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A TIGER AWAKENS: VIETNAM’S INTERNET ECONOMY LANDSCAPE

E-commerce has taken off in Vietnam thanks to soaring internet connectivity and smartphone adoption, a young tech-savvy population, and rising disposable incomes. The appetite for online shopping is growing and the number of licensed e-commerce platforms is expanding rapidly.

The development of Vietnam’s online industry can be broken down into three distinct periods:

- 1998 to 2005: the establishment of the first ever internet infrastructure
- 2006 to 2015: mass proliferation of the internet. Almost 50 per cent of the population goes online for the first time, allowing Vietnamese to engage in e-commerce every day
- 2017 to 2020: further expansion, with e-commerce crossing into new areas of the economy.¹

RAPID GROWTH

Vietnam’s internet economy has experienced rapid growth since 2014. Starting from a total business-to-consumer (B2C) revenue of US$2.97 billion, the sector doubled its value in three years to reach US$6.25 billion by the end of 2017.²

Since 2017, the internet economy in Vietnam has been well established with four key active sectors: e-commerce (first-hand goods); online travel (online flights, hotels and vacation rentals); online media (advertising, gaming, subscription music and video on demand); ride hailing (transport, food delivery).

Figure 1 - B2C E-commerce revenue and average annual value per customer (US$)

Source: Vietnam E-Commerce And Digital Economy Agency, Vietnam E-Commerce Association

¹ Vietnam E-commerce Association
² Vietnam E-commerce Association
Having tripled in value from 2015 to the end of 2018, Vietnam’s online market is now the fourth largest in Southeast Asia. Amongst the region’s major economies, Vietnam’s online market is also the fastest growing, with a compound annual growth rate of 35 per cent over the same period.3

According to recent industry reports, Vietnam’s online economy will continue to grow strongly, and be worth US$10 billion by 2020.4 If trend rates continue, Vietnam’s online economy will be worth US$33 billion by 20255, making it the third-largest digital market in Southeast Asia.

The value of Vietnam’s internet economy is also the highest of the major regional economies, with a gross merchandise value equivalent to 4 per cent of gross domestic product.

The most dynamic part of Vietnam’s online economy is sales of durable goods. This sector grew by 22 per cent in 2017, and almost doubled in 2018.6 Sales reached nearly US$3 billion in 2018 and are forecast to reach US$16 billion by 2025. This means durable goods will constitute almost half of all online sales in Vietnam.7

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Figure 4 - SEA e-commerce market size (GMV, US$ Billion)

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5. Statistica  
6. e-Conomy SEA 2018, by Google and Temasek  
7. Statistica
LOW REVENUE PER CAPITA

Vietnam’s online shopping cart value per capita is still low in comparison with other markets. This can be attributed in part to Vietnam’s low GDP per capita. In 2017, online shopping cart values averaged US$23 per shop in Vietnam, compared to US$42 in Thailand and US$36 in Indonesia.

Even after a decade of rapid economic development and huge improvements in the country’s overall quality of life, Vietnam’s GDP remains significantly lower than most other Southeast Asian nations.

Figure 5 - Average e-commerce shopping cart value & GDP per capita of Southeast Asian countries (US$)

Source: E-Commerce shopping cart value recorded by iPrice, July 2016 - Jun 2017, GDP per capita by International Monetary Fund 2017
KEY DRIVERS

Vietnam’s e-commerce sector has developed as a result of three key factors: a rapidly growing online population; the establishment of user-friendly e-commerce platforms; and the uptake of online business transactions by small and medium-sized enterprises (SMEs).

THE RISE OF A CONNECTED, MOBILE-FIRST POPULATION

The expansion of e-commerce in Vietnam has been fuelled by a growing online population, which reached 52 million in 2017. An impressive 65 per cent of the online population has participated in an e-commerce activity, and this number is predicted to increase steadily until 2020.9

![Total Population vs. Total Internet users in Vietnam](image)

Source: World Bank, Ministry of Information & Communication

Vietnamese consumers have become increasingly mobile, with smartphone usage exploding in the past few years. In 2017, the total number of smartphone users in Vietnam was estimated at 28.8 million and is forecast to reach 38.4 million by 2020.10 This level of penetration means one in five Vietnamese can make online purchases via a smart device.

Mobile phones are effective facilitators: according to a study by Criteo11, 82 per cent of Vietnamese say it is more convenient to buy goods via mobile apps than websites. The study highlighted that more than 90 per cent of people who install e-commerce apps on their smartphones end up buying goods at least once a month, while 60 per cent do so three times or more a month.

9. Vietnam E-Commerce Association
10. Vietnam E-Commerce Association
11. Criteo
Credit card payments for online purchases are less popular in Vietnam than in other countries in Southeast Asia. However, Vietnam’s e-commerce platforms do offer a range of alternative payment options.

**PROACTIVE PARTICIPATION OF SMEs IN E-COMMERCE**

Social networks, especially Facebook, have become increasingly popular among SMEs as online business tools. In 2017, the proportion of all enterprises transacting business via social networks reached 32 per cent, according to the Vietnam E-commerce Association’s Vietnam E-business Index 2018 Report.
The outlook for e-commerce in Vietnam is positive. The country is experiencing a ‘golden population’ period, meaning more than half of the population are of working age, with rising incomes. In addition, there is a consistent flow of foreign direct investment and a high level of government support to create legal frameworks and infrastructure to ensure a robust online economy.

**The Golden Population Structure and an Emerging Middle Class**

Since 2007, Vietnam has been in a period known as the ‘golden population structure’, a state in which more than half of the population are of working age. The United Nations Population Fund says that with a total dependency ratio of below 50 – meaning only one dependent for every two or more working people aged 15–64 years – Vietnam has a unique opportunity to ‘increase its savings and boost its socio-economic development from now until 2041.’

It is expected that Vietnam’s middle and affluent class will increase from 12 million to 33 million between 2012 and 2020, a rate much faster than any other ASEAN country over the same period.12 It is this tech-savvy, convenience-driven segment of the population that will be the most likely to drive e-commerce forward in Vietnam.

**Consistent Inflow of Foreign Direct Investment (FDI)**


**Future Potential Government Policy and Regulation Frameworks**

Recognising e-commerce’s potential to attract investment and drive Vietnam’s economy, the government has made clear its commitment to the sector. The approval of the ‘Masterplan To Develop E-Commerce From 2016–2020’ signifies the government’s support of e-commerce as a crucial economic pillar. Further investment in improving regulatory frameworks, tax rules and data security policies is also scheduled.

In November 2017, the Ministry of Finance drafted a proposal to develop the tax administration law. The proposal, which is expected to be approved in 2018, is designed to improve and centralise the country’s online tax system.13 Once it comes into effect, e-commerce platforms can expect significantly faster, more convenient tax procedures. The proposal sets out a framework for taxing merchants operating on social media platforms such as Facebook, Instagram and Zalo. Merchants will be required to register when their revenue exceeds a certain amount, and submit e-receipts and a record of all transactions every quarter.

A streamlined tax procedure for e-commerce platforms combined with appropriate tax regulations for individual merchants may see more merchants transitioning to e-commerce once the plan is approved, resulting in a more centralised e-commerce environment.

**Improving Logistics**

In an attempt to address some of the biggest obstacles facing e-commerce in Vietnam, the government has lifted some restrictions on foreign investment and announced a commitment to developing Vietnam’s logistics capabilities. A new legal framework means local logistics companies can expect more financial and resources support.

From 2018, investors can establish 100 per cent foreign-owned logistics companies or joint ventures in Vietnam with unlimited foreign participation. In a meeting with the Deputy Prime Minister in June 2017, the World Bank committed to providing human resources and expertise to improve Vietnam’s logistics industry.14
While the government and local e-commerce players have taken measures to create and maintain a healthy environment for growth, challenges remain for the market’s long-term development.

From the perspective of an e-commerce platform owner, the first challenge is ‘unhealthy competition,’ which stems from the lack of a consistent set of regulations, particularly regarding dispute resolution.

Logistics infrastructure is another impediment facing almost every e-commerce operator in Vietnam on a daily basis. Despite huge investment, online shoppers still complain about faulty products or non-delivery of goods. Poor management of e-logistics data has exacerbated the problem. Most e-commerce sites in Vietnam work with third-party providers in the hope of achieving a smooth ordering and delivery process for consumers. It hasn't, however, always worked. Logistic costs currently account for 30 per cent of e-commerce revenue in Vietnam – more than in other ASEAN countries.15 High logistics costs translate into higher shipping fees for consumers, which ultimately influences their willingness to buy online more frequently.

15 Vietnam Briefing, E-commerce Logistics: Emerging Opportunities in Vietnam, 6 June 2017
Compounding the problem in Vietnam is the lack of investment in high-tech logistics infrastructure. With the exception of a few e-commerce players, such as Tiki and Lazada, most do not operate their own central distribution centres. This results in longer order processing times and a greater chance of incomplete or non-deliveries.

A 2016 survey of consumers by the Vietnam E-commerce and Digital Economy Agency identified the major barriers to online purchasing as a lack of trust in how products are advertised, a lack of trust in merchants themselves and the inability to check product quality.
### Key Players in Vietnam’s E-commerce Industry

There are four main types of e-commerce platforms in Vietnam: direct sales websites, trade platforms, online promotional websites and online auction websites. Of these, direct sales websites and trade platforms are the leading players.

Direct sales websites are those set up by brand owners to sell their own goods and services. The original business model was to sell goods to customers from its own warehouse. In 2013, Lazada introduced the marketplace model, allowing third-party merchants to sell via its platform. This became popular quickly, accounting for 65 per cent of total regional sales by the end of 2014.16

Operating throughout Southeast Asia, Lazada raised around US$700 million in investment up to 2014. Alibaba now owns 83 per cent of Lazada Group and recently invested a further US$2 billion. The move has helped Alibaba expand its business in Southeast Asia and allows more Alibaba merchants to sell on this platform.

### Vietnam’s Biggest E-commerce Platforms

#### Lazada.vn

Lazada is the leading e-commerce website in Vietnam and has the highest number of average visits per month.

Lazada, founded in 2011 by Germany’s Rocket Internet, entered Vietnam in 2012 as Lazada.vn. The original business model was to sell goods to customers from its own warehouse. In 2013, Lazada introduced the marketplace model, allowing third-party merchants to sell via its platform. This became popular quickly, accounting for 65 per cent of total regional sales by the end of 2014.16

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#### Tiki.vn

Tiki.vn has morphed from a local online bookstore into an e-commerce giant in eight years.

Tiki is Vietnam’s version of Amazon, entering the market in 2010 selling books online. In 2013, Tiki expanded its product range to include electronic devices, lifestyle products and miscellaneous products such as airline tickets. In 2017, Tiki introduced a marketplace feature, allowing merchants to sell goods on its platform.

Tiki has an advantage over its competitors with its third-party logistics. By retaining total control of its supply chain, Tiki has established a reputation for high customer satisfaction, which includes a two-hour delivery policy.

JD.com – the direct competitor of Alibaba in China – has made a further US$44 million investment in Tiki, committing to help the brand improve its payment integration, warehousing and delivery systems. The investment makes JD.com the largest partner in Tiki, along with VNG, Vietnam’s top provider of internet content.

#### Shopee.vn

Shopee.vn, a newcomer to Vietnam’s e-commerce landscape, has adopted a promising and different business model.

Shopee is managed by Sea, a Singapore-based company that made its debut in Vietnam in August 2016. In just two years, Shopee has risen to fifth place in terms of average monthly traffic, according to the company’s 2018 first quarter data.

Unlike other e-commerce operators in Vietnam, Shopee established a C2C marketplace model from day one, meaning its merchants are usually individuals or small businesses. The company assists in delivery and payment, and takes a commission for each successful order made via the platform. To protect customers, Shopee only makes payments to merchants once buyers have verified the product’s quality.

In the past financial year, Shopee reached annualised gross merchandise volume of over US$3 billion.

### Key Players in Vietnam’s E-commerce Industry

<table>
<thead>
<tr>
<th>Business Model</th>
<th>Lazada</th>
<th>Thegioididong</th>
<th>Tiki</th>
<th>Shopee</th>
<th>Sendo</th>
<th>Adayroi</th>
<th>Lefair</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Seller</td>
<td>Individuals</td>
<td>Registered</td>
<td>enterprises</td>
<td>only</td>
<td>Individuals</td>
<td>Registered</td>
<td>enterprises</td>
</tr>
<tr>
<td>Product Categories</td>
<td>General retail</td>
<td>Electronic devices</td>
<td>General retail</td>
<td>General retail</td>
<td>General retail</td>
<td>General retail</td>
<td>High-end retail</td>
</tr>
<tr>
<td>Payment method for sellers</td>
<td>Processed weekly</td>
<td>Processed monthly</td>
<td>Processed instantly into partner’s account</td>
<td>Partner can withdraw anytime</td>
<td>Processed instantly into partner’s account</td>
<td>Partner can withdraw anytime</td>
<td>-</td>
</tr>
<tr>
<td>Quarterly Traffic</td>
<td>42.4 million</td>
<td>391 million</td>
<td>22.6 million</td>
<td>24.6 million</td>
<td>20.8 million</td>
<td>5.3 million</td>
<td>694 thousand</td>
</tr>
<tr>
<td>Ownership</td>
<td>Majority owned by Alibaba</td>
<td>Mobile World Group</td>
<td>JD.com</td>
<td>Sea</td>
<td>FPT</td>
<td>VinGroup</td>
<td>Lefair</td>
</tr>
<tr>
<td>Australia-based procurement</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Annual fee for C2C partners</td>
<td>None</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>None</td>
<td>None</td>
<td>-</td>
</tr>
<tr>
<td>Logistics</td>
<td>In-house for Express</td>
<td>Partner with 3rd party for delivery</td>
<td>In-house</td>
<td>Partner with 3rd party</td>
<td>In-house</td>
<td>Partner with 3rd party</td>
<td>In-house</td>
</tr>
</tbody>
</table>

Online promotional websites sell vouchers and display promotions from companies other than the website owner. Well-known sites include nhomnua.com, hotdeal.vn and muachung.vn.

Online auction websites host auctions for goods and services owned by individuals and companies other than the website owner. While the business model can be B2C or C2C, it is mostly C2C. Well-known sites include weshop.com.vn (part of eBay) and chihiro.com.

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16. Lazada’s Marketplace platform accounts for 65% of its sales revenue. 7 November 2018
17. Mobile World Investment Corporation, CEO Report For First Two Months 2018
Sendo.vn
Sendo.vn is one of Vietnam’s most successful startups, growing from a simple food and dining review forum into an online restaurant directory, reservations and delivery service.

Sendo launched in 2012 as an online review forum of food outlets throughout Vietnam. It then added a restaurant table-booking service, TableNow, and a delivery platform called NOW to its ecosystem.

Singapore-based company Sea first invested in Foody in 2015, buying 6.2% of the platform. When Cyberagent Ventures divested its 17% ownership stake in September 2017, Sea bought a further 82% per cent (a deal presumed to be worth US$64 million18) and became Foody’s largest stakeholder.

NOW is Foody’s most profitable platform. It includes food delivery, table reservations, housekeeping, grocery shopping and even flower delivery. In 2017, NOW deliveries reached a capacity of 10,000 orders per day.

Adayroi.com
Adayroi is the e-commerce arm of Vingroup, one of Vietnam’s largest real estate companies. Launched in 2015 as a subsidiary of Vingroup, Adayroi attracted an initial investment of around US$50 million.

Adayroi is a valuable addition to the Vingroup ecosystem as it is capable of managing a large number of stock-keeping units (SKUs) on its pages. Adayroi effectively acts as a distribution channel for all of Vingroup’s products and services, with offerings ranging from groceries and other fast-moving consumer goods to cars and houses.

While there have been no official statements about Vingroup’s plans for Adayroi, it is reasonable to assume the company will continue to use the platform to distribute its trademarked products and services, including Vinfast cars and Vsmart phones.

Leffair.vn
Leffair is a niche player in the market focusing on mid-to high-end products. Founded in 2015, Leffair focuses on providing products to Vietnam’s growing middle class using a flash-sales model. It presents itself as a stylish e-commerce platform, servicing high-end shoppers with premium on-trend fashion and beauty at a discount.

After only two years in operation, Leffair has built up a membership of more than 700,000, with 1,000 new subscribers daily. This high-potential startup has raised US$4 million and intends to invest in more mid-to high-end brands while establishing itself in Singapore. Brands currently working with Leffair include Abercrombie & Fitch, Balenciaga and local Vietnamese designers such as Võ Công Khanh and Trương Thanh Hài.

18. Vietnam Investment Review: Sea seizes 82 per cent of Foody, 3 October 2017
19. Leffair.vn
The profile of Vietnam’s online shoppers reflects the country’s total online population – mostly young, urban and predominantly single. They have grown up with the internet and largely consider themselves to be digital natives. They are undoubtedly e-commerce’s ‘early adopters’ – willing to try, spend and set trends.

**PURCHASING ON MOBILE**

A study of Vietnamese consumers’ online behaviour in 2017 by Decision Lab confirmed that almost half of all online purchases had been made using mobile phones in the last six months.

Q: In your most recent online purchase, which device did you use to buy the product?
Source: Decision Lab Device Study, 2017  n=2854

![Figure 17 - The devices that consumers used to make online transactions in the past 6 months (%)](image)

- Mobile phone: 49%
- Laptop/Computer: 19%
- Tablet: 16%
- Others: 7%

**HIGH-VALUE ITEMS**

Contrary to speculation that a lot of online purchases made in Vietnam are of low value, official statistics from the E-Commerce and Digital Economy Agency indicate that Vietnamese consumers have shown a willingness to buy a diverse set of products at a wide range of price points.

The agency’s 2016 survey revealed that over one-quarter of the most frequently purchased products in Vietnam had a value range from around VND1 million (US$45). The agency also reported in the same year that approximately 50 per cent of Vietnam’s online shoppers spent more than VND3 million (US$130) per year. As the economy continues to grow and GDP per capita improves, this amount is expected to rise.

![Figure 18 - Most often purchased product’s value range recorded by e-commerce platforms (% platforms)](image)

Source: Vietnam E-commerce And Digital Economy Agency Nationwide Survey for Licensed e-Commerce platform Owners, 2016  n=2593

- Under VND 200K: 23%
- VND 200K - VND 500K: 19%
- VND 500K - VND 1M: 23%
- VND 1M - VND 5M: 13%
- Over VND 5M: 12%
INSTANT GRATIFICATION MARKET

While convenience is a key attraction of e-commerce over traditional brick-and-mortar outlets, instant gratification is pivotal to boosting the appeal of online shopping worldwide. Vietnamese consumers are no different. They not only expect immediate delivery, but have expressed a willingness to pay extra for it. This emphasises the need to optimise logistics and transport infrastructure.

HIGH SOCIAL MEDIA USAGE AND VIDEO CONSUMPTION

In a bid to reach Vietnam’s online consumers, brands across product categories must incorporate major social media platforms into their marketing campaigns. Vietnam’s top three platforms currently are Facebook, YouTube and locally developed Zalo.

Figure 22 - The percentage of audiences who have internet access and watch online videos

Source: Decision Lab online population study 2017  n= 1,945

CASH ON DELIVERY PREFERRED

Despite a clear willingness to transition from the traditional shopping experience to online, Vietnamese consumers still have some concerns, especially when it comes to payment. The overwhelming majority of online shoppers, 90 per cent, still prefer cash on delivery as the payment method, while only 23 per cent said they used a credit or debit card. This behaviour is very much related to a lack of trust of both product quality and merchant reputation, amplified by the absence of a user-friendly return policy at many e-commerce platforms. As a result, consumers are happy to revert to cash on delivery as insurance, as they can check the product before paying.

Figure 21 - Preferred payment methods of online shoppers (%)

Source: Vietnam E-Commerce And Digital Economy Agency
There was a significant lift in the reach of digital campaigns in 2017. This is a consequence of the increasing number of people watching online videos, and the improved ability of online video platforms to target the right audiences.

While the majority of Generation Z reported watching online videos, more than half of them closed advertisements as soon as they appeared. Older users, however, were more likely to engage with an advertisement, especially when they deemed it to be relevant. As a result, advertisers need to work much harder to engage younger consumers in their digital campaigns.

Almost half of all Vietnamese consumers actively research products online before making an offline purchase. This provides opportunities for online marketers to influence purchasing decisions.

Google is the most popular search engine in Vietnam, with a reported market share of over 95 per cent in November 2018. Google has led the market since October 2017, when it achieved more than 90 per cent market share. It is followed by Coc Coc, a search engine integrated into a locally made browser, which accounts for over 3 per cent of users. Bing and Yahoo are minor players in the market.

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21. Decision Lab: Online population study 2017
22. Think with Google, Be the first and last stop: Redefining search strategies for SEA Consumers, December 2018
23. StatCounter
When it comes to online transactions in Vietnam, leisure and transportation lead the market, with ride-hailing apps such as Grab and Go-Viet, and hotel booking sites such as Booking.com and Agoda proving extremely popular. Cosmetics and personal care products are the most frequently purchased durable goods. The latter is forecast to reach US$335 million in online sales by 2020.

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While many food and beverages products are still purchased offline, Vietnamese consumers have taken to researching them online. Online food and beverages sales are expected to grow at an annual rate of 15.2 per cent up to 2020, contributing US$159 million to Vietnam’s total e-commerce revenue.

Source: Statista, Figures include the online sale of fresh and packaged foods (excluding baby food), delicacies and beverages. This market segment covers for example the sale of fresh, vegetables, pasta, snacks, sweets, refrigerated products, frozen food, soft drinks and alcoholic drinks via a digital channel. Not included in this market segment are delivery services of ready-to-eat meals.

Australian companies hoping to break into personal care or food and beverages in Vietnam need to establish a strong presence on Facebook or one of the big local e-commerce platforms to attract Vietnamese consumers. Across all devices, these are the top two means by which consumers shop for these products.25

25 Decision Lab, Device Study 2017
EXISTING RELATIONSHIPS

Companies with distributors or operations in Vietnam should already have an e-commerce strategy in place.

Companies with existing supply chains in Vietnam can work either independently or with local partners to leverage current B2C platforms such as Lazada and Tiki.vn. Both platforms are continuously working to raise their own brand awareness, attract traffic to their sites, and make it easier for customers to shop online.

Bricks-and-mortar retail chains in Vietnam have also moved online, selling directly to consumers. Vinmart does it via adaysmart.com, AEON has aeonshops.com and Auchan has Auchan.vn.

As the most frequently purchased online products in Vietnam are cosmetics and personal care, Australian businesses operating in this space could link up with key beauty chain stores, such as Medicare, Guardian and Pharmacy. All include their merchants’ products in their online catalogue, while Pharmacity has instigated direct online orders on its webpage.

NO EXISTING RELATIONSHIPS

SMEs without relationships or a presence in Vietnam must get their products into the market via traditional export channels before selling on e-commerce platforms.

Vietnamese law stipulates that all consumer goods, including food, beverages, skincare and healthcare products, must go through a quality declaration procedure before entering the market. The importer is responsible for this procedure. New exporters to market should:

- connect with potential partners in market
- register products with the relevant local government agencies
- arrange for local partners to import the products
- list with an e-commerce channel (normally carried out by the local partner).

Under the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), many products imported from Australia to Vietnam can enjoy the 0 per cent tariff from 2018.

CROSS-BORDER ONLINE EXPORTING

Online exporting provides businesses with more options by allowing varying levels of control and the ability to monitor offshore sales. Online exporters can also maintain brand reputation more easily through consistent pricing, marketing and sales. Businesses can adopt a B2B model by using a distributor, although for products sold online to consumers this is known as a business-to-business-to-consumer (B2BTC) model, which functions similarly to traditional exporting. In this model, businesses sell products to a distributor that will then sell products to online consumers.

Products that require government registration prior to entering the market, such as food, beverages, health and personal care products, cannot yet be directly exported into Vietnam from Australia.

At the moment, clothing, sports and outdoors, and electronic products must comply with local sale and circulation regulations. International e-commerce companies, such as Lazada, that sells to multiple Southeast Asian countries, are not currently providing products directly from Australia to Vietnam, but there is potential for future international fulfilment services and cross-border exportation. In terms of logistics, there are many international freight forwarders like DHL that can help exporters move cargo into the country.

To appeal to increasingly mobile Vietnamese consumers, Australian businesses must get their products known. This can be done by linking with an e-commerce channel with a local fulfilment service, or using a local social media platform, such as Facebook and Zalo Shop, to conduct a branding, communications and self-managed direct selling strategy.

Shopping through social media apps such as Facebook is popular in Vietnam, so businesses should consider how they will use social media as a promotion and sales tool. See the social media section of Austrade’s export marketing guide.

Businesses can also set up their own website for direct consumer sales. Please refer to the ‘Exporting from your own website’ section in Austrade’s Guide to Online Exporting for more information.

It is important to have an overall strategy to protect your intellectual property rights (IPR) in Vietnam. Rights must be registered and enforced in Vietnam, under Vietnam laws, where IPR protection may be different from Australia. Companies should consider how to obtain patent and trademark protection before introducing their products or services to the Vietnam market, because the granting of patents and registering of trademarks are based on a first-to-file basis. The National Office of Intellectual Property oversees the IP registration procedure following Vietnam’s IP laws.
Vietnam is an emerging e-commerce market that will become more dynamic as more global players enter the market. E-commerce companies are spending to gain market share and competition is intensifying. Developments in the industry are unlocking new opportunities for foreign businesses.

Increasing internet access, widespread smartphone usage, improved technological infrastructure and improvements in regulations are advancing Vietnam’s e-commerce industry. While challenges remain around consumer confidence in product quality, data privacy, unfulfilled orders, and logistics infrastructure, rising disposable incomes mean that consumers are paying for higher value products online. Additionally, foreign-branded products are considered to be safe and of high quality so Australia’s reputation for producing premium quality products is a strong advantage in the market.

Australian businesses with existing operations in Vietnam should be actively looking at how to make the most of current e-commerce opportunities. Alternatively, cross-border online exporting offers Australian companies with the potential to expand their reach and sell directly to consumers, without becoming involved in complicated local supply chains.

If you have any questions, please contact the Austrade team either in Hanoi or Ho Chi Minh City. Our mission is to help Australian companies connect with potential partners. We look forward to introducing you to the one of the most creative, dynamic and fast-growing economies in Asia.

CONCLUSION

The Australian Trade and Investment Commission (Austrade) is the Australian Government’s international trade promotion and investment attraction agency.

We deliver quality trade and investment services to businesses to grow Australia’s prosperity. We do this by generating and providing market information and insights, promoting Australian capability, and facilitating connections through our extensive global network.

We also provide financial assistance for exporters through programs such as the Export Market Development Grants scheme.

To discover how we can help you and your business visit austrade.gov.au or contact us at info@austrade.gov.au or on 13 28 78 (within Australia).

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REFERENCES

ARTICLES:

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