

ADAPTATION TOWARDS SUSTAINABLE DEVELOPMENT OF ELECTRONIC RETAILERS AFTER THE COVID - 19 PANDEMIC

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ABSTRACT:

The COVID-19 pandemic has created significant changes to electronic retailers. This study is to explore some changes in the electronic retailing (e-tailing) management of enterprises towards the sustainable development, especially in the post-COVID-19 pandemic period. The study finds out that enterprises tend to cooperate more deeply with e-commerce platforms, set up their own sales channel, develop their own shipping team and increase their presence on social networks. Based on these findings, the study make some recommendations to e-tailing businesses to help them achieve sustainable development goals.

Keywords: sustainable development, electronic retailing businesses, the COVID-19 pandemic.

1. Introduction

The Electronic retailing also called as e-tailing or Internet retailing, is the process of selling the goods and services through electronic media, particularly the Internet. Simply, the sale of retail goods and services online is called as electronic retailing. E-tailing requires companies to tailor their business models to capture Internet sales, which can include building out distribution channels such as warehouses, internet webpages, and product shipping centers.

The emergence of the Covid-19 pandemic has had a huge influence on the economies of countries in the world in general and Vietnam in particularly. many retailers have chosen a hybrid approach, which involves supplementing traditional sales outlets with an online store. As such, software and cloud solutions have emerged to allow companies of all sizes to begin e-tailing. Some larger e-tailing websites offer affiliate programs, where businesses can list goods on a ready-made platform in exchange for a percentage of sales. Although e-tailing is not ready to

fully replace traditional sales outlets, it is growing at a much faster pace than brick-and-mortar stores.

It is critical to recognize objectively that the pandemic may have a negative impact on Vietnam's retail businesses while also provide new opportunities. Such opportunities can be listed as follows: (1) Consumer habits have shifted since the epidemic appeared. Consumer buying habits are shifting from in-person shopping to online. Therefore, this is also an opportunity for businesses to deploy powerful sales strategies across multiple channels. (2) Mechanisms and policies of state management agencies related to the digital transformation strategy and business promotion. According to the report "Project on restructuring the industry and trade sector for the period of 2021 - 2030" of the Ministry of Industry and Trade. According to Google, Temasek, and Bain & Company (2022), Vietnam's digital economy has the fastest growth in Southeast Asia with gross merchandise value (GMV) expected to increase by 28%, from 18 billion USD in 2021 to 23 billion USD.

Vietnam was one of the countries that quickly restored "new normal" activities. However, some consumption habits and trends formed and promoted during the pandemic are still maintained and continued to develop. E-commerce is driving the growth of Vietnam's digital economy, and 90% of digital consumers plan to maintain or even increase their use of e-commerce platforms within the next 12 months. The majority of consumers focus on "Food Delivery" (60%) and "Online grocery shopping" services (54%).

Apart from the opportunities, retail businesses face numerous challenges and difficulties in recovering the pandemic period. Customers continue increasingly shop on e-commerce sites, websites, as well as be more cautious in spending... forcing businesses to change the way they operate and interact with customers more efficiency. Stemming from previous studies such as Trang (2021), Quy et al., (2021), etc on the adaptation of retail businesses, the aim of this study is to provide an overview of the changes of retail businesses on e-tailing channels that are business owned or developed, used by businesses. In which, the research will focus on researching with retail businesses in food and beverage industry; fashion retail businesses; retail businesses in the electronics - electrical appliances industry. Due to a lack of resources, the study will conduct online observations on some of the most popular e-commerce platforms namely Tiki.vn, Sendo.vn, Shopee.vn and Lazada.vn to understand how they adapt to the pandemic, start to recovery for their sustainable development.

2. Methodology

The study uses mainly secondary data, which is has been disclosed in previously published studies. This study summarizes the main changes in retail businesses on e-commerce channels for retailers by using an online observation method (including e-commerce websites and e-commerce platform) combined with content analysis in previous reports and studies on business change.

Specifically, data on the business performance of e-commerce platforms such as Shopee, Lazada, Tiki is collected from public information sources on the Internet. In particular, the information about expanding business booths, increasing the number of users and visitors is noticed to help the authors make the most accurate judgment.

For industries, due to research limitations, the authors focus on several businesses that have brands, long business period and operate in a chain model to ensure that the author's comments about the adaptation of businesses in a post-pandemic is reasonable.

The data is collected from articles, news sites, and published information of businesses about their activities during the Covid-19 pandemic. After the data was aggregated, the authors discussed and identified the activities that these businesses performed so as to conclude the research results of the article.

3. Results and discussion

3.1. *Business cooperates more deeply with e-commerce platforms*

According to Metric.vn's 2022 e-commerce market overview report, the e-commerce revenue between months of the year 2022 has not much difference and achieves an overall growth of 18.4% compared to last year, while e-commerce revenue in 2021 mainly focus on the last months of the year due to the impact of the epidemic.

The 4 most popular e-commerce platforms in Vietnam are Shopee, Lazada, Tiki and Sendo. In which, Shopee was the most popular e-commerce platform in Vietnam, accounting for nearly 73% of the total sales, Lazada ranked second, accounting for 20% with revenue, Tiki accounted for 5%, the last is Sendo with only 1%. Retailers on Shopee and Lazada are mainly from Hanoi up to 46.2% and Ho Chi Minh City. Ho Chi Minh City accounted for 41.7%, foreign retailers also accounted for 7.5% with the advantages of low prices and rich source of goods. The number of retailers from the other provinces in Vietnam is still very low.

3.1.1. *Shopee*

In 2021, Shopee have activities to support retail businesses. Specifically, the program "Accompanying Shopee, joining hands to overcome COVID" in June 2021 has also helped businesses overcome difficulties. Shopee has accompanied the seller to support the shopper through cashback vouchers. In addition, Shopee also supports the seller's own shopping on the platform, because they also have consumer demand during the period of "Soft-isolation (isolation at home), staying at home is not difficult".

In November 2021, Shopee held the event "Let's

celebrate Vietnamese products with Shopee" and selected 7 local sellers that are most popular with consumers. The contest attracted the participation of nearly 100 brands from a variety of industries. 7 brands were voted: Lengdeng.collect (Fashion), Cocoon Vietnam (Health & Beauty), Chang Su (Life) and Medifood.io (Department), Coolmate (Fashion), HoneyLand (Department) and Heyday Cacao (Department).

In 2022, the beauty and women's fashion categories account for the largest sales on Shopee and reach about VND 30 trillion.

3.1.2. Lazada

According to two recent Lazada Vietnam reports, the number of sellers in the second quarter of 2021 increased by twice that of the same period last year. When compared to the same period last year, this number increased by more than 1.5 times in the third quarter of 2021. Major food and beverage (F&B) brands also did business on Lazada in the third quarter. This will contribute to the highest growth in the number of sellers in the fast-moving consumer goods (FMCG) industry in 2021. According to Lazada Vietnam's report for the Q3 of 2021, the number of participating brands and sellers did business on Lazada increased 1.5 times.

The best-selling categories on Lazada in 2022 are beauty, service vouchers, home and life, and home appliances. The turnover of these industries in 2022 will exceed VND 12 trillion.

3.1.3. Tiki

In 2021, with the TikiDELI program accompanying Vietnamese agricultural products, Tiki cooperated with the Ho Chi Minh City Department of Industry and Trade to connect with gardeners, support sustainable sales after the incident of a series of Vietnamese agricultural products such as bar dragon fruit, jackfruit, mango, watermelon... being stuck at the border. Tiki directly bought agricultural products from the garden, committed to offer the non-profit original price to consumers, launched a series of vouchers for free shipping and fast delivery in 2 hours (applicable to some locations in Ho Chi Minh City). Tiki also accompanied gardeners to expand distribution channels, helped them to easily approach the customers, thereby supported effective business.

Tiki's 2022 revenue decreased by 7%, expenses increased slightly by 4%. The fastest growing

segment was advertising - up 131%. Tiki launches buy now, pay later program. In July 2022, the operator HomeCredit, specializing in installment loans, launched Home Paylater. This is integrated directly on the platform, making it possible for customers to use installment plans with low interest rates. Tiki also cooperates in "buy first, pay later" service with Lotte Financial Vietnam.

3.1.4. Sendo

According to information on the website sendo.vn, this e-commerce platform currently has approximately 500,000 sellers. Sendo continues to welcome over 2,000 Vietnamese sellers and manufacturers to the platform to serve consumers, particularly during Tet 2021, as part of the Sendo's efforts to promote the consumption of Vietnamese goods and agricultural products.

However, in 2022, Sendo's business activity declined sharply and only reached nearly VND 1 trillion. Mainly category is automobile and motorcycle.

3.2. Businesses tendency to develop their own e-commerce sales channels

When the social distancing order was implemented in 2021, many stores were forced to close for an extended period. Businesses have been forced to adapt and survive because of this. For businesses in the electronics - electronics industry had strategies and actions to adapt to the epidemic situation. For example, in September 2021, The Gioi Di Dong (TGDD) and Dien May Xanh (DMX) officially launched their products on the two e-commerce platforms Shopee and Tiki. According to The Gioi Di Dong's business report, the DMX Supermini chain has grown rapidly from 300 to 800 stores by 2021. In addition, Topzone, a high-end authorized store chain specializing in Apple products was founded in 2021 to meet consumers' shopping needs.

To meet the diverse needs of consumers, several retail businesses in Vietnam, including VinMart, Aeon Mall, and LotteMart, have implemented a multi-channel retail model. For example, the Aeon Mall supermarket system has created a multi-channel sales system with a variety of different forms. Customers can specifically order via hotline to the branch which is close to the buyer; order via AEON's app; AEON Mall website; or Grab Mart with 1-hour fast delivery; shop on Shopee Food. In the

coming time, AEON Mall will create more sales channels via Aeon Zalo shop. Aeon Ha Dong implemented automatic payment for customers in November 2021. For this method would limit the exposure as well as the use of cash by customers. LotteMart continues to launch promotions, discounts, gifts, and vouchers through its own channels: website, Facebook, Youtube, Instagram, and Zalo apps.

Other supermarket systems included Co.opmart, customers can order through Zalo or a separate app, such as Tops Market, which launched the Bip Bip app - an online grocery shopping platform. Vinmart has a VinID super app for the entire Vingroup ecosystem, including grocery shopping, bill payment, 3G / 4G data purchases, Satramart - Saigon supermarket, district 10, Ho Chi Minh City has merged with Be Group Joint Stock Company for its "miniature supermarket" to appear in the "go to market" section of the Be application. Big C Vietnam is also promoting sales on the GO app! & Big C, as well as Facebook and Zalo.

Several mother and baby stores and retail businesses such as KidsPlaza, ConCung, etc., are on the list of stores that are opened to serve and provide children's necessities such as diapers, milk, and snacks... KidsPlaza, a nationwide chain with over 130 stores, quickly added items such as rice and imported frozen food (beef, ribs, salmon...) to meet the needs of people during the lockdown. ConCung's 100 store chain in Ho Chi Minh City also sold vegetables in the same purpose. The Dairy Farm - Guardian group's chain of health and beauty retail stores also organized the sale of vegetables at 66 stores in Ho Chi Minh City.

As for the textile and garment industry which has been closed for nearly two years, hopes to reopen in the fourth quarter of 2021, when the southern provinces gradually reopened, and Decree 128 was issued. Businesses have started to resume production. With lots of efforts, Vietnam's textile and garment industry has overcome difficulties and maintained a good growth momentum in 2021. Enterprises have continued to complete the orders both at home and abroad by the end of 2021. To keep employees during the pandemic, businesses have devised strategies such as rotating work, paying basic wages, assisting employees in need, ...

Uniqlo, a Japanese fashion retailer, will launch an online channel on uniqlo.com in November 2021.

Also known as "Uniqlo online store," it is the largest Uniqlo store in Vietnam, with over 15,000 products, emphasizing the online segment as a standalone store rather than ancillary sales channel. Prior to the Covid 19 epidemic, Canifa, the family fashion house, built its own sales system. Customers can purchase from Canifa's website, ordering application, Facebook, Instagram, and Shopee, and in July 2021, CANIFA had launched a new form of sales via the Zalo application. Customers will be consulted to purchase goods during the social distance and receive goods as soon as the store opens. Canifa also improved the online shopping experience for customers by adding many new features to the app and web, such as eliminating the need for customers to queue, making it simple to pay, actively tracking and managing orders, etc.

Most stores and supermarkets are applying the "shoppertainment" strategy which is a shopping strategy that combines entertainment with a variety of activities such as livestream, actual product evaluation, mini games, etc. This is the "key" to support brands and sellers in removing this bottleneck, thereby promoting online revenue on the e-commerce platform in general as well as the enterprise's own e-commerce channel. Previously, the trend of selling via livestream was limited to a few retailers or appearing on major e-commerce platforms. However, in recent years, many top brands have started to apply this method to diversify sales channels and bring products closer to customers. In addition to livestream sales, the form of reviews or short videos has been becoming popular on social networking sites such as Instagram, TikTok, Facebook, ... Advertisements and promotions are conveyed through short videos with interesting topics such as unboxing, product evaluating, and... which are very popular, particularly on the TikTok platform.

3.3. The business strives to build its own freight forwarding team

According to the Vietnam Logistics Business Association (VLBA), the logistics industry in Vietnam accounts for 20 to 25 percent of GDP with the sector projected to grow by roughly 12 percent every year soon. The high growth of the e-commerce industry offers more opportunities for logistics companies to tap into the market's potential. Express delivery and logistic services targeting e-commerce are fertile ground for investment.

Currently, several e-commerce platforms such as Lazada, Tiki and Grab have their own logistics department including warehousing, packaging, and shipping. Nevertheless, most firms involved in e-commerce cannot handle logistics alone, creating a demand for third-party logistic providers (3PLs). Firms such as Shopee and Sendo use 3PLs partners. Companies such as Shopee (which has a Shopee express service that is managed by Shopee but only serves in Hanoi and Ho Chi Minh City) and Sendo use 3PL partners. Firms such as Lazada that have their own delivery network might have disadvantages. Even with its own logistics network in place, it has to rely on 3PL partners to fulfill orders underlining the demands of the growing e-commerce sector. Giao Hang Nhanh, an e-commerce delivery and logistics business, caters to the country's vibrant online stores. Giao Hang Nhanh currently serves over 800 online merchants, 20 of which are larger scale business-to-consumer (B2C) e-commerce sites such as Tiki. Its aim is to enable a better e-commerce experience for both consumers and merchants through efficient logistics services.

Most retail businesses handle their own logistics: FMCG and non-food items have a very short supply chain for retail businesses, particularly supermarkets and convenience stores. As a result, when there is a demand for goods and services, all retail businesses set up their own delivery teams as well as using third-party delivery services. During the pandemic, Vinmart and Aeon Mall, for example, immediately applied the form of "going to the market" and free delivery for bills ranging from 300,000 to 500,000 VND. Electronic supermarkets sell products which must be installed will also have their own team in charge.

3.4. Businesses are maximizing the effectiveness of social networks

In early 2023, Vietnam had 77.93 million Internet users, accounting for 79.1% of the total population. In addition, the number of social network users also reached 70 million, equivalent to 71% of the total population.

According to the Vietnam E-commerce Association (Vecom), business activities on social networks are the highlights of Vietnam's e-commerce industry in 2022 and the first quarter of 2023. Survey results of Vecom show that up to 65% of businesses have implemented business activities

on social networks. In addition, the number of employees in enterprises who regularly use tools such as Zalo, WhatsApp, Viber or Facebook Messenger has also continuously increased year by year.

4. Conclusion

The negative effects of the pandemic will be the most difficult challenges for businesses in the coming years. As businesses move into the next phase of pandemic, they must devise long-term solutions to ensure the effectiveness of business performance and market presence. Although, during the recent epidemic, retail businesses made constant efforts to maintain their previous business results by making better use of e-commerce retail channels. Sustainable development is becoming increasingly important for businesses of all kinds, including online retailers. In Vietnam, online retail is a rapidly growing sector, and there are several strategies that retailers can use to promote sustainability in their operations.

Creating and promoting sustainable behavior: Online retailers can promote sustainable behavior among their customers by introducing the use of reusable bags, offering discounts for customers who bring their own bags, and encouraging customers to recycle their packaging materials. Moreover, online retailers need to increase transparency by providing information about their sustainability practices, such as their use of eco-friendly packaging and their commitment to reducing waste.

Improving the efficiency of e-tailing management activities. For example, reducing carbon emissions by optimizing their delivery routes, using electric or hybrid vehicles, and minimizing packaging materials; Supporting local suppliers and decreasing their carbon footprint by sourcing products locally, rather than importing them from other countries; and using renewable energy sources, such as solar or wind power, to power their operations.

Partnering with NGOs: Online retailers can partner with non-governmental organizations (NGOs) to promote sustainability initiatives, such as reforestation projects or clean energy initiatives.

By implementing these sustainable development strategies, online retailers in Vietnam can reduce their environmental impact, increase customer loyalty, and promote a more sustainable future for their businesses and the planet ■

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SỰ THÍCH ỨNG CỦA CÁC NHÀ BÁN LẺ ĐIỆN MÁY NHẪM MỤC TIÊU PHÁT TRIỂN BỀN VỮNG SAU ĐẠI DỊCH COVID-19

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TÓM TẮT:

Đại dịch Covid-19 đã tạo ra những thay đổi đáng kể cho các doanh nghiệp bán lẻ điện tử về cách thức hoạt động. Bài viết này tìm hiểu một số thay đổi trong hoạt động quản trị bán lẻ điện tử của doanh nghiệp nhằm mục tiêu phát triển bền vững, đặc biệt là trong bối cảnh dịch bệnh Covid-19 đã không còn ảnh hưởng quá nghiêm trọng. Theo kết quả nghiên cứu, các doanh nghiệp có xu hướng hợp tác sâu rộng hơn với các nền tảng thương mại điện tử, xây dựng kênh bán lẻ điện tử, phát triển đội vận chuyển của riêng doanh nghiệp và tăng cường sự hiện diện trên mạng xã hội. Nghiên cứu này tìm hiểu nỗ lực của doanh nghiệp trong việc thích ứng với tình hình bình thường mới, từ đó, đưa ra một số khuyến nghị tới doanh nghiệp bán lẻ điện tử nói chung nhằm mục tiêu phát triển bền vững.

Từ khóa: phát triển bền vững, doanh nghiệp bán lẻ điện tử, dịch bệnh Covid-19