing Costss e Low**

Because merchandise distinction is low between the telecommunication companies, exchanging costs are bound to be low.

**( vitamin E ) Entree to Distribution Channels e Low**

States ' ordinances governed distribution channels through the usage of spectrum licences and protection of local company. This policy should be considered a strong barrier to new entrants.

**( degree Fahrenheit ) Cost Disadvantages Independent of Scale e Low**

There are no cost advantages that the telecommunication industry has established that new entrants can non double.

**( g ) Government Policy e High**

Government controls the entry into the nomadic phone industry through their spectrum licences and protection of local company.

**3. Dickering Power of Suppliers e High**

Mobile phone makers are seemed to the primary provider to the telecommunication companies. Dickering power of providers was high because the nomadic trade names were besides of import to consumers

**4. Dickering Power of Buyers e High**

Consequently, the industry houses conflict for higher quality, greater degrees of service, and lower monetary values than their rivals, and the consumers benefit. The clients could exchange to another telecommunication companies because the merchandises and services are uniform and standardised.

**5. Menace of Substitute Products e Low**

Substitute merchandises for the telecommunication industry could be considered fixed-line phone merchandises and radio cyberspace web. These monetary values are lower, but its quality and public presentation are deficient compared to wireless service of telecommunication. Switch overing costs are low but the advantage goes to the telecommunication industry.

**6. Intensity of Rivalry among Competitors e High****( a ) Numerous or Equally Balanced Rivals e High**

There are many every bit balanced rivals in the telecommunication industry, and industries with these features tend to hold strong competitions.

**( B ) Slow Industry Growth e Low**

Because the telecommunication market is doubtless turning, there is small force per unit area to take clients from rivals.

**( degree Celsius ) High Fixed Costs or High Storage Costss e High**

Telecommunication companies have high fixed costs due to spectrum licensing and the constitution of radio web points of entree. As a consequence, these companies try to maximise their productive capacity, which leads to extra capacity and intense competition.

**( vitamin D ) Lack of Differentiation or Low Switching Costs e High**

Because purchasers in the telecommunication industry believe its service is a trade good, competition within the telecommunication industry is high. Switch overing costs for consumers are besides low, so rivals can easy pull purchasers through pricing and service offerings.

**( vitamin E ) High Strategic Stakes e High**

About all telecommunication companies considered it their primary market, so competency competition is intense.

**( degree Fahrenheit ) High Exit Barriers e High**

Specialized assets such as spectrum licenses maintain a high resale value. Fixed costs of issue, strategic interrelatedness, emotional barriers, authorities and societal limitations are all high.

**Beginning:**

SK Telecom, Annual study 2009, web site: [www. sktelecom. com/eng/](http://www.sktelecom.com/eng/)

SK Telecom Investor Presentation, Dec. 2009