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## Some suggestions to improve logistics in Vietnam e-commerce activities

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### Abstract

E-commerce is emerging as an extremely vibrant sector in the development of Vietnam's economy. This development leads to many related problems in logistics activities from sellers to buyers. The efficiency of delivery and transportation determines quite a lot whether consumers make purchasing decisions. The article gives the most general view of the application of e-commerce in domestic logistics activities and proposes some solutions that promote the application of e-commerce in logistics activities in Vietnam today.

**Keywords:** E-commerce, freight forwarding, logistics, distribution of goods











### Introduction

#### 1. Problem statement

In recent times, e-commerce has become increasingly popular all over the world with many new advanced technologies introduced during operation and development. E-commerce allows companies to establish a market presence or enhance their current market position by providing a cheaper and more efficient distribution chain for products or services. The most important problem for the development of e-commerce in the world in general and in Vietnam is technical barriers. Many technical issues still exist and are clearly considered a major barrier to the development of global e-commerce; In general, they all have technical nature. It is popular that infrastructure issues, organizational-level issues related to integrating new e-commerce solutions into legacy systems, standard issues, issues related to the capabilities of the internet, and security issues (Farhoomand, Tuunainen & Yee, 2000) [2]. These statements are still valid to this day in the context of logistics activities in Vietnam.

The next problem is cognitive barriers related to individual and organizational purchasing decision-making. This type of barrier is much more serious than others in the context of developing countries. Influencing factors such as inadequate awareness, knowledge skills, and confidence act as cognitive feedback. In most developing countries, lack of awareness and understanding of potential opportunities, risk aversion and inertia often lead to negative assessments of e-commerce. In addition, cognitive barriers are associated with general educational and lack of computer skills as well as foreign languages (English). Most of the software, interface and computer language on the website are in English (Kshetri, 2007) [5]. Although there are some barriers, e-commerce businesses in Vietnam still have great development, especially brands such as Shopee, The Gioi Di Dong, Dien May Xanh, Lazada, Tiki, etc. Figure 1 shows the list of top 10 e-commerce businesses in Vietnam in the 1st quarter of 2022.

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Doanh nghiệp	Lượng truy cập web mỗi tháng	xếp hạng IOS	xếp hạng Android	Youtube	Instagram	Facebook
1  Shopee VN	84,520,000	#1	#1	856,000	302,070	24,946,140
2  Thế Giới Di Động	54,033,300	n/a	n/a	839,000	2,660	3,826,590
3  Điện Máy Xanh	20,816,700	#9	#8	595,000	n/a	1,979,130
4  Lazada VN	16,970,000	#2	#2	356,000	328,310	31,833,900
5  Tiki	15,073,300	#3	#3	384,000	161,270	3,211,170
6  FPT Shop	7,306,700	n/a	n/a	254,000	23,560	2,632,330
7  CellphoneS	7,146,700	n/a	n/a	3,210,000	62,570	820,260
8  Bách Hóa Xanh	7,043,300	#8	n/a	38,000	n/a	500,630
9  Hoàng Hà Mobile	4,783,300	n/a	n/a	126,000	14,630	912,840
10  Điện Máy Chợ Lớn	4,133,300	#12	#10	6,100	3,660	815,800

Source: Iprice (2022)

Fig 1: List of top 10 e-commerce businesses in Vietnam

Studying the barriers to the development of e-commerce and proposing some measures to develop e-commerce in logistics activities in Vietnam is necessary in the current e-commerce shopping trends.

**2. Research Methodology**

Qualitative research methods with system approach techniques are mainly used in this article, through which the analysis of forwarding activities, analysis of secondary data obtained, and review of scientific literature; learn the terms, and documents in the field of e-commerce logistics with academic databases to be able to answer the questions:

- What are the problems with the forwarding activities of domestic enterprises?
- What solutions are suitable for the development of forwarding activities in e-commerce for the Government of Vietnam and forwarding service businesses?

**3. Some solutions to develop logistics activities in e-commerce**

**3.1 Solutions for the Government**

**3.1.1 Completing the legal corridor**

The Government needs to create and complete the foundation and policies for the use and growth of the digital economy in order to continue fostering e-commerce development. Creating and running a fundamental legal framework for online commerce. To be more precise, it is important to finish decrees on penalizing administrative infractions in e-commerce; continue strengthening decrees on e-commerce like Decree No. 52/2013/ND-CP (Government of the Socialist Republic of Vietnam, 2013) [3], Decree No. 14/VBHN-BCT (Ministry of Industry and Trade, 2021) [6], etc. and update the Commercial Law by Congress of the Socialist Republic of Vietnam (2005) to

incorporate certain restrictions on e-commerce. Providing ways to validate studies and comprehensively assess the e-commerce policy.

The government, as well as important ministries and sectors like the Ministry of Industry and Trade, and the Ministry of Information and Communications must create and complete institutions and policies for the growth and application of the digital economy; they must also set up and run crucial infrastructure for e-commerce development; provide a common architectural framework and technological basis for e-business models like B2B, B2C, or B2G, etc.; have additional programs and solutions to assist companies in their transition from conventional to digital economy firms; construct and encourage the connectedness of domestic supply chains as well as those in the area and globally, gain notoriety and operate widely in global value chains, etc. Continue to finish and execute the Master Plan for E-commerce Development in accordance with Decision No. 645/QĐ-TT for the years 2021 to 2025 (Prime Minister of the Socialist Republic of Vietnam, 2020). This strategy is regarded as a crucial piece of policy that will be put into action in order to further the growth of national e-commerce. The overall targets of the plan are:

- Support and promote the widespread application of e-commerce in businesses and communities.
- Bridging the gap between big cities and countries in terms of e-commerce development.
- Building a healthy, competitive and sustainable e-commerce market.
- Expanding consumption markets for Vietnamese goods both foreign and domestic through e-commerce applications; promoting cross-border transactions and e-commerce (CBT-Cross Border Transport).
- Become a country with a developed e-commerce market in top 3 in Southeast Asia.

### 3.1.2 Untangling tax and financial issues

Tax management issues still exist in Vietnam regarding both general tax administration and tax management in logistics for e-commerce businesses. The Finance Committee of the Organization for Economic Co-operation and Development (OECD) believes that the following problems should be concentrated in e-commerce activities about tax issues:

- If taxpayers are services, the use of existing technologies and control the development of trade in the administrative management system to serve taxpayers belongs to the tax authorities;
- Tax authorities need to identify their capacity to ensure access to reliable and verifiable sources of information to accurately identify taxpayers and obtain the necessary information to manage the tax system to respond the needs of tax administration, identification and information;
- Ensure that proper systems are managed to control and collect taxes.

Therefore, the Government and related agencies need to study and complete the legal framework for e-commerce businesses' tax handling and collection. In addition, it is also necessary to apply some methods of collecting specific data and sources of information such as looking for internet news sites for advertising and links containing instructions on economic activities and direct links to the home market.

In addition, tax authorities must create their own big data warehouse based on connecting to and exchanging information with the databases of pertinent ministries and functional branches, as well as integrating data from other e-commerce websites like social media, sales websites, and online trading platforms, in order to gather the data required for precise and open management. Implementing the use of e-invoices for all orders is another important strategy for tax collection for enterprises engaged in online commerce. Firstly, attention must be paid to the group of small and medium-sized firms in order to tighten control over the taxpayers who are deemed to be at high risk for tax evasion, while also encouraging these companies to adhere precisely and completely to their tax duties.

### 3.1.3 Manage emerging operations

There are a number of new e-commerce models (such as e-commerce models in air transport), complexity in operation and participants, issues with quality control of goods in e-commerce transactions, as well as e-commerce management for interdisciplinary areas and cross-border transactions, which are some of the emerging issues with managing e-commerce activities.

### 3.1.4 Upgrade the website of businesses

The Vietnam Logistics Association (VLA) should consider establishing a website that connect Vietnamese freight forwarding businesses with other freight forwarding associations in the region and around the world to promote the image of Vietnamese businesses. The website needs to have the function of gathering all freight forwarding businesses, providing information about freight forwarding enterprises nationwide. Equipped with functions to look up industries such as export and import enterprises of Vietnam. In addition, establishing a website that can link with famous

websites of the world in e-commerce that promote the development of services, on the other hand, when international investors access this website that will have a better understanding of Vietnam's investment environment and promote foreign investment. This website also links to websites of other domestic economic and trade agencies, industrial parks, export processing zones, etc. Moreover, it is necessary to take advantage of information technology to make the website popular on global search engines such as Google, Facebook, Twitter, etc.

### 3.1.5 Protecting consumers in logistics

Firstly, the Government and the Ministry of Industry and Trade need to research and provide solutions to limit as well as end or reverse the problem of counterfeit goods, goods of unknown origin in e-commerce, in order to protect the rights of consumers related to freight forwarding activities. Protect consumer rights by helping to fend off the trade in counterfeit products.

Secondly, in order to speed up the creation of a master plan to combat the trafficking of fake and illegal goods, the Ministry of Industry and Trade should collaborate more closely with the National Steering Committee against smuggling, trade fraud, and counterfeit goods. A plan for implementation in the short, medium, and long terms should also be included. Create a special committee to deal with violations as quickly and efficiently as possible.

Finally, there are ongoing promotions for e-commerce that encourage customers to alter their attitudes and views while making purchases online. To increase people's trust while making purchases on e-commerce websites, firmly execute and address situations of company infractions.

## 3.2 Solutions for freight forwarding service businesses

### 3.2.1 Logistics solutions in freight forwarding with e-commerce applications

One of the requirements of forwarding activities, especially delivery in e-commerce, is punctuality. Therefore, in order to improve this during operation, for delayed deliveries, enterprises need to find out the specific causes of the problem, then gives measures to improve the delivery process, check how human resources are allocated, exchange the requirements with the shipping company to ensure that the delivery always has a clear schedule, calculated in advance of the risks arising so that the delivery is on time.

Regarding delivery costs, businesses need to find out the cause of complaints and return goods to solve the costs incurred at this stage. The possibility of a lack of synchronization between the business information published on the website and the actual goods delivered, the quality of the goods is not in accordance with the requirements of the buyer or may also be an error of product. To solve this problem and aim for long-term development in the future, forwarding or sales businesses need to be honest in online promotion, need to pay attention to checking goods before packaging and delivering to customers. Some possible solutions can be considered following as:

- Driver will call the customer before delivery.
- Companies offer package tracking by sending email notifications about shipment status with relevant information such as location and estimated delivery

- time, shipment delivery history on mobile applications.
- Companies will send an email or phone call to notify a specific time frame about 2 hours on the delivery date that customers can estimate the time of arrival, then the company also recommends the next 2 delivery days as a backup. If the customer does not respond, it means that the company's first offer has been accepted. If the customer responds, it means that they will have to choose one of the 2 alternative dates that the company has proposed.
  - Develop a self-pickup service station. The package will be delivered to a specific location that is most convenient for customers to pick up within 48-72 hours. After that hour, they can pick up the package directly from a distribution center in a specific area. This solution has had a significant impact on the environment that reducing pollution and traffic accidents. The proposal of self-picking service stations is considered a key solution in the development of e-commerce applications in freight forwarding.
  - Finally, as an alternative solution, courier forwarders will have to make agreements with other small sales locations near to the recipient's place such as newsstands, 24-hour convenience stores or some other location. Accordingly, the courier leaves the package at an agreed location and notifies the customer to pick up the package at that location.

### 3.2.2 Increase the delivery trucks' capacity

The issue of delivery must be the main area of concentration in order to reduce the barriers that customers have when choosing to purchase online. Due to increased consumer demand, road transport is currently expanding considerably in inner cities (Ha Noi, Ho Chi Minh, etc). Receiving items on the schedule, in excellent shape, and without loss or spoilage is a challenge. Businesses must identify the best transport vehicles for each model and route in order to address this issue, and they must also utilize the full capacity of each truck to reach the highest levels of delivery efficiency.

## 4. Conclusion

E-commerce development in logistics activities is a very important and urgent issue today. The level of e-commerce development has been promoting the business activities of enterprises, especially forwarding enterprises in many different ways. E-commerce development sells businesses' products and services globally easily, in addition, customers can shop wherever they are. To maintain this development, it is necessary to have a synchronous link between the Government and businesses in implementing the solutions proposed above, to be able to deliver goods to consumers in the most convenient way as well as protect the rights of consumers.

There is no limit in the search for advanced technologies to serve the development of e-commerce today. This means that the e-commerce activity we see today will not be what it is now in the future. E-commerce will witness tremendous growth and especially improvements in technology at businesses in both developed and developing countries. Therefore, in the future, there should be more in-depth studies on the development in some main types of e-

commerce such as B2B, B2C, C2C, B2G models, etc. It is necessary to research the statistics of these models in order to know how they contribute to the development of various business models.

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