



# Vietnam

## Supporting SMB Growth: Unlocking Recovery through E-commerce

UPS, in partnership with Nathan Associates and CIT, surveyed 113 SMBs in Vietnam to better understand how national and international trade policy can best support SMBs to compete in the global online marketplace. 43 percent of the surveyed SMBs were women-owned. Below are some of the challenges, trends, and recommendations that emerged from this survey.

### Ongoing Impacts of COVID-19

In a similar survey from the prior year, SMBs also reported that decreased in-person sales was the top challenge from COVID-19.

### 2021

- 1 Decreased in-person sales (74%)
- 2 Setting up and managing e-payments (73%)
- 3 Additional costs related to COVID-19 restrictions and compliance (67%)
- 4 Increasing demand for home delivery (65%)

### 2022

- Decreased in-person sales (88%)
- Decrease in cash flow (86%)
- Supply chain disruption (83%)
- Difficulty attracting customers (81%)



## E-commerce Trends and Challenges

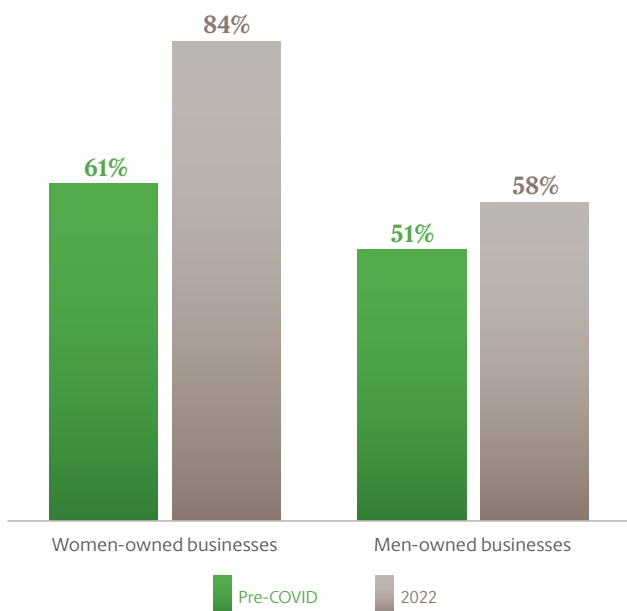
### Primary e-commerce challenges in 2022

- Online marketing and branding
- Supply chain disruptions
- Access to information about how to run an e-commerce business
- Access to financial resources to upgrade to e-commerce

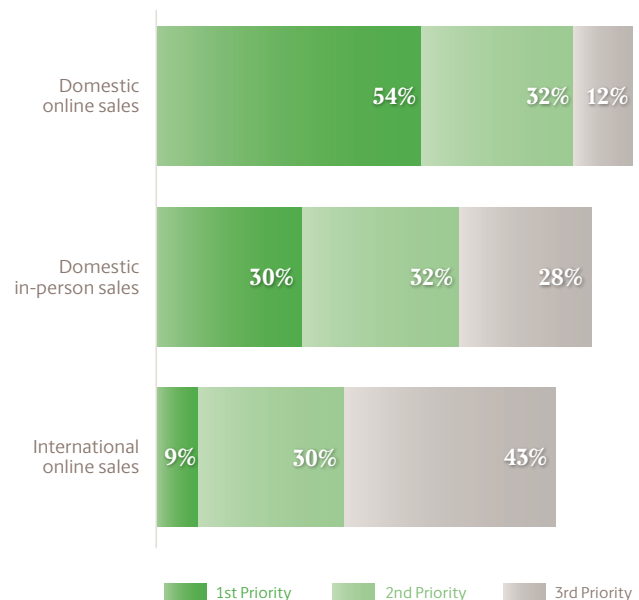
### Is e-commerce a priority?

For SMBs that are currently selling online, e-commerce is a priority area of growth with domestic online sales as their highest priority. However, women-owned SMBs were significantly more likely to rank domestic online sales as a lower priority than men-owned SMBs.

SMBs Selling Online from Pre-COVID to 2022



SMB Business Growth Goals for the Next Two Years



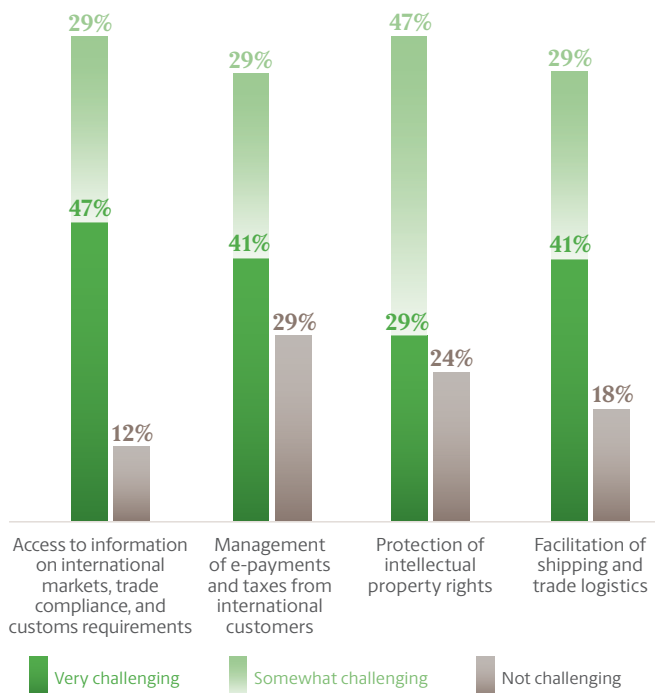


## Export Trends and Challenges

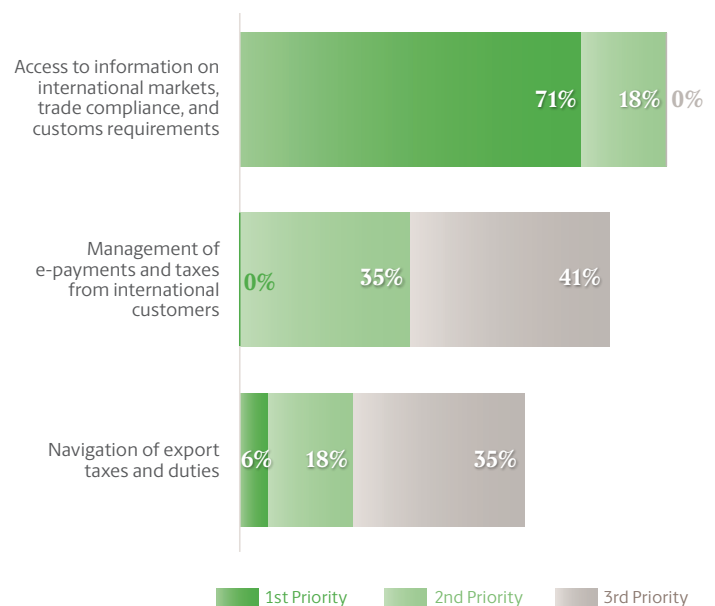
Of the 15 percent of surveyed SMBs that are exporting, more than half (53%) said that exporting has gotten easier since the COVID-19 pandemic began. As in 2021, protection of intellectual property rights was a top export challenge. In 2022, SMBs also identified the following top challenges:

- Access to information on international markets, trade compliance, and customs requirements
- Facilitation of shipping and trade logistics
- Management of e-payments and taxes from international customers

Challenges to SMB E-commerce Exports



SMB Policy Intervention Priorities to Support E-commerce Exports



## Policy Recommendations



**Expand SMB Digitization Support.** Support SMBs with online marketing and branding, management of online sales platforms, and access to information on how to run an e-commerce business.



**Facilitate Financing to Offset Upfront Costs.** Leverage partnerships with e-commerce platforms to offer discounts and financing that make the upfront costs of transitioning to e-commerce less burdensome for small businesses with limited cash flow.



**Invest in Digital Trade Infrastructure.** Digitize customs and tax collection processes to make cross-border trade more efficient.



**Protect Intellectual Property Rights.** Provide support to SMBs in filing for intellectual property rights for their products. Shorten the timeline (currently two years) for approving intellectual property rights.



**Streamline Trade Policies and Border Procedures.** Simplify customs and processes for duty and tax collection for low-value shipments by removing the limitations on number of orders with tax and special inspection exemptions per day and per month and reduce information requirements to clear low-value shipments.