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The state of e-commerce industry after covid-19 pandemic and some development policies

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Abstract

The outbreak of the Covid-19 pandemic leads to e-commerce's explosive growth with brands such as Shopee, Lazada, Tiki, Sendo and The Gioi Di Dong, etc. Since then, e-commerce activities have been going into practice in the life of every Vietnamese person and are constantly developing. The article presents the current situation of the e-commerce industry in recent years through discussion to analyze, evaluate and have a broader perspective on the development of e-commerce, thereby offering some development policies.

Keywords: E-commerce, covid-19, online, shopping

1. Introduction

1.1. The development of e-commerce in Vietnam

Covid-19 has changed the overall situation of the economy, social management, and tourism, etc. This means that socio-economic activities must be temporarily interrupted, causing huge losses. Since then, people have adapted to the "new normal" that spending more time in the online environment and causing an increase in digital devices (smartphones, laptops, iPads, etc.) growth rate. Access to smart electronics is the quickest and most efficient way to make e-commerce accessible to customers. Everyone may easily purchase online and acquire information with just a smartphone and an internet connection. E-commerce sites are advertised on all social media such as newspapers, television and outdoor advertising panels... Therefore, it arouses curiosity to learn and experiment with consumers.

Most e-commerce sites that join the Vietnamese market have learned and determined a development plan that is appropriate for the Vietnamese market, so most consumers have no trouble utilizing them. Online purchasing makes it simple to observe how well the e-commerce sector has done at fusing marketing and information technology to generate a countrywide coverage impact.

In Vietnam, a growing nation, import and export are encouraged to boost brand awareness and give customers access to high-quality items from other nations without being constrained by the need to transport goods from elsewhere. As a result, consumers may readily acquire a wide variety of items that are plainly derived from e-commerce websites. When compared to using cash, online shopping is significantly simpler thanks to programs that are simple to download and use. These applications are linked to e-wallets and bank cards that are handy for payment. Due to flexibility and ease, both buyers and sellers can save time.

E-commerce provides a platform that allows businesses to grow with little upfront investment and access to a wide range of resources. People with excellent sales and customer demands are attracted to abundant resources (supply increase leads to demand increase). Both buyers and sellers only need to stay at home, be connected online, and be able to contact one another to acquire items very easily. Quickly and efficiently, the items are delivered to a home and the e-commerce site's quality control procedures are still in place. The influence of famous personalities (KOLs) has attracted more users with creativity and popularity, while supporting to increase in the reputation of both e-commerce and brands. Moreover, shipping services are being expanded from Vietnam to foreign countries, it is these fast and convenient transportation service providers that have stimulated the demand for shopping on e-commerce sites and solved several jobs.

2. Current situation of e-commerce development

2.1 Countries of the world

According to research data from the Vietnam News Agency (2021), since the implementation of social distancing policies, the e-commerce platform Mercado Libre operating in Latin America has recorded a doubling of daily sales in the second quarter of 2020 compared to the same period in 2019. African platform Jumia reported a 50% increase in trading volume in the first half of 2020. The proportion of e-commerce in China's retail sales increased from 19.4% to 24.6% in the period from August 2019 to August 2020. Kazakhstan's proportion has increased from 5% in 2019 to 9.4% in 2020. Thailand recorded a 60% increase in downloads of shopping apps in just one week of March 2020. According to quarterly data released by the US Department of Commerce, US e-commerce sales increased by more than 30% between the first and second quarters of 2020, this increase is due to the impact of the Covid-19 pandemic that has driven a lot of online spending (Ngoc, 2020) ^[2].

However, the unprepared development process has encountered challenges to overcome. In many underdeveloped countries, consumers and businesses have not been able to take advantage of e-commerce opportunities during the pandemic due to inherent barriers such as:

- Broadband services with very high costs.
- Excessive reliance on the habit of forgetting to pay in cash.
- Lack of consumer confidence in the new trading system.
- People lack skills and limitations in manipulating the Internet.
- The government does not pay much attention to e-commerce.

Recognizing the limitations in the e-commerce development process has helped these countries implement behavioral situations that include subjects from governments to business systems. According to the Vietnam News Agency (2021), governments of countries show:

- Much of the priority has been given to short-term responses to the pandemic, but many countries have also begun to address the long-term strategic requirements for recovery;
- In Latin America and the Caribbean, the Government of Costa Rica has launched a platform for businesses that do not operate online, and a smartphone application and messaging service to facilitate trade between agricultural producers;
- In Africa, Senegal has implemented a campaign to inform, educate and raise awareness of all types of people about the benefits of e-commerce;
- Meanwhile, Indonesia has launched a capacity-building program in Asia to accelerate digitalization and transformation in small and medium-sized enterprises.

In addition, businesses must also find ways to digitally transform and cooperate to promote product consumption in the ascending era of e-commerce. To meet the growing consumer demand for online ordering and home delivery services, businesses are approaching new elements in the

field of superfast delivery and innovating new shipping methods and developing new partnerships. According to UNCTAD (2020) ^[5], to build a favorable ecosystem for e-commerce, policies on:

- Improving commercial and digital infrastructure.
- Facilitate digital forms of payment.
- Develop appropriate regulatory and legal frameworks for online transactions.
- Ensure network security.
- Create a cooperation mechanism to raise awareness of e-commerce opportunities and risks arising during operation.

2.2 The current situation in Vietnam

Grasping the trend and development potential of the e-commerce sector, big e-commerce platforms in Vietnam are competing fiercely, aggressively developing themselves in the promising race. Traffic is considered one of the measures of success for e-commerce platforms.

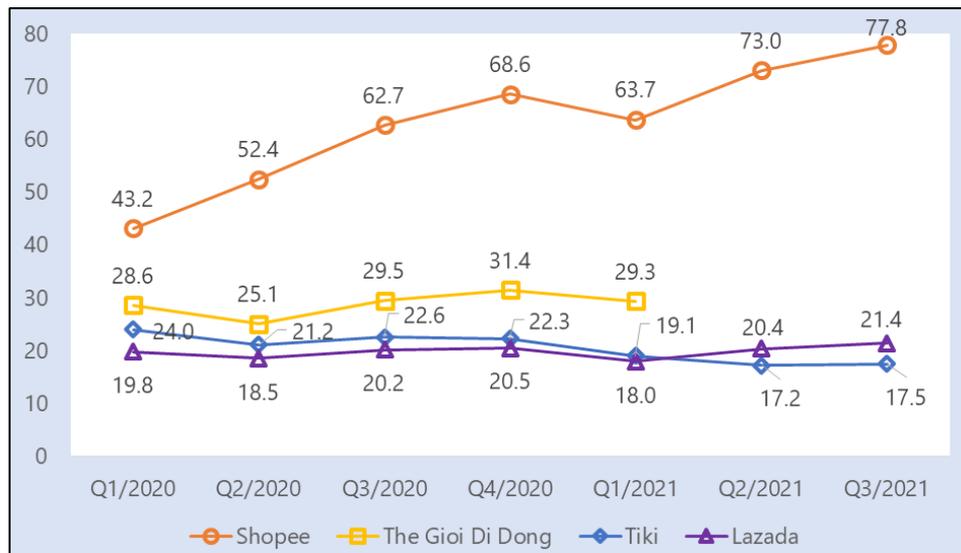
In 2020, the traffic of e-commerce in Vietnam will grow and shift from traditional commerce to e-commerce. By the first quarter of 2021, the total traffic of 50 e-commerce platforms in Vietnam reached 1.18 billion, down 9% compared to the fourth quarter of 2020. Meanwhile, the traffic of e-commerce platforms decreased by 4% compared to the same period last year. However, this is understandable because most e-commerce platforms have promotions and stimulate consumer demand during the year-end shopping season. During the pandemic, Shopee has always been the e-commerce platform with the most visits from the first quarter of 2021 to January 2021. Specifically, Shopee reached 63.7 million visits, while The Gioi Di Dong was 29.3 million, and Tiki and Lazada were 19.1 and 18.0 million respectively. Thus, Shopee's traffic is more than 2 times higher than The Gioi Di Dong and 3 times higher than Tiki and Lazada. Compared to the first quarter of 2021, only Shopee grew (43.5%), while The Gioi Di Dong, Tiki and Lazada all had a decline (in the Figure 1, by Son, 2021) ^[4].

Next, the total number of accesses to the top 50 e-commerce platforms in Vietnam in the first two quarters of 2021 reached more than 1.3 billion, this is the highest number ever. The data also shows that visits in the second quarter of 2021 increased by 10% compared to the first quarter of 2021. Shopee Vietnam ranks first in terms of average website traffic, with 73 million visits in the second quarter of 2021, an increase of 9.2 million compared to the first quarter of 2021. Lazada rose to 2nd place, with an average 14% increase in website visits compared to 1st place, garnering 20.4 million visits. Meanwhile, Tiki's traffic decreased slightly to 17.2 million. Sendo e-commerce platform is rising with a statistical number of visits in the second quarter of 2021 of 7.9 million. Therefore, the order of top multidisciplinary e-commerce enterprises in the second quarter of 2021 has changed certainly (Duy, 2021) ^[1]. By the third quarter of 2021, the website traffic of the top 4 multidisciplinary e-commerce platforms shows that the two foreign names continue to widen the gap with Vietnamese businesses. Shopee continues to lead with 77.8 million visits, accounting for 57% of the total number of visits on all e-commerce platforms, an increase of 4.8 million compared to the second quarter of 2021. Lazada continues to grow and stays in second place with 21.4

million visits. After the decline in the second quarter of 2021, Tiki had a slight growth to 17.5 million visits in the third quarter of 2021. Sendo saw a decrease of up to 40% in traffic compared to the previous quarter, down 3.2 million

from the second quarter of 2021 to 4.7 million visits (VTV Digital, 2021) ^[9].

Unit: Million



Source: Price comparison information page-Iprice (2022)

Fig 1: The website traffic of Vietnamese e-commerce platforms

3. Proposing some development policies

From some of the above situations, the author proposes several policies to support the development and growth of the e-commerce system as follows. First, to support, promote, and enable the use of new business models and e-commerce application activities on digital technology platforms, it is necessary to evaluate, update, revise and publish new rules and legal instruments and continue to improve mechanisms and policies.

Second, improve the capacity to manage and organize e-commerce activities, and fight against commercial fraud, infringement of intellectual property rights, and unfair competition in e-commerce.

Third, expanding markets and boosting customer trust in e-commerce through teaching e-commerce skills to individuals and organizations; Organizing and growing annual e-commerce events that increase domestic market demand and cross-border e-commerce (CBT-Cross Border Transport) activities, providing a setting for businesses and organizations to showcase the newest technologies and advanced e-commerce models for customers to experience, and fostering the development of new e-commerce habits and skills.

Fourth, improving the delivery and logistics service infrastructure for e-commerce and using new technologies in logistics operations to increase the capacity of infrastructure systems and support services; promoting the testing and implementation of new transportation technologies to support shipping and freight forwarding for e-commerce; developing an online system for managing shipping, freight forwarding, and order fulfillment services for e-commerce that covers all provinces and cities in the nation.

Fifth, encourage the use of e-commerce to assist important export businesses, increase domestic product consumption, and foster local e-commerce growth.

4. Conclusion

The trend of digitization will dominate most industries and fields, so e-commerce has conditions to develop in the future. To promote the rapid and sustainable development of e-commerce in Vietnam, it is necessary to develop more innovative 3D solution systems (Vuong *et al.*, 2022) ^[8], giving more priority to investment in science and technology (Vuong, 2018) ^[7] to always create useful new features and services. Promote communication, inform, ensure useful information, cooperate with experts and stakeholders, practice the discipline of building an e-commerce culture to find useful solutions, and maintain the contribution of e-commerce to the growth of the country.

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