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Current status of E-commerce application of exporters in Vietnam

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Abstract

When existing export markets in Vietnam tend to contract and many exporters are significantly short on orders, e-commerce has emerged as a helpful tool for companies looking to boost their exports and reach new markets. The biggest import market in the world at the moment has a very high percentage of Internet users, and consumers everywhere are generally moving away from traditional transaction methods. However, many Vietnamese export companies were not eager to invest appropriately in online export techniques. In order to expand export business online, a number of initiatives were presented by exporters in Vietnam, and this article will assess the current state of those proposals.

Keywords: Enterprise, export, ecommerce, small and medium enterprises, website

Introduction

In the increasingly fiercely competitive market, businesses need to expand their markets internationally to find more customers, cut costs and intermediaries to make prices cheaper. Enterprises in the world have gradually gotten used to finding sources of goods through the Internet instead of having to spend a lot of time and money to find and meet external partners. In export activities, e-commerce is becoming a new breeze in cross-border business activities and an inevitable trend for exporters to compete and survive in the market. Therefore, if Vietnamese businesses want to promote the export of goods to foreign countries, they must also change their ways to match the trend of customers in the world. In addition to having to shift to the general trend, financial difficulties have also forced businesses to look to e-commerce as a way out, instead of having to spend tens to hundreds of dollars to bring them up. If domestic goods are displayed and introduced in another country, using e-commerce will help businesses cut costs a lot.

International importers are moving from the traditional environment to the online environment to optimize operations. Therefore, taking advantage of online export activities to better reach international importers is becoming more important than ever for Vietnamese exporters. The main import markets of Vietnam such as the US, EU, Japan, Korea... all have a very high percentage of people using the Internet. So if Vietnamese businesses know how to use the Internet to access international import markets, the efficiency will be very high. The fact shows that many small and medium enterprises in Vietnam have succeeded in exporting (exporting) goods thanks to e-commerce. However, there are still many businesses that have not paid enough attention and invested in this online export method.

Current status of e-commerce application in exporting enterprises

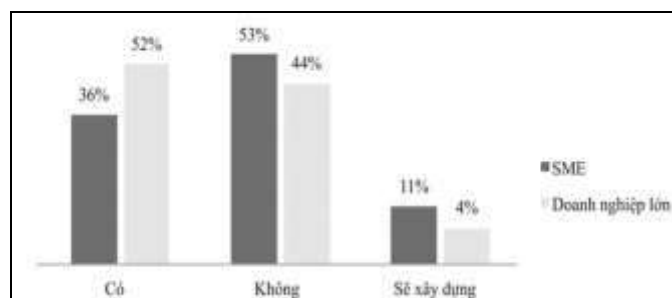
In 2015, the Department of E-commerce and Information Technology (Ministry of Industry and Trade) conducted an investigation and survey on the application of e-commerce for more than 800 enterprises operating in the export sector. The proportion of respondents to the survey by enterprise size includes: small and medium enterprises (SME) account for the majority of 66%, and large enterprises account for 34%.

Situation of using e-commerce websites and e-commerce platforms

In fact, businesses that use a website will grow much faster than those that do not or have but little activity. Grasping that trend, many Vietnamese export enterprises have also invested

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market, 58% of websites have foreign language versions ^[2].



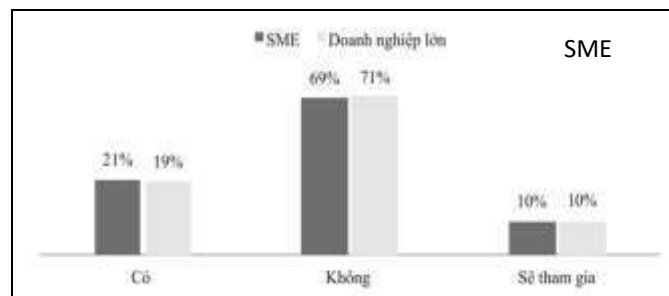
Source: Compiled by the author

Fig 1: Percentage of exporters owning websites by business size.

86% of export businesses owning websites use different means to advertise their websites, of which the most are advertising on social networks (21%), search engines (20%), advertising via electronic newspapers (15%) ^[2].

Among exporting enterprises with websites, 88% of enterprises have assigned staff in charge of websites (technical staff, information management, sales) ^[2]. The number of enterprises with website staff is concentrated in those that have websites with foreign language versions, mobile versions or participating in domestic and foreign e-

commerce trading floors. The proportion of export enterprises participating in e-commerce trading floors is still relatively low, accounting for 20% of survey respondents.

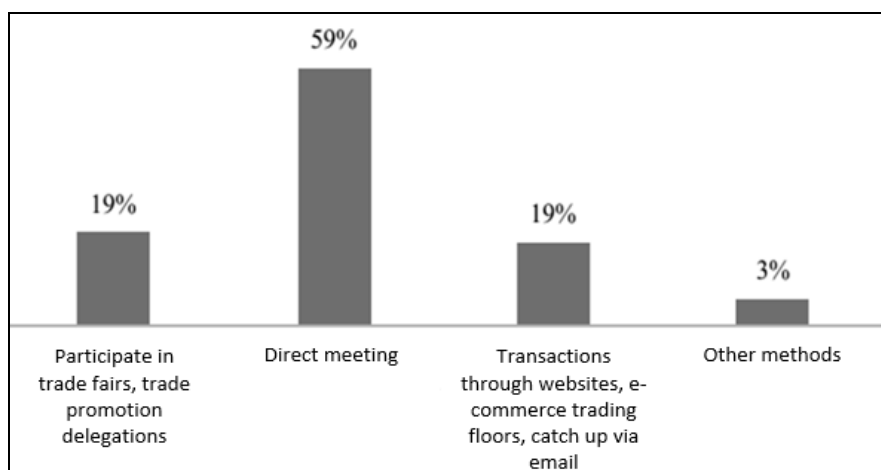


Source: Compiled by the author

Fig 2: Exporters participating in the e-commerce platform by size

Methods of establishing relationships with export partners

Regarding the method of establishing relationships with export partners, 59% of enterprises said that they used the face-to-face meeting method. Large enterprises are more active than SMEs in taking advantage of electronic channels to establish relationships with partners and seek market expansion opportunities ^[2].

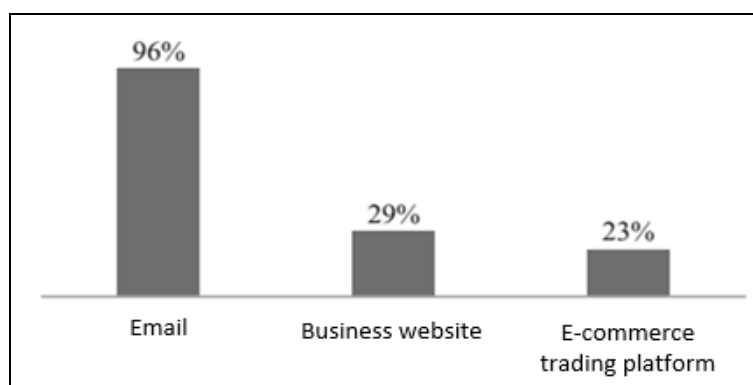


Source: Compiled by the author

Fig 3: Method of establishing a relationship with a partner

According to the survey results, 96% of businesses have ever received orders via email, the percentage of businesses

receiving orders through their website or e-commerce trading floor is 29% and 23%, respectively.

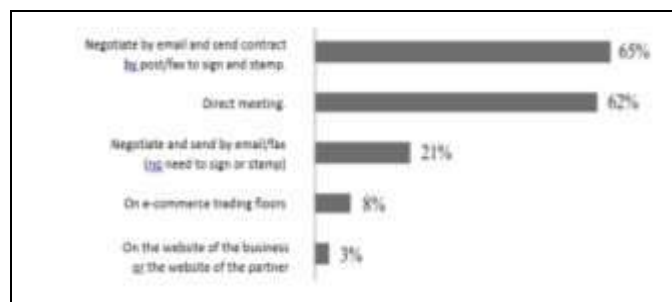


Source: Compiled by the author

Fig 4: Receiving orders from partners by electronic means.

The situation of using e-contracts in export activities

The form of entering into a contract by sending it by e-mail or by post/fax to sign and seal and concluding the contract by face-to-face meeting is currently the most applied by businesses. Meanwhile, the forms of entering into contracts entirely by electronic means such as through e-commerce trading floors and Websites account for a very low percentage.



Source: Compiled by the author

Fig 5: Types of contracts

8% of enterprises using e-contracts reported that there was a dispute with a partner, 60% of which said the dispute was related to the content of the contract, only 24% of disputes relate to the “electronic” aspect of the contract conclusion (errors in entering information or other formal errors on electronic contracts cause disputes over prices and quantities of goods).

Discussion

Limitations of exporters when applying e-commerce.

Exporters are still hesitant to change and invest in e-commerce

Currently, the percentage of Vietnamese enterprises with regularly updated websites and online store functions has increased sharply, especially the rate of investment in specialized software has also increased rapidly. However, despite knowing the advantages brought from online business, many exporters are still hesitant to come to e-commerce. The fear of change, the fear of investment, the fear of not being able to control risks on the internet have kept these businesses out of the exciting cycle of e-commerce. On the other hand, there have been many export enterprises that have access to e-commerce but have not really paid enough attention to this business method, some enterprises have built e-commerce floors, websites for business... But due to lack of investment and innovation, many business websites of enterprises were quickly closed.

Investment in building and developing websites is still limited

Overall, it can be seen that Vietnam exports are not small and many goods. But a survey conducted by the Ministry of Industry and Trade on 800 Vietnamese enterprises showed that only 42% of export enterprises have a website. Among enterprises with websites, only 58% of enterprises use foreign languages; the rest is to use monolingual Vietnamese. Another problem, while many Vietnamese enterprises are large-scale but the content on the website is poor, and foreign enterprises, although the production scale is very small, but the content of their website is rich, the

information is always updated regularly. Therefore, the advantage of attracting partners of foreign enterprises is also more effective than that of Vietnamese enterprises.

Businesses lack skills and experience to operate an online business

Taking advantage of online export to gain better access to importers is becoming more important than ever for Vietnamese exporters, but many businesses are still confused in accessing the export market. Deploying this new business model should also have many potential risks. Experts commented that Vietnamese enterprises when participating in online export often lack professional skills such as approaching customers, handling inquiries and taking care of customers which leads to failure in taking full advantage of the opportunities brought from this channel [5]. According to the Regional Sustainability Research Institute and the E-commerce Association, small and medium enterprises in the domestic market use the website more effectively than those exporting their products to the international market. [4]. According to statistics, among export enterprises that have websites, up to 88% of enterprises have assigned staff in charge of websites (technical staff, information management, sales). However, specialized personnel do not guarantee soft skills; lack of experience in conducting online advertising activities; inability to compete in both product quality and marketability with domestic and foreign competitors.

In addition, exporters still do not know how to exploit and find partners in countries with time zone deviations from Vietnam. Specifically, there are very few Vietnamese businesses online at night to be able to exploit and find partners in countries that are different in time zones compared to Vietnam.

Difficulty in verifying the reliability of partners on the e-commerce platform

Many businesses are concerned because they do not have the habit of doing business on the e-commerce floor, so they do not know if the customer data source of the floor is reliable and how to verify and verify the customers who are partners. Therefore, most Vietnamese enterprises still keep the habit of "turning-over" so they often use the direct connection method.

Limited legal environment, safety and security

Besides the above limitations, businesses also face a number of obstacles such as an incomplete legal environment, human resources that do not meet actual needs, an underdeveloped electronic payment system, and network security. These are also big barriers for exporters when applying e-commerce in the current period.

Solutions to develop e-commerce in export business activities of Vietnamese enterprises

Currently, the countries that Vietnam is aiming to promote exports such as the US, Europe, Japan, Korea... have very high rates of internet usage [5]. Therefore, if enterprises can exploit e-commerce to access export markets, it will be very effective. Developing e-commerce will become the mainstream development trend in the future and will gradually replace traditional commercial activities such as

through direct exchanges, fairs or direct trade promotion activities.

Building website investment

In order to attract customers and create prestige with international partners, export businesses need to determine that building and developing websites is a task that cannot be ignored. The success of a website in addition to design elements also depends a lot on the content, the content of a website includes many things from business information, product information to announcements, event information... Businesses need to regularly monitor and update information about products, advertisements and implementation programs, and the website must also be easy and convenient when customers want to find information. Information such as: address of the company, phone, fax, email of the company should be provided completely and accurately. In addition, businesses need to build multiple languages suitable for many different markets to make it easier for businesses to reach international customers.

Learn more about international market information

When implementing online business activities, enterprises need to carefully study the legal regulations related to online export activities; know the regulations of each exchange and especially learn about the partners who will have commercial transactions with enterprises. Exporting enterprises need to find all ways to find out about their partners such as company website information (through websites such as: www.domainsearch.com; www.whois.com); email, phone number, office fax number...; find out if the partner is a member of any trade promotion agency or organization (can refer to information from authentic Vietnamese organizations and trade representatives in other countries)...

To support enterprises participating in online export, the Department of E-commerce and Information Technology has also stepped in by providing market information for each commodity group and each region; trading system in countries; partner information; authenticating products in markets; and provide an e-commerce portal as a channel for businesses to connect with deals to support export businesses. The Department of E-commerce and IT builds and operates a number of online portals to provide timely information for businesses such as: Foreign Market Portal (www.ttnn.com.vn), Vietnam Export Portal (www.vietnamexport.com), Portal of the Ministry of Industry and Trade (www.moit.gov.vn), National e-commerce portal (www.ecvn.com).

Reputable trading channel choosing

In order to successfully apply and gain efficiency in e-commerce transactions, exporters need to choose a reputable transaction channel. Alibaba.com Group and OSB Company are partners who have coordinated a lot with the Vietnam Chamber of Commerce and Industry in programs to support businesses to export to key markets such as APEC, Africa, and Japan and now the United States. Alibaba.com currently has 18 million international registered members from 240 countries around the world, including 150,000 members from Vietnam. Geographically, the number of members

from the United States is the largest, accounting for 16.3%, followed by Europe (except the UK) 10.4%, India also up to 10.4% and the growth rate is very high. The average annual number of registered members on Alibaba.com is 150%^[5]. This is really a big playground for import-export businesses in general and Vietnamese exporters in particular with the opportunity to approach buyers around the world every day. In addition, Alibaba.com is also rated as the world's leading reputable online trading website for businesses today^[3].

Building the reputation of the business in the international market

Before the difficulties that online exporters face today, exporters need to pay attention when posting online, the product must first be eligible for export; manufacturers must have appropriate certificates of quality and safety criteria to create confidence for buyers; The information about the product posted must be detailed, contain suitable commercial terms in terms of price, payment, packaging, shipping, etc. This makes it easier for partners to find the necessary information about the product, to make a first impression, thereby making it easier for the company's products to be exported. In addition, to create trust with partners, businesses need to provide good support services, be it through live chat, email or free calls.

The government strengthens support for online export activities

The government strengthens support for online export activities. The Ministry of Industry and Trade has implemented public services, supporting export activities conducted in the online environment, and special export licensing services. In addition, the Ministry of Industry and Trade also has a Vietnamese export portal, which contains specific information about export markets for each group of strengths as well as the address of a business network in more than 100 countries all around the world to help businesses get information and authenticate information to connect with potential partners.

Conclusion

E-commerce has been and is an inevitable trend for export enterprises to compete and survive in the market, because it helps businesses to expand markets, expand customers, cut down the middle stages. Time and cost reduction to make the price cheaper, moreover, the world's customers also have a common trend to reduce the transaction according to the traditional method. For small and medium enterprises, which are not competitive enough, e-commerce becomes an effective and smart tool to help these enterprises get closer to the international market. In the coming time, in order to effectively apply the e-commerce channel in export activities, enterprises need to consider the online export channel as part of their business strategy, thereby choosing the appropriate e-commerce approach to maximize their profits. Cost optimization for maximum efficiency. At the same time, businesses also need to invest in building websites, train staff specialized in e-commerce, and build business reputation with partners on e-commerce floors in the world.

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