

Study on the Development of E-commerce in Vietnam's Foreign Trade

Ho Thi Hang^a, Dam Trong Cong

Shanghai University, School of Economics, Shanghai 200444, China

^ahothihang@163.com

Abstract. Vietnam, a developing country with the most energetic economy in Asia, has always been developing its foreign trade, which can not only help local enterprises gain access to sufficient market information, but also allow the exchange of such market information outside the network for the purpose of resource sharing. In this paper, we analyze the development of e-commerce in Vietnam's foreign trade based on the macroscopic market background, so as to put forward the strategy for solving the problems and further promote the development of Vietnam's foreign trade.

Keywords: Foreign trade, E-commerce, Strategy.

1. Introduction

Nowadays, e-commerce faces a great potential for future development as well as a great number of issues to be solved in Vietnam. For its late start, e-commerce in Vietnam has to cope with such problems as backward information technology (IT) software and hardware facilities, undermining its ability to satisfy the needs in the current development of international economy and trade. For this reason, it is therefore urgent to solve the existing problems in the e-commerce of Vietnam.

2. Overview of E-commerce Development in Vietnam's Foreign Trade

2.1 Development of Vietnam's Foreign Trade

In recent years, a large number of export enterprises have appeared in Vietnam since it joined the ASEAN Free Trade Area, further pushing up the foreign trade amount. In this process, foreign-invested enterprises make the highest contribution. In 2016, they contributed to 61.4% of national import and 56.7% of national export. As revealed in the source analysis, foreign-invested enterprises invested much in the development of e-commercial technology and network facilities, and put them into trial and operation gradually. Vietnam has realized very considerable development in import and export in recent years, but its local enterprises have not developed their e-commerce maturely. To further promote the development of main enterprises for its international trade, Vietnam should gradually speed up the construction of network infrastructure for enterprises, and introduce the talented people for e-commerce, so as to win a place for itself in the global trade.

2.2 Development of E-commerce in Vietnam's Foreign Trade

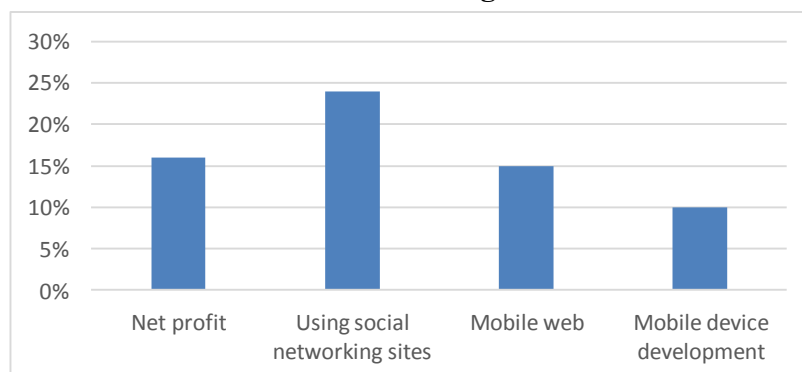


Fig. 1 The situation of mobile platform

As revealed in the current status, mobile platform exerts the highest influence on the development of e-commerce. Based on the relevant data, 10% of enterprises in Vietnam have been utilizing mobile devices for business expansion, while 15% have developed own mobile websites. Social networking

can provide the corresponding channel for consulting and sharing, and play a basic role in facilitating the development of e-commerce. Now, 24% of enterprises are marketing through social networking, and 16% of them have obtained their expected results.

2.3 E-commercial Cooperation in Foreign Trade

Based on the data available, China and Vietnam have started exploring the model for cross-border economic cooperation through cross-border e-commerce. So far, China has become an important trading partner of Vietnam. The increasingly flourishing trade at the border between China and Vietnam has laid a certain foundation for the cross-border e-commercial cooperation between China and Vietnam. As revealed in the statistics by the Investment Policy Office of Vietnamese Institute for Economic Research, logistics channel has been put in service between China and Vietnam to be actively ready for the development of cross-border e-commerce between two countries and create the favorable conditions for the further development of e-commerce. In 2015, Vietnam Expo was held in Hanoi, which further optimized and improved the relevant platforms, and enterprises were enabled to develop own websites for demonstrating their products and services and introducing themselves to potential partners in Japan and other Southeast Asian countries.

2.4 Foreign Trade and Export with the Assistance of E-commerce

According to a relevant survey on the Ministry of Industry and Trade of Vietnam, several clothing producers in Vietnam have greatly promoted the development of their export business thanks to the development of e-commerce. Under the effect of e-commercial platform, clothing producers in Vietnam can contact the overseas buyers to reduce their operating cost, directly facilitating the development of their brands. With regard to the return on investment, clothing producers in Vietnam invest only 5% of its total investment in e-commerce, which actually increase their sales amount by around 33%. Moreover, they are actively taking part in the international e-commercial platform while investing in the development of website, so their investment is made in different fields.

3. Problems of E-commerce in Vietnam's Foreign Trade

3.1 Lack of Knowledge about E-commerce

In most enterprises, managers and personnel do not pay much attention to e-commerce. Most foreign trade enterprises utilize computer for textual processing and simple statistical calculations, and never realize its role in the development of e-commerce. Some foreign trade enterprises with network available have not considered the development of e-commerce, but focus on the information search through network service, and do not build the corresponding websites and webs. Import and export enterprises make use of their websites simply for product propaganda and information collection. From the perspective of consumers, computer is not widely accessible in Vietnam, so it is very difficult for people having very few chances to use computer to imagine how e-commerce operates. As they cannot see the products and the needs of dealers, consumers are more concerned. This situation must be significantly attributed to the lack of financial service, e.g. coverage of credit card, which restricts the expansion of people's needs for e-commerce.

3.2 International Taxation

First, internet trade inevitably affects the tax jurisdiction at the place of origin. During e-commercial activities on the internet, traders are buying and selling the products digitally only by using intelligent servers, which brings internet trade beyond the limit of place, and makes it very difficult to identify the behavior of trading and the information of goods. Hence, it is impossible to identify the place of origin of e-commerce clearly at one time.

Second, tax jurisdiction over residents is certainly impacted in some areas. Especially under the macroscopic background of e-commerce, advanced electronic technologies can be applied in the nationwide trade, while enterprises may not always develop their governance and control centers in a country. For this reason, it is difficult to collect the enterprise income tax, and it also makes the tax jurisdiction over residents meaningless.

3.3 Online Payment

Online payment is gradually developing along with the development of e-commercial industry. In the world, the technologies related to online payment have been greatly developed. However, Vietnam is still at the early development stage of e-commerce, so it has not developed the unified model for online payment. Actually, Vietnam has a great number of online payment companies, and most banks are supporting online payment. Moreover, there are some third-party payment agents in Vietnam. However, there is not any leader in the industry. For example, Ticket Box, a representative service provider of online payment in Vietnam, engages in only the sale of ticket, which is a very standardized product difficult to fake, and cannot be sold like a product in physical form. According to the relevant survey conducted by Cifnews.com, among internet consumers in Vietnam, up to 64% of them paid in cash for internet consumption, 37% using e-purse account, and 14% using bank account.

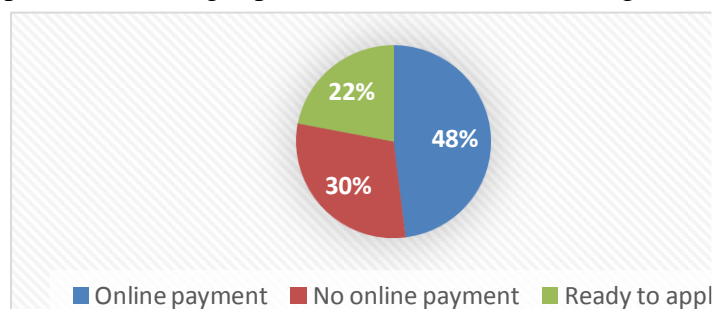


Fig. 2 Vietnam online payment site distribution

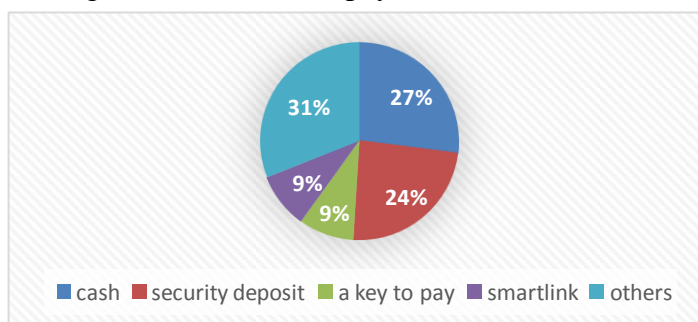


Fig. 3 Enterprise credit online payment method

3.4 Legal Policies

Intellectual property rights protection has attracted much attention in the modern society. Under the background of industrial informatization, the laws for e-commerce are relatively backward, so it is especially urgent to improve these laws. The level of informatization in Vietnam is still low at present, but the government has gradually realized the necessity of legislation for protecting the existence and development of e-commerce. Even so, Vietnam has no complete laws and regulations for international trade due to its unique national regime and trade system.

4. Strategy for Development of E-commerce in Vietnam's Foreign Trade

4.1 Government-level

First, the government should create the favorable external environment for the application of e-commerce. In the development process of e-commerce, the key to strengthening the construction of infrastructure is to further improve the fundamental conditions needed to further improve the development of e-commerce, so as to effectively maintain the development of computer-aided information network. In both technical and financial aspects, it should communicate with the world.

Every e-commercial transaction in foreign trade involves the international tax jurisdiction, so it is necessary to technically strengthen the cooperation with the country to which the other party in the trade belongs during international e-commerce, and solve the taxation problems in the process through further coordination. As revealed in the current status, Vietnam's mechanism for coordination and collaboration in taxation of foreign trade cannot entirely satisfy the needs in the development of

e-commerce. To resolve the problem of cross-border tax jurisdiction in e-commerce, it is necessary to actively establish, further improve and optimize the new international taxation coordination mechanism.

E-commercial security control system consists of several network units, including network service layer as the basis for e-commercial security, encryption technical layer and trading protocol layer. The units are connected closely to and relied on each other. The basic operational security of network is determined by the network service layer. To further reinforce the international trade in the e-commercial environment, Vietnam needs to improve and optimize its security control system extensively.

4.2 Industry-level

The Association of E-commercial Industry in Vietnam should give play to its guiding role as much as possible. In the survey on the development of e-commerce in Vietnam, it should also develop the reasonable and effective innovation scheme based on the current status of foreign trade enterprises in Vietnam. To implement the scheme, the unique advantages of the whole e-commercial industry should be utilized; the development of the whole industry should be planned and improved in the interests of the whole industry. Meanwhile, attention should be paid to optimizing the allocation and utilization of industry resources, and especially to realizing the unique development of e-commercial market by focusing on the key business, key process and customer relationship in e-commerce.

The prosperity and development of e-commerce entails talented personnel, so it is especially important to nurture and train the personnel in the field.

4.3 Enterprise-level

Foreign trade enterprises may develop their own official websites to cover the consumers and potential consumers of large number on the internet. Hence, comment area must be particularly provided on the website to make more internet users take part in the interaction. On one hand, internet users can truly understand the quality of their products. On the other hand, enterprises can also satisfy the needs of more users based on those comments, so they will enjoy some advantages in product development and market occupation.

Second, enterprises can further organize all kinds of online activities, including cooperation with other enterprises, discount for group shopping and other activities, so as to utilize the high-quality products of enterprise for lottery. Moreover, the visits to their website can be increased by cooperating with famous websites to enhance the exposure and reputation of enterprises on the internet.

A well-developed external environment is very helpful to e-commerce of enterprises. By strengthening brand strategy, enterprises can demonstrate their brand and other advantages. For this purpose, internet brand appears in the form of domain name. Actually, internet brand can directly guide customers to the enterprise website and be taken as an important device to get the attention from visitors.

5. Conclusion

In general, the development of foreign trade is very important under current background of high speed development of macro-economy. The important role and status thereof in foreign trade are analyzed mainly based on current status of E-commerce in Vietnam during research of the paper. Firstly, it can assist enterprises to comprehend market information effectively. Secondly, it also can satisfy resource sharing outside Internet. Therefore, it is necessary to strengthen the development of E-commerce in foreign trade from many aspects.

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