

Dito Telecommunity Corporation: Challenging Telecom Duopoly in the Philippines

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Abstract. Dito Telecommunity Corporation (Dito Telecom), the erstwhile Mislattel (Mindanao Islamic Telephone Company) Consortium, which won the government-sanctioned bid in the Philippines in mid-2019, is set to become the third major telco provider in the Philippines.² In the run-up to its complete launch in early 2020, the telecom newbie started rolling out SIM cards to start pilot testing operations in November, struck deals with partners and competitors alike to access common towers, constructed new towers in key areas, built telco facilities in military camps, and even utilized unused fiber optic cables. However, the challenge ahead was to acquire and retain customers even as it tries to avoid a Php24 billion³ loss in the event it fails to fulfill its commitment of providing an Internet speed of 55 megabits per second (Mbps) covering 84% of the population over a 5-year period against a capital expenditure commitment of around Php250 billion⁴ and at the same time anticipate and counter obstacles in its quest to challenge the Globe–PLDT duopoly.⁵

Keywords: Telecom industry, customer-acquisition and customer retention, marketing strategy.

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1. Lead Author declaration: This case has been written on the basis of published sources only. Consequently, the interpretation and perspectives presented in this case are not necessarily those of Mindanao Islamic Telephone Company or any of its employees.
 2. CNN Philippines Staff, NTC: Dito Telecommunity to start distributing SIM cards by Q4, September 3, 2019, accessed on October 10, 2019, <https://www.cnnphilippines.com/news/2019/9/3/Dito-Telecommunity-third-telco-SIM-cards.html>
 3. Php = Philippine Peso; 1 US\$ = 51.80 as on September 30, 2019
 4. Pateña, Aerol John, NTC confirms Mislattel as 3rd telco player”, Philippines News Agency, November 19, 2018, accessed on July 31, 2019, <http://www.pna.gov.ph/articles/1054322>
 5. Nestor Corrales, 3rd telco Mislattel to start accepting subscribers by 2020, INQUIRER.net, July 8, 2019, accessed on August 2, 2019, <https://business.inquirer.net/274250/3rd-telco-mislattel-to-start-accepting-subscribers-by-2020#ixzz62CMKe2T5>

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1. Introduction

One afternoon in September 2019, Melina Mendoza,⁶ a recent hire into the marketing team of Dito Telecommunity Corporation (Dito Telecom), the new telecom player in the Philippine market, was informed that her company would start pilot testing its operations in November 2019 by distributing its SIM cards by the last quarter of the year ahead of its complete launch in early 2020.⁷ Dito Telecom, formerly known as Mindanao Islamic Telephone Company (Mislattel), which was awarded the certificate of public convenience and necessity⁸ by Philippine President Rodrigo Duterte in July 2019, aimed to break the PLDT, Inc. and Globe Telecom duopoly in the country and improve the quality of telco services.⁹ In November 2018, the National Telecommunications Commission (NTC), which awarded Dito Telecom with a set of 3G, 4G and potential 5G radio frequencies, officially heralded the Mislattel consortium, consisting of Udenna Corporation, Chelsea Logistics Holdings Corp., and China Telecommunications Corporation, as the new third telecommunications player in the country¹⁰ and equipped the company with technology to launch mobile services and compete with PLDT, Inc., and Globe Telecom.¹¹

Melina was aware that Dito Telecom ran the risk of losing Php24 billion¹² if it failed to fulfill its commitment of providing Internet speed of 55 megabits per second (Mbps) to 84% of the population¹³ against a capital expenditure commitment of around Php250 billion over a 5-year period. Considering that so much was at stake, it was important for the company to analyze the macro-environmental and competitive forces relevant in the context of its entry into the telecom industry. With two established players already thriving in the Philippine telecom industry, the task ahead for Dito Telecom involved not only attracting

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6. Melina Mendoza is a fictional character developed by the authors for class discussion. Any similarities with a real person are coincidental and unintentional.
 7. CNN Philippines Staff, NTC: Dito Telecommunity to start distributing SIM cards by Q4, September 3, 2019, accessed on October 10, 2019, <https://www.cnnphilippines.com/news/2019/9/3/Dito-Telecommunity-third-telco-SIM-cards.html>
 8. The certificate of public convenience and necessity (CPCN) is a regulatory compliance certification for public service industries in the Philippines. Private companies wishing to provide essential public services were required to take CPCN from the government before such offering services.
 9. Nestor Corrales, 3rd telco Mislattel to start accepting subscribers by 2020, INQUIRER.net, July 8, 2019, accessed on August 2, 2019, <https://business.inquirer.net/274250/3rd-telco-mislattel-to-start-accepting-subscribers-by-2020#ixzz62CMKe2T5>
 10. NTC confirms Mislattel as new third telco player, Philstar Global, November 19, 2018, accessed on July 30, 2019, <https://www.philstar.com/business/2018/11/19/1869966/ntc-confirms-mislattel-new-third-telco-player#Chzk4kDFmxQW3oum.99>
 11. Dennis Uy-China Telecom venture confirmed as third telco”, Inquirer, November 19, 2018, accessed on July 31, 2019, <https://business.inquirer.net/260809/dennis-uy-china-telecom-venture-confirmed-as-third-telco#ixzz5gbmTEU6i>
 12. Php = Philippine Peso; 1 US\$ = 51.80 as on September 30, 2019
 13. Pateña, Aerol John, NTC confirms Mislattel as 3rd telco player”, Philippines News Agency, November 19, 2018, accessed on July 31, 2019, <http://www.pna.gov.ph/articles/1054322>

customers and carving a market share for itself but also retaining them. As Dito Telecom prepared to break the PLDT, Inc. and Globe Telecom duopoly in her country, Melina had to ascertain the possible customer-acquisition and retention strategies her company could adopt to make a mark in the sector. Melina knew this was her opportunity to not only make a valuable contribution to her team but also to establish herself in the company. However, before getting down to the given task, she had to know the answer to a more pressing question a consortium on the verge of launch must address: What likely barriers to entry and impediments should Dito Telecom foresee as it prepares to achieve its desired goals for the launch year and beyond?

2. Dito Telecom

The Mislattel (Mindanao Islamic Telephone Company) Consortium comprised business tycoon Dennis Uy's Udenna Corporation (35% stake), Chelsea Logistics Holdings Corporation (25% stake), and China Telecom (40%).¹⁴ Udenna Corporation, a holding company in the Philippines, which handled the distribution and retail of petroleum products and lubricants under the Phoenix brand, was also engaged in shipping and logistics through their subsidiary – Chelsea Logistics Holdings Corporation (CLC), the Philippines' biggest shipping and logistics company.¹⁵ China Telecom,¹⁶ the state-owned Chinese telecom company, which was among the top three mobile service providers in China, was ranked the ninth-largest telecommunications company in the world in 2017. Although some lawmakers in the Philippines opposed China Telecom's entry into the market citing national security and privacy concerns,¹⁷ the consortium insisted that China Telecom would only be engaged in the building and deploying network infrastructure, managing technical requirements, developing business plans for roll-out, and evaluating and adjusting telco performance. The Filipino-owned Udenna Corporation and its subsidiary Chelsea Logistics would focus on providing local knowledge for the market.¹⁸ The Mislattel consortium aimed for a 5G technology rollout in the Philippines within two years of its operations.¹⁹

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14. Ibid (CNN Philippines Staff, NTC: Dito Telecommunity to start distributing SIM cards by Q4, September 3, 2019, accessed on October 10, 2019, <https://www.cnnphilippines.com/news/2019/9/3/Dito-Telecommunity-third-telco-SIM-cards.html>)
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 18. Chiara Zambrano, Will Dito Telecommunity expose Philippines to unhampered espionage? ABS-CBN, September 17, 2019, accessed on October 10, 2019, <https://news.abs-cbn.com/spotlight/09/17/19/will-dito-telecommunity-expose-philippines-to-unhampered-espionage>