

## ENHANCED THE COMPETITIVENESS OF E-COMMERCE BUSINESSES IN VIETNAM

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**Abstract:** *The scientific and technological revolution has brought about significant changes worldwide. The application of information technology in economic activities brings great benefits to society. In the context of the COVID-19 epidemic, e-commerce has grown enormously, becoming a commonly used transaction method, the optimal choice of businesses and consumers. The application of e-commerce to business activities in enterprises is an inevitable trend in the integration process. Developing e-commerce in Vietnam still faces many difficulties and obstacles that require objective studies on e-commerce movement and development laws to develop and implement strategic solutions to develop this field of commercial activities.*

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### 1. INTRODUCTION

E-commerce development is an urgent issue in the current period. E-commerce plays an essential role in promoting commercial development. Vietnam is gradually moving towards the process of deep integration in many aspects. The development of e-commerce is also a focus that our country aims for and has achieved several important achievements recently. However, in developing e-commerce, our country also encountered difficulties. Therefore, the article assesses the situation, thereby proposing some solutions to improve the competitiveness of the developing Vietnamese economy.

### 2. CONTENT

#### 2.1. E-commerce development content to enhance the competitiveness of vietnam businesses

##### 2.1.1. *Related concepts*

According to the World Trade Organization (WTO), "E-commerce includes the

production, advertising, sale and distribution of products that are bought, sold and paid for on the Internet, but are physically delivered, including delivery products as well as digitized information through the Internet."

According to the E-Commerce Commission of Organization for Economic Cooperation Asia-Pacific (APEC ) defines: "Electronic commerce involves commercial transactions for the exchange of goods and services between groups (individuals) of an electronic nature primarily through Internet-based systems; Communication techniques can be emailed, EDI, Internet and Extranet can be used to support e-commerce."

Follow European Commission: "E-commerce can be generally defined as the buying and selling, exchanging goods or services between businesses, families, individuals, private organizations by electronic transactions through the internet. Internet or intermediate computer networks (online communications). The term includes ordering and translating over a computer network, but payment and final shipping of goods or services can be made online or manually; E-commerce development is a change in scale and transaction method to improve the quality of e-commerce. According to the business dictionary (published in 1992 in the UK), competition in the market mechanism is a rivalry between businesses for resources to produce the same kind of goods on their side. According to the Vietnamese Encyclopedia, business competition is a competition between commodity producers, traders, and business people in a market economy, dominating the supply-demand relationship to the most favorable market conditions for production and consumption.

According to author Ton That Nguyen Thiem in his work on the market, strategy, and structure, competition in the marketplace is not about eliminating one competitor but about bringing customers new and high added values. Let customers choose themselves, not competitors.

### ***2.1.2. E-commerce content***

E-commerce content includes the following activities:

- Business-to-business transactions, also known as B2B (Business to Business). Describe commercial transactions between businesses, such as between manufacturers and wholesalers, or between people wholesaler with people retail. Opposite of form Business to consumer (B2C) and business with the government (B2G). B2B branding (B2B branding) is a term used in marketing.

- Transactions between businesses and customers, also known as B2C (Business to consumer), is a form of e-commerce transaction between company and consumers (customer). It is also called service retail online of online companies Internet, usually done through the program "Affiliate Marketing".

- Transactions between businesses and government agencies are also known as B2G (Business to government) and are generally defined as commerce between a company and the public administration. It covers the use of the internet for public procurement, licensing,

and other government-related activities. This form of e-commerce has two characteristics: first, the public administration has a leading role. Second, setting up e-commerce is thought to have the greatest need to make purchasing systems more efficient.

- Transactions between businesses and government agencies, also known as C2C (consumer to consumer). It is from e-commerce among consumers. It is categorized by the growth of electronic markets and online auctions, especially for vertical industries where enterprises can bid for what they want from the supplier differently. It is the most significant potential for developing new markets.

- Transactions between government agencies and individuals, also known as G2C (government to consumer): is the information link between government and the citizen or individual individuals. This pattern usually occurs through Internet Technology Communication and includes direct mail and media campaigns. G2C can occur on levels such as partisan, state, and local. G2C is the opposite of G2B, aka network Government with Business.

## **2.2. Current status of e-commerce activities in Vietnam**

### ***2.2.1. The situation of some policies regulating the Law on E-commerce in Vietnam***

In November 2005, the National Assembly passed the Law on Electronic Transactions. In June 2006, the government issued Decree No. 57/2006/ND-CP on e-commerce.

At the beginning of 2007, the Vietnamese government promulgated Decree No. 27/2007/ND-CP dated February 23, 2007. On electronic transactions in financial activities; No. 26/2007/ND-CP dated February 15, 2007. Detailing regulations implementation of the Law on Electronic Transactions on digital signatures and digital signature authentication services, No. 35/2007/ND-CP dated March 8, 2007; On electronic transactions in banking activities; On May 16, 2013, the government issued Decree No. 52/2013/ND-CP on e-commerce, replacing Decree 2006. The new Decree stipulates criminal acts in e-commerce, strictly stipulates the responsibilities of traders providing online sales services, and state management agencies in charge of e-commerce. One of the critical goals of the new Decree is to create a more favorable environment for e-commerce and improve consumer confidence when participating in online shopping.[2]

### ***2.2.2. The current Situation of e-commerce in enterprises in Vietnam***

#### *The sale forms*

Firstly, through social networks:

According to the statistical results for 2018-2020, 24% of businesses have sales on social networks, and 8% of businesses answered that they would sell on e-commerce platforms.

In Vietnam, according to the E-commerce White Paper 2021, B2C e-commerce revenue has also continuously increased sharply in the past 5 years. Cụ thể, nếu như năm 2016, con số này mới chỉ đạt 5 tỷ USD thì đến năm 2019, mức doanh thu đã tăng gấp đôi, đạt hơn 10 tỷ USD và năm 2020 là 11,8 tỷ USD, với mức tăng trưởng 18% so với năm trước.

Second, Through the Website of enterprises, most enterprises' websites are information and communication technology, accounting for 45% of 2019.[1]

Third, Via mobile platform: E-commerce on a mobile platform is gradually entering the retail and consumer sectors. Through the statistics of using mobile applications for sales, 15% of businesses answered that they use mobile applications to sell goods on e-commerce platforms.

Fourth, evaluating sales effectiveness through the following forms: social networks, enterprises, websites, mobile applications, and on e-commerce exchanges accounted for 72%, businesses tended to give good evaluations. The effectiveness of social networks and corporate websites account for 74%.

*Payment methods:* In the period from 2017-2020, the main form of payment is still the form of transfer, accounting for more than 90% over the years, the second most popular is payment card 20%, e-wallet 6% and scratch card 3%. 1, 5

*Personal information protection policy:* most businesses have policies to protect personal information. In 2017-2020, more than 85% of businesses had a personal information protection policy, up from 80%.[1]

*The situation of using online public services:* With more than 4,000 online services provided by central and local ministries, businesses have many opportunities to access information on the websites of state agencies. According to the 2018 survey results, 45% of businesses regularly look up information on these websites. For local website public services, 59% of businesses have used them.[1]

- *Operation status of websites providing e-commerce services:* According to the model and scope of activities, the websites providing e-commerce services participating in the survey included three types of online promotional websites, accounting for 19%, and the group of online auction websites, accounting for 5%. Investment capital, 85% of websites providing e-commerce services participating in the survey have capital invested by enterprises, foreign-invested websites accounted for 28%. [5]

### **2.2.3. Solutions to develop e-commerce in Vietnam**

From the current situation of e-commerce activities, to improve the competitiveness of Vietnamese enterprises in e-commerce development in the coming time, enterprises should take the initiative to develop e-commerce business activities. , using management tools in e-commerce 4.0 to help businesses improve their competitiveness today, the author proposes robust solutions to help E-commerce promote business activities today

### **2.2.4. Macro solutions**

*Firstly, The State needs to step up the construction and development of information technology and telecommunications infrastructure to reasonably meet the development requirements of e-commerce in the era of industrial revolution 4.0.*

To do this, Vietnam needs to build a solid power industry, ensuring an adequate, stable,

and reasonably priced electricity supply. Accordingly, building a nuclear power plant is necessary to serve information technology, the internet, and e-commerce.

Therefore, the government needs to step up the modernization of the communication system, apply information technology, and increase transmission speed, especially soon deploy ADSL (Asymmetric Digital Subscribers Lines) technology and improve the internet's capacity. Quickly reduce telecommunications and Internet access charges to make e-commerce accessible to everyone.

*Second, Raise awareness about training high-quality human resources on e-commerce operations.*

According to a recent United Nations report, the main problem hindering the development of e-commerce in developing countries lies in the perception of businesses and people. Most businesses and people in these countries do not fully understand the importance and benefits of e-commerce.

According to a survey by the Vietnam Informatics Association, up to 90% of the 70,000 businesses and over 1.4 million individual business households in our country are still indifferent to e-commerce and consider e-commerce as people's stories.

Therefore, a fundamental issue for the Government of Vietnam is to raise awareness for businesses and people about e-commerce through mass media, seminars, and seminars.

In addition, they are encouraging the opening of schools and classes to train computer users with short-term practical programs of different levels to equip them with the ability to use computers - a labor tool for an increasingly large part of the workforce. The state supports the Information Technology Association and other informatics organizations in developing programs for disseminating information technology knowledge through newspapers, radio, and television.

*Thirdly, the state needs to build an electronic payment infrastructure soon (accelerate the application of modern payment means in banking activities such as smart cards), electronic money transfers, credit cards.)*

To create a legal framework for electronic payments, the Central Bank should soon issue legal documents related to this activity.

*Fourthly, the state should soon issue legal documents to support e-commerce to be indeed developed in Vietnam.*

Currently, there are over 64 million users in Vietnam, accounting for 67% of the population (in 2019)[1], mainly businesses, opening up significant opportunities for these businesses to exploit the advantages of E-commerce. However, according to many e-commerce experts, Vietnamese enterprises are only in the first phase of e-commerce development. They only carry out promotional activities. Reporting, searching for information and partners on the network, but still unable to conduct online transactions. It has hindered the development of trade, especially foreign trade.

*Fifthly, Accelerate the establishment of the National Council on E-commerce.*

This Council will be responsible to the government, and it has the task of researching and disseminating e-commerce activities nationwide, and at the same time actively cooperating internationally in the field of e-commerce. The Council is also responsible for supporting projects to build supermarkets, information highways, standards for products, security and safety issues, smart card technology (smart card), shopping centers. center for authentication and certification of electronic and digital signatures. [4]

*Sixth, Promote the development of the software industry, application of information technology in business*

As analyzed, the software industry plays a vital role in the e-commerce development strategy in Vietnam. According to a recent report by the Strategic Research Institute of the Ministry of Planning and Investment, software products are classified as Vietnam with high competitiveness if the state supports them, appropriately invests in development, and helps maximize their potential. Vietnam; many comparative advantages are abundant and highly qualified human resources compared to many developing countries (Trading Journal, 2/2012).[3]

*Seventh, the state needs to take the lead in promoting e-commerce through applying e-commerce principles to the management of the government apparatus and government procurement activities. As in public service provision, initially building e-Government (E-Government).*

*Eighth, the state needs to actively promote participation in international cooperation in building e-commerce development strategies and projects at regional (ASEAN, APEC) and world levels (UNCTAD, ICC, WIFPO), UNDP...), at the same time, call for international support for the development of e-commerce in Vietnam, especially in rural areas and traditional craft villages. At the regional level, Vietnam has reached agreements on common guiding principles (within ASEAN), the ASEAN Framework Agreement on e-commerce and the Action Plan (within APEC) on e-commerce... [2]*

#### **2.2.5. Micro solutions**

*Firstly, Improve skills and expertise in e-commerce applications in Industry 4.0*

Businesses must continually update and supplement today; popular e-commerce applications. Regularly open courses and give employees full access to popular e-commerce applications.

*Second, Raise awareness and cultivate the computer and foreign language skills of the management team and employees in the company.*

Enterprises must also regularly train and allow employees to attend courses on computer science and foreign languages. Training can be in the form of funding for employees to go to school or organize training sessions at the company.

*Thirdly, Computerize the information management system in the units.*

In the long term, to participate in e-commerce, the core point is to build a computerized information system for businesses. In fact, through a survey of 36 state-owned enterprises implementing computerization in Ho Chi Minh City. HCM City shows that 81% of companies believe that computerization helps them reduce costs. 67% of companies believe that computerization helps them increase their productivity. 56% believe that computerization helps them increase profits. 53% believe that computerization creates advantages for customers and unique product features. It shows that computerization is essential for enterprises, production, and businesses, which creates a premise for enterprises to participate in e-commerce activities firmly.[5]

Fourthly, *Building business strategies on public information application platforms*

When formulating an Internet strategy, businesses need to make sure that all senior administrators - all the way up to the CEO if possible - are involved. Administrators who easily assign projects to the information technology or marketing departments are making mistakes. For small and medium-sized enterprises investing in building computers connected to the internet, it is necessary to have at least one qualified information manager (CIO) in charge of managing and operating information systems to serve the business activities of enterprises.

The first thing that an organization needs to consider is its primary interest - not in terms of its online business, but its overall business. The company may pursue increased sales of a specific product, brand awareness, stronger investment relationships, community relations, increased customer service, reduced prices, openings, and more. Expand sales channels into new territories or reduce the cost of distributing microphysical products such as software, translation, or editing work.

### **3. CONCLUSION**

E-commerce development is an important issue and is encouraged to develop. In recent years, Vietnam has achieved successes such as promoting the development of online sales services, building a legal framework. Firmly develop the primary information system, improve the information technology system in a comprehensive and modern direction, and build information portals about online sales and public services in business activities—state management. From the analysis of the current situation, the author has proposed urgent solutions to promote the development of e-commerce positively, contributing to improving the competitiveness of the e-commerce system in Vietnam compared to other countries in the region and the world.

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### **NÂNG CAO NĂNG LỰC CẠNH TRANH CỦA CÁC DOANH NGHIỆP KINH DOANH VỀ THƯƠNG MẠI ĐIỆN TỬ Ở VIỆT NAM**

**Tóm tắt:** Cuộc cách mạng khoa học kỹ thuật đã và đang đem lại những chuyển biến mạnh mẽ ở Việt Nam và trên toàn thế giới. Việc áp dụng công nghệ thông tin trong hoạt động kinh tế đem lại những lợi ích to lớn cho toàn xã hội. Trong bối cảnh dịch COVID-19, Thương mại điện tử tăng trưởng mạnh mẽ, trở thành phương thức giao dịch được sử dụng phổ biến, lựa chọn tối ưu của doanh nghiệp cũng như người tiêu dùng. Việc áp dụng thương mại điện tử vào hoạt động kinh doanh tại các doanh nghiệp hiện nay là một xu thế tất yếu trong quá trình hội nhập. Thực tế cho thấy, quá trình phát triển thương mại điện tử ở Việt Nam còn gặp nhiều khó khăn và vướng mắc đòi hỏi phải có những công trình nghiên cứu khách quan về quy luật vận động và phát triển thương mại điện tử để từ đó xây dựng và triển khai những giải pháp chiến lược phát triển lĩnh vực hoạt động thương mại này.

**Từ khoá:** Nâng cao năng lực cạnh tranh, kinh doanh, thương mại điện tử.