

Vietnam entrepreneurs find fertile ground online

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Thao Phuong, an IT engineer with Hanoi Posts Company, works on her laptop as a part-time e-trader selling fruit in Hanoi. Vietnam's young, tech-savvy population is turning to the Internet to break out of an economic system stifled by decades of communist rule, leading to a boom in e-commerce.

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Internet entrepreneur Thao Phuong earns twice as much money each month selling tropical fruit online to Hanoi housewives as she does from her day job working at a local post office.

The 28-year-old buys fruit such as pomelo, oranges and durian direct from farmers, markets it in Vietnamese-language online forums, and

delivers orders herself on her motorbike when she has clocked off a shift sorting mail.

"It's fun and has become a major source of income for me," she said, adding that she earns up to seven million dong (\$330) a month online -- twice as much as her monthly salary from her day job.

In communist Vietnam, setting up a business is a cumbersome process involving much bureaucratic red tape.

As a result, the country has a huge informal economy, which by some estimates accounts for more than half of all economic activity.

Over the past few years, hundreds of small online businesses, often run by [civil servants](#) or office workers in their spare time, have sprung up -- which are not officially registered or licensed, avoiding red tape and fees.

"Vietnam is fertile land for online trading to develop," said Nguyen Tam Khoi, CEO of small Hanoi-based Da Phuc company, which produces anti-fire doors.

"A young population and a world-leading Internet development rate are shining signals for the development of e-trade in the country," Khoi said, adding that social media growth was particularly striking in Vietnam.

After a string of food scandals -- including the discovery of formaldehyde in the national dish, pho noodle soup -- Vietnamese consumers are wary and prefer to buy products from trusted sources.

Cashing in on this, many small businesses like Phuong's fruit company are using Vietnamese-language social networks and online forums to market their wares and reach out to customers, usually starting with

friends and family.

"E-trade in Vietnam now mainly counts on the personal trust between sellers and buyers," Phuong told AFP.

"There has been no guarantee for clients on the products they buy. Everything depends on the conscience of the seller," she said.

Despite hitches such as a lack of capacity for online payments, with most businesses only taking cash on delivery, the sector is growing.

Vietnam's top four Groupon-style coupon websites recorded hundreds of thousands of transactions and a total turnover of up to 670 billion dong (\$31 million).

There are no official statistics on how much e-trade more generally contributes to the economy but consultancy group McKinsey said in January the "nascent" industry accounted for a modest 0.9 percent of GDP.

The average Vietnamese online shopper spends just \$13 a month -- a combined total of three billion dollars per year -- below regional neighbours such as Malaysia (\$16) and Taiwan (\$26).

"E-commerce in Vietnam is an untapped market with high potential to grow," the report said.

For many Hanoi residents like Nguyen Thu Huong, 34, an office worker and mother of two, the rise of online businesses "made life easier for everyone".

"With just an Internet-connected laptop, I can now have everything for my family dinner without having to go to the market. I buy rice, seafood,

meat, fruit and even fish sauce online," she told AFP.

As more people like Huong get online -- internet penetration is only 34 percent but rising fast, especially in urban areas -- online consumption could really take off in Vietnam, officials say.

The trend "may bring about stunning results", said an official from the Ministry of Industry and Trade.

However, in order for e-trade to really benefit the official GDP figures, it needs to move from the informal to the mainstream economy, she warned.

"There are so many things to improve though, as e-trade in [Vietnam](#) is still developing at a very unprofessional manner," she said on condition of anonymity as she is not authorised to talk to the press.

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