E-commerce of ondeal.vn

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Bachelor's Thesis

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THESIS
Abstract

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Abstract

The main objective of the thesis is providing a guide on doing e-commerce business in Vietnam. By showing the example of Ondeal.vn, this thesis will present the development process of this company. Therefore, when a new entrepreneur wants to join the e-commerce market, he will know what to do and how to be successful in Vietnam.

In order to distinguish the difference between e-commerce in Vietnam and Amazon, this thesis contains statistical information about internet in Vietnam as well as some useful information about the e-commerce in Vietnam. This thesis is divided into three main parts: The theory of e-commerce, the current situation of Ondeal and Amazon and development suggestions based on the statistical information and theory. In the theory part, this thesis will show some useful knowledge about e-commerce that can be applied into real life and some vital theories that people need to know before starting their business. In the second part, this thesis will analyze the current situation of Ondeal and Amazon.com to understand how different e-commerce business models are between Vietnam and USA. In the third part, this thesis will present some problems that customer do not like about ondeal and give some suggestions to help this company to develop further in the future.

Keywords			
E-commerce, Online shopping			

CONTENTS

1 INTRODUCTION

Approximately ten years ago, lining up to buy an airplane ticket or a gift for Christmas might take a lot of time, because it would be a crush at that holiday time. Nowadays, everything can be done with just a few clicks. The emergence of the internet as well as e-commerce have changed buying habit of many people significantly, because shopping online is more convenient and time-saving than the traditional way. According to Khurana (n.d), it saves money for both sides: sellers and buyers.

The thesis is composed of three main parts, which are an introduction of the case company, theory of e-commerce and development suggestions for the case corporation. Ondeal.vn is the small-scale e-commerce website in Vietnam. Its main purpose is to sell products via the company's website. It implies that the site plays such an important role, as it is the representative of the corporation. Ondeal.vn solely acts as an intermediary between sellers and buyers, which means that the company does not manufacture any own brand products. Customers can find most of the basic products (except the fresh ones) for daily life on the site, because the company offers various product ranges to suit the demand. This thesis analyzes how the system works and manages the completely corporate operation. The administration staff, mostly including Information technology and customer-care employees, plays a great value in maintaining as well as updating the main web page. Moreover, mainly those administration staff solves most of the customers' enquiries, feedback as well as comments sent to the company's site too.

The second part focuses on the e-commerce theory and other primary issues relating to e-commerce. In detail, the thesis presents the e-commerce framework (business-to-business, business-to-customer, customer-to-customer, customer-to-business, business-to-government and e-marketing), transaction cost theory, agency theory, lock-in and switching cost, network externalities, supply chain management, customer relationship management, e-commerce security, electronic payment system and the web 2.0 environment. The final section involves the development suggestions: How Ondeal can apply the theory into practice and proposals for its own future development. Therefore, the case company's current situation analysis is essential, in order that proper ideas are devoted. Finally, by reading this thesis, reader can understand deeply about e-commerce in Vietnam and how to establish an e-commerce model in this country via a case company named ondeal.

2 THE OVERVIEW OF AN E-COMMERCE BUSINESS MODEL: ONDEAL.VN

Internet came to a developing country like Vietnam late. However, e-commerce has grown significantly, especially since the 21st century in this country. There are various websites about trading online in Vietnam, such as *muachung.vn, 5giay.vn, cungsam.vn, sieumuachung.vn, familydeal.vn, eva123.vn,* etc. Due to the extension of e-commerce, the Vietnam e-commerce and Information Technology Agency was established to fulfill the management as well as legal enforcement functions in terms of e-commerce. Furthermore, VECITA also publishes the Vietnamese e-commerce annual report (public) and continues updating the current situation of e-commerce of the country too. (VECITA 2013)

Ondeal.vn is one of the Vietnamese shopping online websites, which has succeeded in remaining the company's good image. Despite young existence in the e-commerce market, the case company Ondeal.vn can be used as a concrete example of e-commerce in Vietnam. Ondeal.vn, which was established in 2011, is a small enterprise focusing mainly on product transactions via the corporation's website. Up until now, the company has expanded throughout Vietnam, especially in big cities in Vietnam such as Ho Chi Minh City, Ha Noi, Hue, etc. It has several product ranges, such as clothes, kid toys, house facilities, health and beauty care, electronics and so on. Products are chosen carefully from the reliable suppliers to satisfy the various customer needs. A customer can pay by cash or bank transfer. Bank transfer is not yet mostly used in Vietnam. People still prefer cash payment. Customers will receive their products after from three to ten days approximately. Customers who live in Ho Chi Minh City, Vietnam will have free delivery from minimum any two products, and those who are from the other cities are charged a suitable delivery fee according to distances. By using Ondeal.vn, a golden chance for the discount prices up to 70 percent is also available. Moreover, when clicking to any product on the website, a customer could find more information related, such as how many items available, price, content, usage, etc. The company also concentrates on the customers' convenience when transacting. The web page combines a client's account in Facebook, Yahoo or Google to login in the Ondeal.vn account too. It means that a customer does not have to remember different user names and passwords, as well as fill in his/her personal information manually. Furthermore, it also saves time for the clients. With such wide product range, convenience in payment, good delivery services and competitive prices, Ondeal.vn is considered as a potential e-commerce website to expand. (Nguyen 2013)
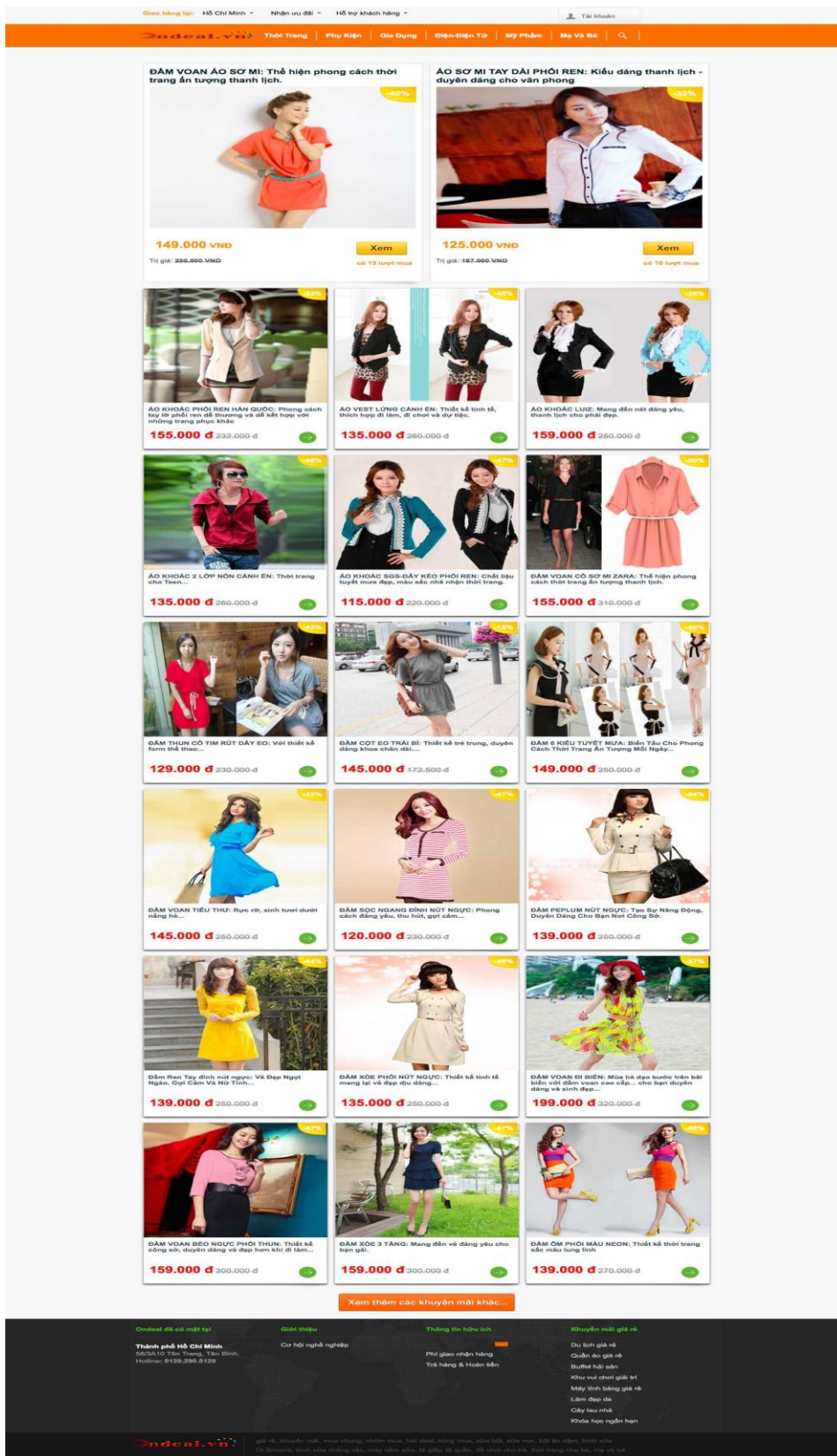
IMAGE 1: Ondeal website (Ondeal 2013)

3 THEORY OF E-COMMERCE

Shopping online is a part of e-commerce. According to Khurana (n.d): "Any form of business transaction conducted electronically is e-commerce". E-commerce is a method that uses computing network like Internet for buying, selling, transferring goods or information process. E-commerce consists of various purposes: doing business, providing services, learning, collaboration and community. The key convenience is that it allows consumers to access with no barrier of time or distance, if the Internet connection is available. Therefore, e-commerce is one of the most important aspects of the Internet to emerge nowadays. In the United States, e-commerce has been popular since the mid-1990s (Roos, n.d), and it now becomes a part of everyday life. People, especially youngsters, get familiar with e-commerce, because in the modern time like now, people are very busy. Consequently, e-commerce can be seen as a good tool because it helps save time and money too.

According to Turban, Lee, King and Liang (2011), e-commerce is a method that uses the computing network like Internet for buying, selling, transferring goods or information process. E-commerce has different purposes: doing business, services, learning, collaboration and community. First, by using the electronic network, the business process is implemented between buyers and sellers, for example through shopping online websites. Second, services can also be executed by using the Internet in order to reduce costs and increase the quality of the services. For instance, it is not necessary to come to the customer service department to get help. Instead, another solution is offered by using the customer services via the site. Third, eLearning is a term to mention teaching and studying method by using the Internet. E-learning can be used for any level, from basic to professional. Moreover, it is applied to education system or company training. The benefit of eLearning is that both teachers and students can be anywhere, providing that Internet connection is existed.

3.1 Defining e-commerce and the e-commerce framework

According to Khurana (n.d), e-commerce is business that uses any kind of electronic transactions. There are many examples of e-commerce. First, online shopping is a website that can be used to purchase products or services. Sellers create a website with the ability to pay via credit card or bank transfer. Buyers browse the web, choose what they want and pay. Website will save the purchase history and notify to the seller to ship the ordered product(s) to a customer. Second, electronic payment is the core of online shopping, which does not use cash. After a buyer fills his/her credit card information and clicks the buy button, the order will come to a payment processor and payment gateway. Online payment helps buyers to reduce time and it is a proof in unexpected cases, such as items are not delivered or faulty products, because all of the transactions are saved in the bank's payment archive, which cash cannot do.

The next example of e-commerce is online auction like Ebay or Taobao. In this kind of website, many buyers bid for the price they want. After a certain amount of time, the product will be sold to the buyer that gave the highest price. Many buyers find that online auction is more exciting than normal shopping online, because customers can buy some special items (like paintings), and the purchase prices may be lower than the market prices. Customers feel excited if they can win the auction, even it could be not so valuable products.

The next one is internet banking, which is using internet browser to check the bank account at home. User can also use internet banking to pay the bill or transfer money to other user. With the internet banking, people do not need to come to the bank like before.

The last example is online ticket. Before the Internet era, queuing up in order to buy a bus or train ticket might take a lot of time, especially in occasional season like Christmas, which could be so crowded. Nowadays, people can buy tickets at home with just a few clicks. Buyer can save time because they do not need to come to the ticket counters and sellers save money, as they can decrease the number of physical booths to sell ticket.

E-commerce framework

There are several types of e-commerce, but some well-known are Business-to-Business, Business-to-Customers and Customers-to-Customers. According to Turban, Lee, King and Liang (2011, p.06), business-to-business e-commerce refer to transaction via internet between a company with their supply chain and any other business. The main difference between modern business-to-business e-commerce and the traditional one is the using of computing network like internet, intranet or private network to communicate trade and transfer between two companies. Traditional business-to-business will soon be changed by modern e-commerce because they will save time and money and the corporate between two companies can be execute without geographical distance. According to Turban et al. (2011, p.06), there are many types of business-to-business transaction and activities. First, Sell-side Company will do all the selling activities. The seller may be a manufacturer of a physical product (Dell) or digital product (Microsoft) or service (Prudential insurance) and buyer will be other companies or corporations. The difference between business-to-business sell-side with business-to-customer is that the marketplace only focuses on company with high demand and the seller in this case is the wholesaler, not the retailer.

The next type is business-to-business buy-side and it is opposite with business-to-business sell-side: one buyer and many sellers. The third types are many to many e-marketplace, which is run by a third party with the purpose to connect the buyer and seller electronically, to help them in finding each other easier. The exchange is open for all companies that want to buy or sell and it is considered as a public e-marketplace. The final type is supply chain activities and collaborative commerce, which is the relationship between two companies, is more than just buying and selling. It can be collaborative commerce such as communication, design, planning, and sharing the information between two businesses.

According to Clyne (2013), customer-to-customer is the oldest model of commerce. It has started since the ancient time that money did not exist. Nowadays, this type can be seen in the square markets, flea markets, or vendors…. The key difference between customer-to-customer and business-to-customer is that customer-to-customer does not have to be a company or entrepreneur, as well as does not require professionalism. In other words, any one may be a customer-to-customer sample, but not all can be business-to-customer. The significant advantage of customer-to-customer is low capital investment, and more profits due to cutting down on intermediaries (wholesalers,

retailers). It means that products are normally sold directly to customers. Moreover, the sellers often determine the prices freely. Therefore, bargains are possible to happen. Along with the growth of Internet, customers demand trusted web pages to purchase when needed. Consequently, more companies have been established as an intermediary between the sellers and the buyers. Ebay could be seen as the leading site of this mission. Anybody can sell his or her products/ services on Ebay, and he/she has to pay a certain amount of fees whenever a new product is uploaded on the site. The fees for publishing on the site are only paid by the sellers. Therefore, customer-to-customer becomes wider as well as essential in the modern life.

According to McDonald (2011), Electronic commerce has many formats basing on its level of digitization. In the first degree, a company is potential to be digitalized but still uses analog component in all the processes. These companies have a stable process without an IT system but in the future, some of its components can be managed by computers, like package tracking to save time and money. With any enterprise that uses an IT system for business activity, they are in the second degree. It is called digital representation and in this step, a company uses IT system, like Enterprise Resource Planning (ERP) to manage the business. Enterprise Resource Planning is management software that can be used to operate the planning, developing, manufacturing, sales and marketing process.

Different organizations will use different Enterprise resource planning software: Large Enterprise Enterprise Resource Planning (ERP Tier 1) like SAP, Microsoft and Oracle, Midmarket Enterprise Resource Planning (ERP Tier 2) like Infor, QAD, Lawson, Epicor, Sage and IFS. Small Business Enterprise Resource Planning might use Enterprise Resource Planning vendors for small businesses. (Webopedia 2013). Third degree includes the second degree with more digitization. A company has its step in the e-commerce area with the digital version of store (e-store), membership for customer (e-HR) and the media (e-book, e-music). However, an organization still maintains the analog version of their activity. For example: physical stores and digital stores, compact disks and digital music (mp3), member registering at stores or at the websites. In the next degree, products or services are digital origins and working independently with the analog world. An example of digital product is online game like World of Warcraft and digital service is Ford cloud sync. However, these products or services come from traditional companies that still maintain the analog activities and products. In the final degree, enterprises are born digital and all of their activities have no connection with the analog world. An example of that is Dropbox and Google, which are born in the Internet era, are working digitally and their products or services are digital. Finally, understanding

the framework of e-commerce is the basic step of any new entrepreneur who wants to begin their business because they need to know which market is suitable for the business model and who is the main target customer. (McDonald 2011)

Business-to-customer

The case company in this Thesis (ondeal.vn) is using business-to-customer e-commerce. According to Turban et al. (2011, p.8), business-to-customer e-commerce is any activities relating to the transaction of goods or services between a business and a consumer. For example, a customer goes to a supermarket to buy a candy box. Business-to-customer e-commerce is quite different from business to business. First, business-to-customer is more visible when it comes to marketing and advertising. Most of the TV commercials aim at any potential customers. Second, business-to-customer sells fewer products per customer, but higher profit per product than the business to business. Moreover, in business-to-customer, customers do not have any binding contract with the sellers, so it is possible to choose other companies next time when purchasing. Business-to-customer e-commerce is a new version of business-to-customer, which uses the electronic or Internet transaction. It implies that business-to-customer e-commerce does not require a physical store to sell goods. Therefore, this model can save budget. It explains the reason why this type of business-to-customer becomes more popular nowadays.

The most important criterion of business-to-customer e-commerce is to optimize the website, so that customers are able to find what they are looking for more easily. Consequently, *Search Engine Optimize* (SEO) is the key factor, like Google search, the websites relating to a company will appear. In the traditional business-to-customer, customers have to go to the physical retail stores and purchase. However, with business-to-customer e-commerce, customers can stay at home, choose the products and pay via the Internet. The products ordered will be shipped as soon as the seller receives the money transfer. Business-to-customer e-commerce is ideal, especially for transaction of digital contents, such as software, music or videos, etc. The outstanding *advantages* of business-to-customer e-commerce are timesaving and convenience for customers. Furthermore, it helps to reduce the costs for sellers, as no physical stores are required. Nevertheless, the *disadvantages* are the shipping fees (are often charged) and the security for customers (like personal information). Moreover, business-to-customer e-commerce is not suitable for elderly people, who are not used to Internet. (Brafton 2013)

Ondeal.vn is a Business to Customer e-commerce website with no physical store and the reason they choose this type of e-commerce because it is cheap and easy to establish. They use Search Engine Optimization so if customers in Vietnam search a product that ondeal.vn has on google, it will show at the first page.

E-marketing

Like other e-commerce website, ondeal.vn uses e-marketing to advertise on other website by putting the banner and they also have email promotion to notify to registered customer about new or discount product. Marketing consists of long-term activities, which aim at customers to convey messages relating to company's products or services. Moreover, marketing would like to build images as well as increase awareness among the clients. In fact, marketing has started since humans exchanged their own commodities. At that time, sellers used good words to persuade the buyers. Along with time, marketing has developed to send messages to the clients more effectively. Nowadays, marketing consists of Advertising, Sales Promotion, Public Relations (PR), Personal Selling and Direct Marketing. (Chaffey 2009, p.315 – p.365)

In the 21st century, Internet is essential communications, as it can access a huge amount of people in minimum time regardless of geographic distances. Basing on that significant advantage, e-marketing (or Internet Marketing, or Online Marketing) was born to broadcast, promote or attract the outside investment sources. Websites could be considered the cornerstone, as it is the main communication channel. E-marketing has two main characteristics. The first feature is *product oriented*, which aims to provide the necessary information relating to products, such as brochure, sales-based enquiries, demonstrations, endorsements, ongoing technical support, etc. The second characteristic is *corporate oriented*. It concerns anything that has connection with a company, which could be corporate performance, size, prospects, financial data and job opportunities…. Moreover, Corporate Social Responsibility (*CSR*) plays such a critical role in current business, since it shows how the ethical expectation meets the corporation's real actions. (Business Standard 2012)

According to Chaston (2012), one of the important benefits of e-marketing is that it helps to promote the corporation's brand and image worldwide (Globally Advertising). Furthermore, it provides the flexibilities, access to huge amount of potential customers, various information, high level of users' convenience, availability (mostly opening all hours), very low relative costs (which means very low cost per contact) as well as cost efficiency in terms of market research. The most dangerous weakness of e-marketing is

about users' security and privacy. The customers' personal information may be leaked when surfing or making transaction online. Therefore, the hackers have a chance to attack a customer's account and withdraw his/her money, or spreading viruses. As a further matter, Internet speed and connection are not equal around the world, especially in poor countries. Consequently, it is also a problematic issue when doing e-marketing.

In traditional marketing, companies have to pay a big sum of advertising fees even just for the local market, which consists of TV commercials, Radio, Newspapers, Magazines, Banners and other costs. In contrast, e-marketing allows the companies, especially Small and Medium Enterprises (SMEs) to reach potential customers globally with affordable expenses. E-marketing is the perfect combination of internet and marketing. In *online advertising*, the advertisements are paid to place on other websites (e.g. banner advertisement, pop-up…) to attract the potential clients as well as encourage moving to the company' main site, by clicking the banners. In other word, the objectives of online advertising could be delivering contents, persuading the transactions, improving attention, or getting to know the customers' attitude, etc. Among all online advertising's methods, emails are very common and cost effective up to now. About Sales Promotion, its traditional aim is to encourage people to buy now. However, online sales promotion is more related to providing information and comparing prices. It implies that consumers consider carefully before their purchase decision. Internet is a utilized tool for clients to search information. (Chaston 2012)

3.2 Transaction costs, lock-in and switching cost

According to Readyratios (2013), transaction cost is the cost whenever a transaction appears. For example: When a customer wants to buy a TV, they usually go to the Internet and search for the information of that product or they can go to several shops to look for the cheapest TV. All of that action will take a lot of time and money for gas for car or electricity for computer. However, not so many people count that money beside the price of the TV. In term of accounting, transaction cost has an important role in the decision making process. If the transaction cost is too high, project may be delay or drop down no matter how high the income is. In contrast, the project will be continued if the transaction cost is low, because company will gain more profit. For example: Factory is usually built near the resources because the transaction cost between two area will be low.

There are several types of transaction cost: search and information cost, bargaining cost, policing and enforcement cost. First, according to Wise Geek (2013), search and

information cost is the expense that appear when people searching for information about a product. For example: when customer wants to buy a drink, they have many choices in the supermarket and all the information is at the back of the bottle. Therefore, they will spend less time to find the product they are interested in, such as no sugar drink or energy drink with a low searching price. Another example is when buying potatoes in the farmer market, it will be very difficult to find the information of the product because they are all homemade, so customer need to spend more time to choose the potatoes that look fresh and nice or the carrot without insects. Second, according to Simester (2002), bargaining costs are the cost of negotiating, documenting and enforcing an agreement. In the research made by Simester, bargaining cost is higher with external supplier because of the need to negotiate price and formal contract. In contrast, internal supplier does not need to negotiate because they have no price negotiation or formal contract. If the schedule is changed, company has to negotiate again with the external supplier, which is not necessary with the internal supplier. The last category is policing and enforcement costs is the cost to warranty that all the parties will follow the term of the contract and make sure they do the right action.

In recent years, transaction has increasing significantly because of the web 2.0 environment (see 3.11). People can scan the barcode of the product by their smartphone and instantly get the review by expert or other user. If the product is good, they can go to Facebook and write their own review, so other customer can read and like if they want. By using social media, word of mouth is stronger than ever. A customer can spread their review for thousands of people in a few second and get respond immediately. Therefore, company need to focus on social media marketing in order to get more customer attention and reduce the transaction. (Banker 2011)

In case of Ondeal.vn, they want to reduce the search and information cost of customer by design a friendly user interface website, so user can spend less time searching for the product they want. Moreover, every product has detail information to help customer easy to compare with other pages.

Lock-in and switching cost

According to Farrell and Klemperer (2007), in a classic switching cost, customer will buy a product repeatedly and find it costly to change to another manufacturer. For instance: when customer get used to a particular milk, they will buy the same milk again because it is suitable for them, other kind of milk may be more expensive or causing some allergy to them. Switching cost will increase if customer buy add-on product such as service or repair. For example: Apple offers 3-year protection to their products if customer pays 169 USD more, but some customer will buy it because they will find it more expensive when fixing the product somewhere else. In a larger scale, customer will buy another product with the same brand name because they believe in that product and find it will be more expensive if they buy from another brand. For instance: Apple customer will buy another Apple product in the future because they do not need to learn how to use it again, so they can save time and money. The problem appear when customer have to choose that product because they have no other choice, so they will choose another brand if they are in a different place. For example: In the rural area, there is only one shop and customer has to choose that shop because are no other shops around. They are lock-in with that brand but not a loyal customer and they will choose another brand if they move away.

In a dynamic switching cost, customer will choose a brand because that brand has everything they need, so they do not need to go for another manufacturer. For instance: Prisma is the biggest supermarket of the S-group and many customers choose Prisma because it has all the stuffs they need from kid toy to laptop. This supermarket also has a variety of price range from cheap brand (Rainbow) to luxury brand (Iittala) so poor people as well as rich people can buy in Prisma (Prisma 2013). After choosing a brand, customer will soon find that if they stick with the brand that has a broad range of products, they will save a lot of shopping-cost and become lock-in to that brand. Organization need to create a broad product line in other to get more lock-in customer, but need to be careful not choosing the product that no one want to buy. The next problem that company needs to face is how they will keep the lock-in customer while getting new one every day. Farrell and Klemperer (2007) stated that firms needed to make more sale campaign and bonus for loyal customer in order to get more motivation to buy from them. Lock-in customer that has special price will feel happier and want to come back shopping again in the future. With the new customer, company need to use the network effect to get the attention of the new customer. First, indirect network effect come from advertising and other people. When customers see advertising on television or seeing so many people using that brand, they will be curious and want to experience that brand. For example: When going outside and seeing so many people choosing iPhone, customer will want to try it to understand why people love iPhone so much. With

the direct network effect, customer get the introduction from another customer, it can be his or her family, friend or relative and usually that customer will believe in the introduction and will try to use the brand. In conclusion, by knowing lock-in and switching cost, organization will know how get new customer and keep the existing customer, so they will increase the sales in the future. (Farrell and Klemperer 2007)

Ondeal.vn understands the importance of the lock-in customer, so they always have discount programs and the accumulate points program with the registered customer. Beside, new customer can be satisfied with the variety of product of ondeal website because they have a wide product range: Clothing, House facilities, Jewellery, Handbags & Shoulder Bags, Home and Kid stuff… with a very competitive price.

3.3   Agency theory

Ondeal.vn is a small company with four members, so each of them is the owner as well as manager. However, the owners are not always the manager in big corporation, so they usually hire the agent from outside to manage and operate the company. For example: Stephen Elop is not the owner of Nokia but he was hired to be the CEO of this company. According to investopedia (2013), agency theory indicates the relationship between owner and the manager. Principles or owners are those who invest their money in a company, or main shareholders. Agents or managers are people who are hired to run a company. The agents could be Chief Executive Operator, Chief Financial Operator, employees, etc. Normally, owner set a company's target and managers, especially the high position ones, have to find out a solution for achieving the purpose. The problems usually occur if agents cannot reach a desired aim or it could also be because the principles have too high target profit levels compared to the company's current possibilities. The conflict increases when the manager tries to maximize their own profit by using the expense of the shareholders. Self-interested behavior agent may use company resource for their benefit and avoid being in the risk position. The reason for that is manager knows exactly what they are doing and shareholder cannot control every action of the agent. For example, Ken Lay was the CEO of Enron natural gas company in the US from 1986 to 2001, he was investigated for faking the balance sheet of this company and lying about the growth of Enron. Some evidences show that he was using company money for his private purpose. Consequently, investor withdrew the money they spend to the company and that broke the organization. Ken Lay died in 2006, before the day he was sentenced. (Business Insider 2010)

The agency conflict arise when the manager is the owner because he/ she has more power and take less monitoring from other investor. That owner-manager will work less and spend more time for leisure activities, or they can sell some of their ownership to the outside investor, making the conflict between shareholders. In the big corporation, agency conflict is more important because manager only hold a small number of stocks. With less power, manager has to increase their own status by sending their men to the medium and small manager position, creating a network of allies to protect their position and increase the job security. Therefore, they can avoid the coup that make by other parties. Kleiman (2013) stated that there are two extreme ways to solve the agency conflict. First, by giving more power and benefit to the manager, they will work harder for the benefit of the company. However, manager needs to be a good person, so he/she will not use that power to break the company. Second, shareholder will monitor every action of the agent, but it will very expensive and uncomfortable for the manager. The best solution should be at the middle, company will give enough power to the agent in order to manage the company, but not too much to control everything. Besides, when the manager has done a good job and increase the profit of the company, some perquisites should be given to the agent. Finally, shareholder can unite their power in the shareholder meeting and vote for the right action, so they can change the decision of the manager. If the agent still has the self-interest behavior, shareholder should decide a new manager replacement. (Kleiman 2013)

3.4 Network externalities

Ondeal.vn is using social network, banner and leaflet to be more popular and increase value of the brand. The more people know about ondeal, the more successful to the brand. It is called network externalities. According to Hartnall (2009), network externalities or network effect is the value of the product or service made by the number of user who using it. In the positive network externalities, the value of the product or service will be stable if more people using it. For example: iPhone price take more time to drop down compare to other smartphone company because the user of iPhone is huge. Therefore, the value of the iPhone is still high although new iPhone will be born every year. Network effect may cause benefit to other people although they are not using that product or service. For instance, if one house plays music very loud, other houses may listen to it. If the music is good, they can enjoy it. In contrast, bad music will annoy other neighbour and it will become negative effect. There are some services that is free to use but user still has the benefit of using it. For example: Social network like Facebook, Twitter or Google Plus is free but very useful if more users join. An example of negative externalities is the traffic jam, more users of the street will decrease the

value of the street for each person. There are some products that will increase the price if more users using it. For example: Oil price will increase if more vehicle drive at the street, water price will increase if the demand is higher. On the other hand, some products will become cheaper if more people using it. For instance: Computers become much cheaper and more powerful than 10 year ago, now everybody can afford to buy a computer.

In term of e-commerce, network externalities have a large impact on every aspect. First, e-commerce needs Internet and it can only work in the area with Internet connection. Therefore, developing countries like African has a small chance for growing of e-commerce. According to Internet World Stat, at the end of 2012, Asia had the most people who using Internet with 44.8 percent. The second and third place is Europe with 21.5 percent and North America with 11.4 percent. Therefore, e-commerce has a high chance to develop in Asia. Hartnall (2009) stated that company has a value can increase their price of the product that selling to customer. For example: Apple computer has higher price than Asus computer but people still buy Apple product because of the brand value. Network effect has an important role for e-commerce entrepreneur, so they should increase the value of their brand in order to control the market. However, the newbie of e-commerce has no value at the beginning, so they should create some basic value without network effect by making a friendly user interface website, easy payment, fast shipping and good customer support. By doing this, their value will increase and the growing of customer will help to make that value going faster. To sum up, Network externalities is the value of the product or service decides by the number of user who using it. Therefore, company should find a way to get new customer and keep existing customer in order to increase the value of their brand.
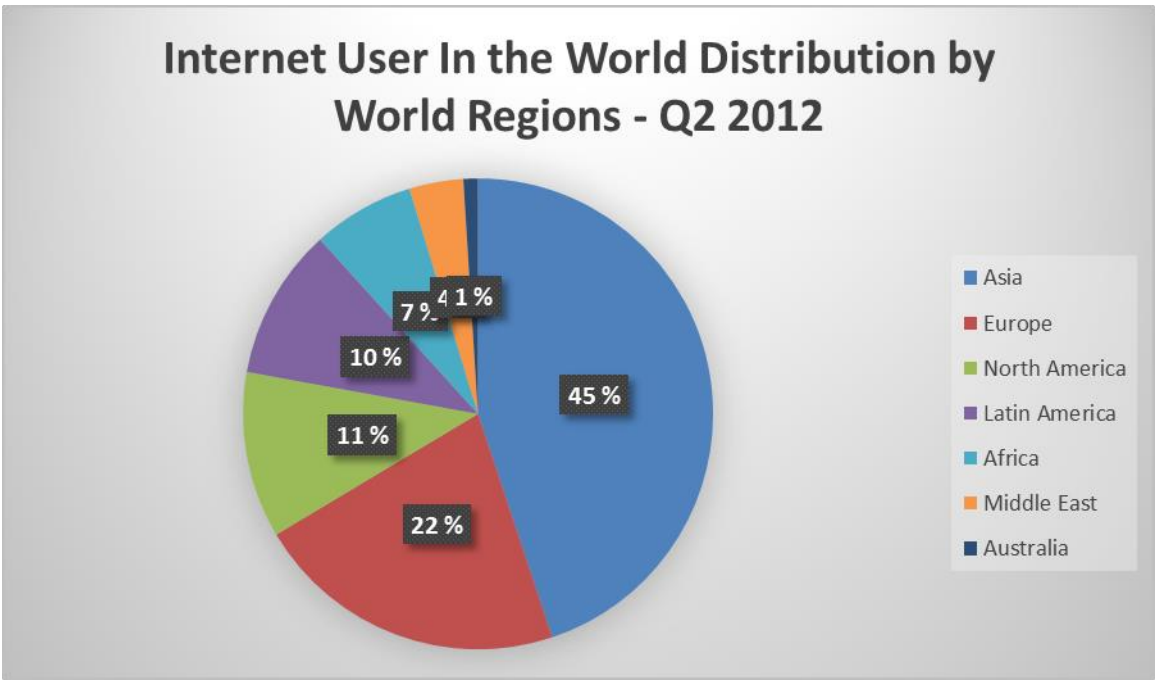
Internet User In the World Distribution by World Regions - Q2 2012

- Asia 45 %
- Europe 22 %
- North America 11 %
- Latin America 10 %
- Africa 7 %
- Middle East 4 %
- Australia 1 %

FIGURE 1: Internet users in the world distribution by world regions 2012 (internetworldstats 2012)

3.5 Supply chain management and customer relationship management

According to Khairul (2010), Supply Chain Management (SCM) relates to all activities of a product/ service from initial suppliers to final customers, which could be either an end-user or an organization. A simple example is how to make a drinking water bottle. First, a company must have key resources, which is mineral water. Then the water is processed and put into a plastic bottle. A complete product has to be delivered from factory to the selling places. Finally, a customer can buy a drinking water bottle. The example illustrates that a final product requires a process, so that a customer can access and buy. The supply chain has two types of model: simple and complicated. In a simple characteristic, it refers that a corporation does not have so much difficulty in input resources. However, the corporation still has to process the materials to manufacture final products. In a complicated model, it requires more efforts to deal with different suppliers, outsourcing or tailor making according to the ordered contracts. Moreover, products could be sold directly to final buyers, or through the intermediary such as wholesalers, retailers. This means it consists of many places, which are called multi-site, so that a client may purchase.

According to Wailgum (2008), Supplies Chain Management includes five key steps. The first stage is planning, which indicates that a company has to estimate the demand for products. This helps to input sufficient materials and be cost saving. Nowadays, corporations usually use Supplies Chain Management Software to manage a company's data for the completely manufacturing process. The next step is about resources, which means that a company has to look for stable suppliers to ensure the corporation's operation. The core issue is the balance between quality and price offered by the suppliers, because they are normally inversely proportional. Moreover, the relationship between a company with its suppliers should be developed. The third stage is about making products. A supplies chain manager's main role in this step is to supervise activities involved in production, testing, packaging and preparation for delivery. This could also be considered one of the most important milestones, as it determines the corporate products' quality. The forth element relates to logistics. It does not simply mean delivery, but also includes other activities such as distributing, warehousing, stock control, or even how to ensure the quality of the products during the transportation journey, etc. The last step is reverse logistics, which indicates the faulty or broken products that customers return. Moreover, this could also means recycling, such as drinks bottles, battery, glass, etc. (Wailgum 2008)

Ondeal.vn has a huge supply chain system because they have a wide range of products. Therefore, manage the relationship with these suppliers can be a challenge. Thanks to the supply chain management software, ondeal can easily contact and make purchase with these suppliers. Storage and logistic also manage by software, so they will know exactly how many products is left to make order. Customer can also see the quantities and availability of the product on the website. The information is update in real time because ondeal is using Web 2.0 environment (see 3.11)
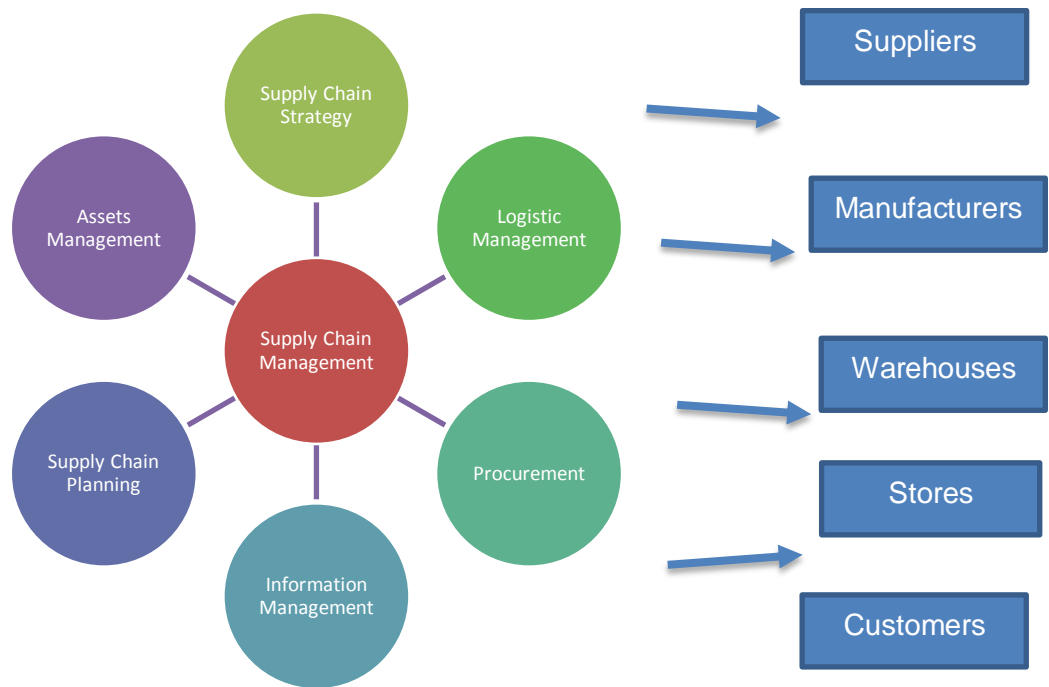
FIGURE 2. Supply chain management - Main Components 2010 (Khairul 2010)

Cutomer relationship management

Customer who register to ondeal.vn website can manage their shopping history and get promotion email every month about discount product. Moreover, loyal customer will see different price after they login to the website because ondeal is using customer relationship management software to recognize each customer and it will change the front page and the price for them. According to Connick (2013), Customer Relationship Management is the strategy that is used by the company to handle customer interaction. For example: Customer go shopping at a shop and create a free membership card, so when he/she going check out and swipe the card, they can get a small discount. In addition they can get special deal and new product notification to their mailbox every month. By using the card, customer can buy product with a cheaper price and company can have the information about that customer. Moreover, company can track the purchase and understand the habit of customers in order to give a proper advertisement to them. By doing that, customer will likely to come to the store again in the future.

Customer Relationship Management had existed since human begin to buy and sell. For example, when familiar customers buy from a seller everyday, they can get a discount price. In the past, Customer Relationship Management is simply doing by remember the

customer face without any information about that person. After computer was born, Customer Relationship Management software helps company to manage and organize customer information much easier. Therefore, having good Customer Relationship Management software is one of the most important things to do of every company. Customer Relationship Management software works by storing all the information and company access to that information through a user interface. (Connick 2013)

There are two kind of Customer Relationship Management software: ready made and tailor-made. Ready-made Customer Relationship Management software is used for medium and small company because it has less function and cheaper price. Next, tailor made Customer Relationship Management software, which is used by big corporation, are the most expensive one. They can hire IT company to design the software that suitable for their company and the IT team will design the user interface by the demand of that corporation. Typically, CRM software can send email automatically to customers. The content of the email can be a "thank you" letter, a sale promotion campaign or birthday celebration. However, perfect software will not work without people know how to control it. Therefore, company should train their employee in order to use the software probably to make it run at the full potential. Besides using software and Internet, company should train their salesperson to contact directly with customer by phone or face to face, because not all people can have an Internet connection, especially elderly people. These persons like to talk with the sale person they familiar with and they rarely change to other brand if they feel satisfy with the customer support. Therefore, training employee to deal with these "special customers" is an important mission if the area they doing business is full of elderly people or rural area. To sum up, customer relationship management is the method that company keeps in touch with the customer. Organization can use software to manage the information and send email to customer or use the traditional way with low-technology person. Maintaining a good relationship with customer is the key to success with the company. (Connick 2013)

3.6 E-commerce security

According to Hibu (2013), security may be considered the most important issue in e-commerce, as it relates to a company's as well as its customers' data. Furthermore, it is more trusted to transact with a high-secured website. A safe site must qualify four main elements: privacy, integrity, authentication and validity. Privacy means a customer's personal information, such as name, contact number, bank account, etc. should be archived safely and only be accessed by authorized people. Next, integrity indicates that the contents, for example in emails, conversations… must be ensured that there is no

third party, who can know it (like wiretapping). The third element is authentication, which requires that both sellers and buyers have to prove that they are not hackers, or bad persons who try to look for other people's personal information, by registering via Google Authentication. The identified web page has an icon on its address bar to show that it is safe to continue. A seller can base on the Internet Protocol (IP) address to know if the other side is a normal customer or a hacker. The final is validity, which recommends that all data, such as customers' information, transaction data, a company's data should be backed up, in case the main data is lost, hacked or corrupted.

Nowadays, there are three common solutions for improving the e-commerce security, which are encryption, digital signature và Secure Socket Layer (SSL). First, all information of a customer has to be encrypted. Only people who have an electric key (a type of password) can decrypt and see. About a digital signature, it is a code added to an email to verify a sender's information. In other words, a sender has to insert a digital signature into a receiver's email with a pubic key. Then, a receiver has to use that public key to verify identity of a sender. Therefore, a fake email could be realized due to a wrong digital signature. It prevents customers from the hackers as well as other devil organizations or people. In order to create a digital signature, it requires a digital certificate certificated by authorized corporation like Microsoft. That digital certificate is an important key to transact online. A private key is also published by authorized organizations. There are a few computerized systems, which allow users to create a private key by themselves. However, it could result in risks that someone is able to hack a customer's private key. The third solution is Secure Socket Layer (SSL), which tries to protect links connecting to websites between sellers and buyers are private. This method aims to reduce hackers' penetration and is used worldwide now (Hibu 2013).

Unfortunately, ondeal do not have Socket Secure Layer as well as Hypertext Transfer Protocol Secure. According to Nguyen (2013), Ondeal do not need SSL or HTTPS because they do not have electronic payment system (see 3.10) but they still have some anti-hack firewall to protect their data.

| Message | → | Lock with Private key | → | Message sent with signature and public key | → | Unlock with public key | → | Message |

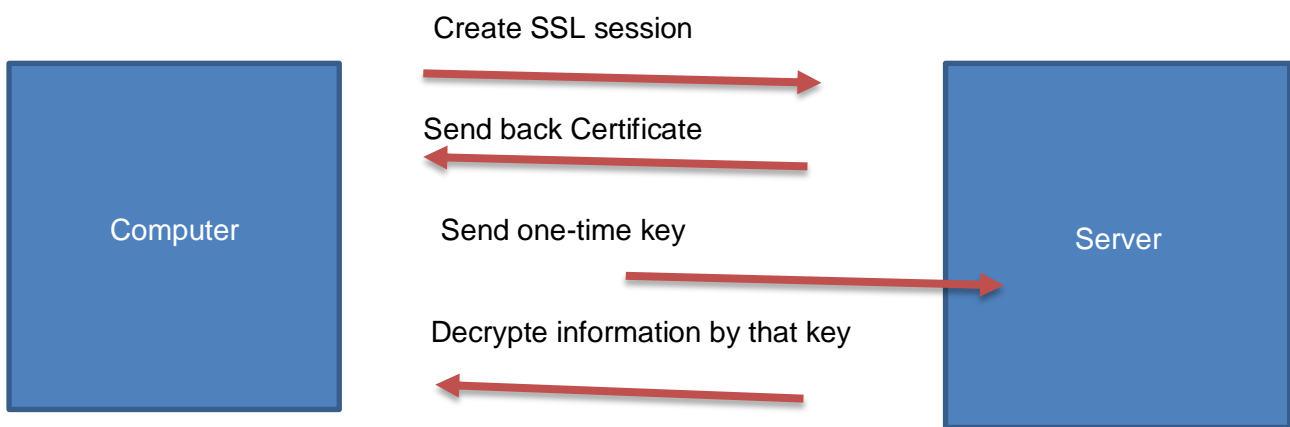FIGURE 3. How a digital signature works (awghost 2013)

FIGURE 4. How SSL operates (hill2dot0 2012)

3.7   Electronic payment system

According to Hord (2013), one of the most convenient ways to pay is electronic payment. Electric payment or E-payment is the alternative payment method that does not use cash or paper check. For example: Customer go to the shopping online website, enter some information in their web browser, click the mouse and their stuffs have been paid. It includes credit card, debit card, and Automated Clearing House (ACH) network. The ACH system is direct deposit, direct debit and electronic checks (e-checks).

There are three main types of transactions: one-time customer-to-vendor, preapproved payments and e-check. First, one-time customer-to-vendor is usually apply to the e-commerce website like Amazon. Customer will choose the product, click on the shopping cart button, input credit card information and finally click checkout. A message will appear and say that the payment has been successful and customer also get the email to notify that money has been sent to the seller account. If customer wants to pay

for some service every month like electric bill, they will need the preapproved payments. It will automatically sent money from customer account to the vendor and customer can cancel that service anytime. This type of payment is suitable for customers who are too busy to pay their bill and they will be punished if paying late. The third type of transaction is e-check or internet banking and base on the writer experience, it is much safer than using credit card. Some e-commerce website offer the "bank transfer" that will use the banking number of the customer. After click on the check out button, customer will be sent to the bank website and it will ask for permission to pay. After that customer will input an one time use password and then click pay. Customer will not worry about hacker stealing their money because the password is only use for one time, so it is very secure. Bank transfer can be used for paying between two people that having a bank account. If they use the same bank, money will come immediately. Transfer money between different banks will take about 2 to 3 days. (Hord 2013)

Electric payment is convenient because customer only need to input their information for the first time. After that, the information will be save on the e-commerce Web server. The next time, customer only needs to login with their username and password, confirm their purchase and pay. Electronic payment will help company save a lot of expense because they can spend less on paper for the receipt. All the receipt is electronic and it will be sent by email. Businesses offer electronic payment can gain more attention from customer, especially young people. However, e-payment has to face the security problem because hacker can install some malware and virus to steal customer's credit card information. Therefore, e-commerce entrepreneur should use to security method like SSL to protect their website and customer need to use a good Internet security software to protect their computer (Hord 2013)

Ondeal do not have electronic payment system because it is not yet popular in Vietnam (Nguyen 2013). However, in future they will consider electronic payment as well as increasing the security for their website.

3.8 E-commerce and the web 2.0 Environment

In the beginning of 1990s, websites usually are tools to provide information, but viewers cannot reply as well as comment. That is called one-way communication or web 1.0 (Cormode 2008). According to Wolcott (2007) Web 2.0 is the next generation of Internet technology because of it dynamically element. By using web 2.0, people can edit video or using Excel without any software installation. Most of the web-based applications are fast and very easy to use. With the developer, building it is much cheaper than

traditional software and they do not need to worry about the software compatibility for each computer. On the other hand, customer will not worry about virus when install new software and they can save a lot of money because most of the web-based are free. All they need is an up to date browser to run these web-based. In 1984, John Gage, who is Sun Microsystems co-founder, used to predict: "the network is the computer". He said that in the future, data network would be powerful enough to carry all the work that people are doing every day. His prediction was right, more than twenty-year later, cloud computing definition are born and web 2.0 is the new computing platform. Today, people can forget about the heavy and costly Microsoft Office by using Google docs. It is a web-based application made by Google with a lot of similarity with MS Office but much more easy to use. Moreover, all the data are saved on the Google server, so customers do not need to worry about losing their data if one day the computer is broken. They can work with their document everywhere with any computer and many people can edit one file at the same time. MS Office cannot do those things, because web 2.0 is an open dynamic environment, so many person can control and interact a particular object.

The unique feature of Web 2.0 is the sharing function. They can create a blog, share with their friend and get the comment right below the blog. The more people share, the more develop of the network effect. For example: Mary has a new dress, she take a picture and sharing it on Facebook. Few minutes later, she gets a lot of likes and comments, some of her friend might ask for the place she bought it. Mary's friends may come to that place and share for their friend, information about that beautiful dress are multiply and spread with an amazing speed. Web 2.0 help people exchange information much easier and faster than before, so company can save a lot of expense for their paper and telephone bill. Organizations these days are using email to exchange document, Skype for face-to-face meeting and Facebook for customer support. By using web-based application, company will save their money on software and computer, because the apps can run on any platform like smart phone or tablet. The social element of web 2.0 makes the barrier of Employer (CEO, manager) with employees and customer narrower than ever. Customer can now complain directly to the CEO if they do not satisfy with the sale person or employee can ask for employer permission very quickly (Wolcott 2007).

However, web 2.0 still has some weak point. First, privacy of the customer can be reveal if the hacker can hack into the web 2.0 provider server. According to Protalinski (2013), Yahoo Mail has been hacked several times from January to March 2013 and much customer complaint about strange email came to their inbox. Shih and Menn (2013) from Reuters report that Twitter and New York Times has been hacked by Syrian group

in August 2013. Their website had lost control for a few hours and many user cannot use that service. In these attacks, there would be always a chance that customer will lose their personal information and company will lose the trust from customer. Although depending too much on another company server and chance to lose personal information, web 2.0 still contain many potential like cost saving and convenient. In the future, it will increase the security and become the new trend in the next century. (Cormode 2008).

Ondeal is the first Vietnamese e-commerce site that changed to web 2.0 since 2012. Customer can see the review of each product and how many have been sold. Moreover, they can rate for the product they like and sharing it on Facebook, twitter, Google plus and Tumblr. However, the website still do not have mobile version for smartphone and optimize for touch screen. This will be a trend in the future and many big e-commerce site are successful with it like Amazon or Ebay.

4 CURRENT SITUATION OF ONDEAL.VN AND AMAZON.COM

According to Nguyen (2013) Ondeal.vn is a domestic e-commerce website operating in Vietnam. It was established in 2010 with the mission of offering the best quality products with reasonable prices. The site has various product ranges, such as household products, electronic devices, cosmetics, clothes (shirts, T-shirts, skirts, dresses, blazers, trousers, baby clothes…), accessories (bags, backpacks, waistbands…), and even dried food. Up to now, Ondeal.vn has more than 15 categories with 580 products. Therefore, potential customers could be anyone. Ondeal has a BUSINESS-TO-CUSTOMER model, which means that a company acts as a retailer between the manufacturers and the buyers. Due to an e-commerce business type, Ondeal.vn Company does not own any physical stores. Consequently, the company can save costs and offer lower prices.

However, e-commerce requires that the company should have a professional website with high technological staff to administrate the web page. Moreover, the customer support has to be also available in case of further enquiries, help or feedback. A site should be updated regularly to ensure that the necessary information, such as prices, stocks, categories, etc are correct. The company applies lock-in and switching cost theory in its operation. It indicates that the company aims at a long-term relationship with its suppliers, so that the company does not have to change or terminate the contracts unexpectedly. (Nguyen 2013)

The company's supply chain management is mostly based on the computerized software, which includes five steps. First, the company has to research the current market trend to purchase the high-demanded products. Next, potential suppliers are considered with certain criteria, such as quality, prices, fame, distances etc. More than one suppliers are also possible, to ensure that the company's inflows are stable. The next important step is the ordered quantity of each product range, in order to minimize the surplus or shortage situations. Then, it relates to logistics activities, which requires a lot of concentration. Because the company must take into account the geographic distances as well as different ordered amount between various suppliers to the company's warehouse. The last step is about how to deliver the ordered items to customers' places. In Vietnam, the postal delivery combing with company's logistics (oursourcing) has not strongly developed. Instead, Online.vn mostly has to deliver by itself. As mentioned above, electronic payment system has not been used widely in Vietnam yet. Therefore, whenever a customer receives his/ her items, he/ she will pay by cash then. This makes customers more satisfied, as they can check or see the products physically before making payment. Moreover, the company does not have to

invest much capital in building the security system, as there are not so many transactions are made online. Cash is still dominant in developing countries like Vietnam. Concering with the reverse logistics, clients can contact the company either by website or telephone number to return the purchased items. However, there are certain terms and conditions, which are stated clearly on the main site, so that customers can replace or return (of course with the receipts). Ondeal.vn is expecting that when the electronic payment system is developing strongly, payments can be made online mostly. It also means that the company has to improve its e-commerce security then. (Nguyen 2013)

In order to remain the customer relationship, the company focuses on the customer support, which is even 24/7. The company also offers different special campaigns, which are discount, buy one get one free, coupon for big purchased amount or free ship to some certain provinces… so that more clients could be approached. Moreover, the webpage is built basing on the Web 2.0 standard, which means that customers are able to comment or rank on the site. Sorting products according to certain criteria such as bestselling, recommended, new, discount, from low to high prices or vice-versa… are also available. In the future, the company's vision is to develop the main site in English, so that foreigners who are living or working in Vietnam can also access. So far, the company is still domestic oriented. (Nguyen 2013)

According to amazongenius (2012), *Amazon.com* Incorporation is one of the biggest and most famous e-commerce companies in the world. It was founded by Jeffrey P.Bezos in 1994, and first named Cadabra Incorporation. However, the name was changed Amazon.com in July 1995. It is because Amazon is the second longest river, as well as by far the largest by waterflow in the world. Moreover, *A* is the first letter in the alphabet, so it can be found quickly by clients in their contact lists or yellow pages. The headquarter is now located in Seatte City, Washington State, USA. In the beginning, Amazon was the site that specialized in selling various book types. In May 1997, Amazon became the biggest book web page in the world. In 1998, the company expanded its business and started selling other people besides books, such as DVDs, CDs, computer software, video games, electronic devices, garments, jewelry, woods products, automobiles, kid toys or even food, etc. In 2010, Amazon had 26100 employees and more than 900000 authorized suppliers. Amazon offers more than 31 product ranges in seven countries. In 2009, the income from selling abroad accounted for more than 50 percent of Amazon's total revenue achieved that year.

What is the main reason that helps Amazon become successfully? It is because Amazon owns such a professional warehouse system, which is mostly computerized. That essential factor helps Amazon to ensure that the company's supply chain management is stable. Nowadays, the main and subsidiary parts of the incorporation are *Amazon.com*, *A9.com* (search and advertising technology), *Alexa.com* (the commercial web traffic data), *IMDb* (the online database of information as well as rating relating to films, television programs, video games), *Kindle* (electronic books), *Audible.com* (selling digital audiobooks, radio and TV programs, and audio versions of magazines and newspapers), etc. Furthermore, different paying methods are accepted in Amazon, such as Visa, MasterCard, American Express, Discover, Diner Club hay JCB. Customers can also use Debit Card, Credit Card or Gift Card provided by the banks above. Amazon is both BUSINESS-TO-CUSTOMER and CUSTOMER TO CUSTOMER type. Customers are able to register to be a seller on Amazon. However, the sellers must follow Amazon's terms and conditions. It helps the buyers to trust the quality as well as fame. (Webley 2010)

5 DEVELOPMENT SUGGESTIONS

Vietnam is the developing country with an agricultural economy mostly. It somehow explains why Internet came to this country late in early 1996 (compared to the developed countries like the USA) (Apster 2005). At the beginning, Internet was limited for some regions due to distance, facility as well as number of potential users. At that time, there was only one service provide, which was Vietnam Post Telecom (VNPT). In 2013, according to ComScore (2013), Vietnam has 16.1 million monthly Internet users and become the largest online population in Southeast Asia. Internet users now have many choices of the Internet providers: Viettel, VNPT, FPT, SPT, and Netnam (Tomo 2011). It also implies that the Internet service provider monopoly no longer exists. The more people reach the Internet, the more chance for the growing of e-commerce in Vietnam. According to Do (2013), e-commerce in Vietnam hit 700 million US Dollar at the end of 2012 and was predicted to reach 1.3 million US Dollar by 2015. Although this number is quite small compared to other countries in Asia like Indonesia (1 billion US Dollar) or China (107.4 billion US Dollar), Vietnam's e-commerce market is growing rapidly and will soon keep pace with these countries.

According to Do (2013), Vietnam Internet growth is 35.6 percent with more than 5.3 million users. About 40 percent of the Internet users are from 15 to 24 year old. Therefore, e-commerce entrepreneur should choose young people as the main target customer. It will affect the product on the website as well as the design of the user interface. Company should adopt their marketing strategy into this market. At the end of 2012, the growing of Internet video was 90.2 percent and it is one the most common activities of Vietnamese online population. Vietnamese also use social network and Do (2013) said that the number one social network site in Vietnam is Facebook with 88 percent of growing last year. Therefore, having a marketing video on YouTube and spread the news through Facebook could be a smart choice. Catching up with the world trend, Vietnamese young people love to use smartphone and the statistic shows that 60 percent of urban people are using 3G. At the end of 2012, there were 121.7 million mobile phone subscribers with 30 percent of smartphone user. For that reason, company should develop a mobile version of their site in order to optimize for smartphone and increasing the speed when accessing into the website. Entrepreneur who comes into Vietnamese market should know that this is a crowded space with a lot of seller. The statistic shows that in 2012, e-commerce revenue was 700 million US dollar and is expected to grow up to 1.3 billion US dollar in 2015. Most of the transaction in these sites is cash-on-delivery. It is mean that customer will pay cash to the seller when they get the product. However, credit card transaction still exists with 57.1 million

US dollar. This number is quite small compare to cash transaction, but in the future when online security is increase, more people will use credit card instead of cash due to it convenience.

When comparing with Amazon, Ondeal has many things to develop in the future. First, Ondeal should increase the advertising because they only put the banner on some website. Amazon has a wide system of advertising, so when customer go to any website, they can see Amazon banner and it content will change based on the last visit of Amazon or the product that customer are interested in. Next, ondeal do not use security for their website like Hypertext Transfer Protocol Secure or Secure Socket Layer. Therefore, some customer may afraid to shop in a non-security website. Amazon, in contrast, has all of these security and customer will have highest secure when shopping on this website. Third, Ondeal do not have electronic payment and it is so inconvenient with customer. Amazon has all kind of electronic payment like Visa or Mastercard, so anyone around the globe can buy on this website. Fourth, Ondeal ship product by themselves and sometime it take so much time for customer to get the product because the company are lacking of people. Amazon uses third parties transportation like Fedex or EMS. Therefore, customers always receive the product on time and Amazon will increase their credibility. Finally, Amazon has a 30 days return of the product if customers do not satisfy with it while ondeal do not allow customer to return their product after 3 days. (ondeal.vn)

To sum up, some suggestions for Ondeal are:
- More products
- Have electronic payment
- More security for the website
- Opening to international market
- English language
- Return the product after 30 days like Amazon

6   CONCLUSIONS AND SUMMARY

Ondeal.vn is a small company with four members, so each of them is the owner as well as manager. It is a Business to Customer e-commerce website with no physical store and the reason they choose this type of e-commerce because it is cheap and easy to establish. They use Search Engine Optimization (SEO) so if customers in Vietnam search in "Google.com.vn", it will show at the first page. Like other e-commerce website, ondeal.vn uses e-marketing to advertise on other website by putting the banner and they also have email promotion to notify to registered customer about new or discount product. Ondeal tries to reduce the search and information costs of customer by design a friendly user interface website, so user can spend less time searching for the product they want. Moreover, every product has detail information to help customer compare with other pages. Ondeal.vn understands the importance of the lock-in customer, so they always have discount campaign and the accumulate points program with the registered customer. Beside, new customer can satisfy with the variety of product of ondeal website because they have a wide product range: Clothing, House facilities, Jewelry, Handbags & Shoulder Bags, Home and Kid stuff… with a very competitive price. (ondeal.vn)

Ondeal.vn is using social network, banner and leaflet to be more popular and increase value of the brand. The more people know about ondeal, the more successful to the brand. This company has a huge supply chain system because they have a wide range of products. Therefore, manage the relationship with these suppliers can be a challenge. Thanks to the supply chain management software, ondeal can easily contact and make purchase with these suppliers. Storage and logistic are managed by software, so they will know exactly how many products are left to make order. Customer can also see the quantities and availability of the product on the website. The information is updated in real time because ondeal is using Web 2.0 environment. Customer who register to ondeal.vn website can manage their shopping history and get promotion email about discount product every month. Moreover, loyal customer will see different price after they login to the website because ondeal is using customer relationship management software to recognize each customer and it will change the front page and the price for them. Ondeal is the first Vietnamese e-commerce site that changed to web 2.0 since 2012. Customer can see the review of each product and how many have been sold. Moreover, they can rate for the product they like and sharing it on Facebook, twitter, Google plus and Tumblr. However, the website still do not have mobile version for smartphone and optimize for touch screen. This will be a trend in the future and many big e-commerce site are successful with it like Amazon or Ebay. (Ondeal.vn)

Conclusion

In conclusion, Vietnam has a potential for developing e-commerce with 16.1 million monthly Internet users and become the largest online population in Southeast Asia. Therefore, in order to establish an e-commerce website in this country, new entrepreneur should follow these steps. First, understanding the framework of e-commerce is the basic step of any new entrepreneur who wants to begin their business because they need to know which market is suitable for the business model and who is the main target customer. Next, opening an e-commerce shop need time, money and people but some entrepreneurs are doing business on their own. With these special cases, Chaney (2011) gives a few suggestions for them. First, entrepreneurs should have a business idea that is unique and creative to attract customers to come to their site. Next, they should know which social network is popular in the place they are doing business by using monitoring service such as Trackur, Radian6 and Brandseye.

Third step, they should develop their brand by satisfies these standards: Accessibility, Interaction, Quality and Quantity. Accessibility is how can people find and reach the brand. It is very important because no matter how good is the site, it means nothing if people do not know about that brand. Next, Interaction is how customer will behave when they first come to the site. Therefore, the front page will decide when customer will stay or leave. Entrepreneurs should design an attractive front page by using theme and color that is modern and simple. According to Strand (2010), the landing page should have these categories: Generic product (Special Offer), Feature product (bestselling) and Alternative product (New Arrival). A quality website should provide enough information about the product, price, payment and shipping method. Website that have many kind of product is a quantitative website. The more category on the site, the more attraction it could be. Step 4, due to the lack of employee, entrepreneurs can choose only one social network for marketing. Therefore, they can have time to focus on the quality of the content. Step 5, update information regularly is very important because it will take time to get the attention from customer, so entrepreneurs should be patient and improve the quality of the site first. Soon enough, customer will come and spread the news to their friend if they feel satisfy. These are the basic step of how to establish an e-commerce website and the author of this thesis hope it can help new entrepreneur to have a successful and profitability business.

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