

전자상거래를 통한 해외시장 직접투자연구: 베트남을 중심으로

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The exploration of foreign direct investment market in the E-commerce industry: Evidence from vietnam

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ABSTRACT

이 연구는 베트남의 전자상거래 산업의 신흥 마켓을 조사했다. 과거에는 중국이 전자상거래 산업의 선두주자였으나, 최근 베트남은 풍부한 자원과 값싼 노동력으로 전자 상거래에 대한 많은 관심을 표명해왔다. 또한, 베트남은 글로벌 기업의 진출에 대한 상업 시장 조성에 적극 나서고 있어서 전자상거래 시장이 빠르게 활성화 되고 있다. 한국 기업들은 중국시장의 법인세율 인상과 인건비 상승으로 베트남 전자상거래 시장에 진출하는 데 높은 관심을 갖고 있다. 따라서, 본 연구는 베트남 전자상거래 시장에 대한 외국의 직접 투자와 전략적 자산 모색에 대해 탐구하였다. 이연구는 전자상거래 시장에서 한국 기업이 베트남에 성공적으로 진출할 수 있는 방법을 베트남 전자상거래 시장의 빠른성장과 현금 유통비율의 감소, 전자결제망 구축, 급속 온라인 모바일 쇼핑 시장을 증가원인에서 찾고자 한다.

This research investigated the emerging market of e-commerce industry in Vietnam. Predominately, China created and have sustained a high rate of interest and performance in this area. However, recently, Vietnam has been a promising market because of its abundant resources and cheap labor force. Furthermore, the government is actively creating a commercial market for global companies to enter their country. South Korean companies have a high interest in entering the Vietnamese e-commerce market than China because of raising corporate tax rates and rising labor costs. Thus, this research explored the foreign direct investment in the market and strategic seeking of the e-commerce market in Vietnam. This paper discovered the fast growth of the Vietnamese e-commerce market because the Vietnamese government decided to reduce cash circulation and increase electronic payment, electronic payment network establishment, rapid online mobile shopping market. Also, it analyzed how South Korean companies can enter Vietnam in the e-commerce market successfully.

Keywords: E-Commerce, Foreign direct investment, Market seeking, Strategic-asset seeking, Performance



1. Introduction

Since the establishment of formal diplomatic relations in 1992, Korea and Vietnam have formed many economic cooperation ties, and the volume of bilateral trade has grown tremendously, to be exact 128 times.

The number of Korean residents staying in Vietnam has easily surpassed 150,000, and the movement of Korean entertainment called Hallyu has increased in investment in Vietnam. The volume of bilateral trade also escalated, reaching \$58.5 billion in November 2017, and the number of Korean companies operating in Vietnam surpassed 5,000 as of December 2017.

South Korea is Vietnam's third-largest trading partner and number one investor, while Vietnam, for South Korea, has emerged as the country's fourth-largest trading investor. Vietnam is a prospective country with an annual growth rate of nearly seven percent, and it has grown as an integral relationship with Korea.

Vietnam is a country that has been the driving force behind the economic growth of Southeast Asia through continuous economic reform since the introduction of the reform and opening policy in 1986 and has received much attention from investors not only from Korean companies but also from global companies.

The primary reason for this is because Vietnam has a promising market for emerging countries. Also, it has abundant resources and a competitive and excellent labor force. Also, the Vietnamese government is actively opening up the commercial market to attract foreign investment, and Vietnam's economy is also continuing to grow at a high rate of growth while setting up strategies not only for global companies but also from Korean companies.

In the past, Korean companies' advanced into overseas markets by entering into the Chinese market. However, China's regulation on foreign-invested companies was uncertain and risky by raising corporate tax rates, strengthening labor rights, and rising labor costs. This conditional factors made Korean companies, and global companies to move to the Southeast Asian markets as an alternative for **foreign direct investment(FDI)** for strategic-asset seeking. Therefore, the Vietnamese market has been rapidly rising.

Vietnam has more than 50 million Internet users, and more than half of the population (95 million) uses the Internet. The significant Internet penetration rate and the huge young consumer class are essential factors that brighten Vietnam's e-commerce market.

This study analyzes the current environment and problems of the Vietnamese e-commerce market, and possibly provide a strategic plan for Korean companies to enter the Vietnamese e-commerce market in the future successfully. Furthermore, we will use the theory of FDI on market and strategic-asset seeking to pose why companies are moving their business activities in Vietnam. Therefore, for this research, we will use the data from the Korea Trade Promotion Agency (KOTRA), the Korea International Trade Association, the Small and Medium Business Promotion Foundation, the Korea Institute for International Economic Policy, and Vietnam's local statistics.

2. Literature Review

2.1 Foreign Direct Investment Market Seeking & Strategic-Asset Seeking

FDI is vital for the country's growth. It can benefit the host country by allowing new technology, skills, job creation, and opportunities for growth (Almfraji & Almsafir, 2014).

John Dunning (1980) with his eclectic paradigm: ownership, location, and internalization advantages can explain why outside investors invest in different countries. Furthermore, the eclectic paradigm discovered the determinants of market-seeking and strategic-asset seeking. The global companies utilize the market-seeking FDI, which deals with market size and growth, access to regional and global market, and structure of the domestic market (Wadhwa & Reddy, 2011). Also, Pananon (2015) stated that firms would move into international expansion to capture more value for their firms.

Dunning and Lundan (2008) described strategic-asset seeking as “the acquisition of foreign firms to promote long-term strategic objectives and advancing international competitiveness.” Faeth (2009) described strategic-asset seeking for global companies to enter international networks for possible growth in technology and market growth. Li, Strange, Ning, and Sutherland (2016) stated that strategic-asset seeking is vital for emerging multinational companies to grow. Also, Alcantara and Mitsuhashi (2012) stated that multinational enterprises invest in host countries for strategic-asset to strengthen their assets and skills. Moreover, Cui and Jiang (2009) described the strategic behavior (maximize profitability, retain flexibility, achieve dominant market position, pursue global synergy effect, and strategic motivation) of the firm’s decision to enter into a foreign country for strategic-fit in the host industry and strategic intent. Thus, the determinants of market-seeking and strategic-asset seeking are considered when entering into a foreign country.

2.2 E-Commerce

Electronic Commerce(e-commerce) refers to transactions through digital technology using the Internet and the Web to conduct business transactions. Also, it refers to as the purchase and sale of goods via the Internet or network of an enterprise, and more broadly, all commercial transactions taking place in cyberspace, and activities that support the sharing and retrieval of related information, and decision-making processes. Dutta (1997) stated that e-commerce is sharing business information, building, and maintaining business relationships through telecommunication networks.

According to Statistics Korea, the nation’s e-commerce market reached 78 trillion won in 2017, up thirty-four percent from 2016, exceeding the sixty percent share of mobile devices during e-commerce for the first time in 2018 (changes in the 2018 e-commerce market and logistics industry). The growth of the e-commerce market, as well as Korea, was growing at a rapid pace. Also, the rate of smartphones increased higher, so did the e-commerce market.

Lee (2013), analyzed Vietnam’s e-commerce environment. Since joining the General Agreement on Tariffs and Trade (GATT), Vietnam has established and fostered e-commerce. Also, the growth potential in e-commerce was rising because of the increasing growth of the internet. However, the e-commerce infrastructure and IT industry were at the beginning stage, and the consumers and laws related to e-commerce were low. Therefore, Korean companies believed that to take advantage of the niche markets; it is vital to establish strategies such as building partnerships with local companies and expanding new distribution channels.

Kwon (2015) stated that the Free Trade Agreement (FTA) between Korea and China allowed the two countries to mitigate or eliminate all trade barriers the free movement of goods between each other. Furthermore, to measure the boost of e-commerce exports, it was critical to analyze the trends in China, expansion, and partnership of local logistics systems, easy-payment system, government’s regulation on duty-free, and easy-customs clearance system.

Thus, research on the success factors and strategies of foreign companies, including Korean companies, to enter the e-commerce market in Vietnam was low.

3. The Vietnam Economy

3.1 Economic Index Database

Vietnam's economic growth rate began to show signs of recovery in 2010 and has been at a high growth rate of more than six percent since 2015, with per capita **Gross Domestic Product(GDP)** standing at \$2,545 as of 2018 and around 134th in the world. This information shows a wide gap in income levels in a metropolitan and provincial area, given that the per capita GDP of large cities (Hanoi, Ho Chi Minh, and Danang) exceeds \$5,000. Also, consumer inflation has dropped to a stable level since 2015, with unemployment also recording stable numbers in the three percent range.

The export performance is steadily rising every year, and import performance are also shown to increase every year. The increase in imports of rich goods should be seen as an increase in imports. The trade balance recorded 3.2 billion dollars in 2015 alone, and since then, the growth rate of private investment and the amount of foreign investment rose every year. The increase in foreign exchange reserves also shows that foreign exchange reserves increase due to increased exports. According to Vietnam's economic indicators, future economic growth in Vietnam is expected to continue for some time, which is thought to have a significant bearing on foreign direct investment. Table 1 shows Vietnam's economic index.

Table 1. Vietnam Economic Index

	Index	Unit	2012	2013	2014	2015	2016	2017
Domestic Economy	Rate of Economic Growth	%	5.25	5.42	5.98	6.68	6.21	6.3
	GDP per Person	Dollar	1,749	1,908	2,051	2,109	2,215	-
	Current GDP	Billion Dollar	1,553	1,712	1,858	1,914	2,014	2,144
	Net Government Debt/GDP	%	50	53.3	52.9	53.5	61.3	58.4
	Consumer Price Inflation	%	9.2	6.6	4.1	0.6	2.7	4
	Industrial Production Growth Rate	%	8.8	9.2	7.6	9.8	7.3	6.3
	Composite Stock Price Index	Year-End	413.73	504.63	545.63	579.03	664.87	-
	Unemployment Rate	%	3.21	3.59	3.43	3.29	2.3	3.3
International Economy	Export Performance	Billion Dollar	1,145	1,320	1,500	1,624	1,759	1,886
	Import Performance		1,138	1,320	1,481	1,656	1,733	1,844
	Trade Balance		7	0	19	-32	26	42
	Private Investment Growth Rate	%	3.8	5.6	13.6	13	9.7	-
	Amount of Foreign Direct Investment	Million Dollar	16,348	22,352	20,230	22,760	24,373	-
	Total Debt	Billion Dollar	591	655	719	719	838	894
	Foreign Exchange Reserves		261	263	346	300	410	-
	Interst Rate	%	13.5	10.4	8.7	7.1	7	7
Exchange Rate (Dollar)	VND	20,828	21,036	21,246	21,890	22,790	23,429	

Source: General Statistics Office of Vietnam

3.2 Price and Exchange Rate

In 2016, the **Consumer Price Index(CPI)** in Vietnam recorded 2.66 percent, achieving its goal of less than five percent in 2016.

The government’s efforts to stabilize macroeconomic indicators were mainly effective in the fall in the international oil and raw material prices. Also, consumer inflation in 2017 was higher than in 2016 due to rising prices in the public sector such as education, health, and health care, and a rebound in the international oil and raw material prices from January to June 2017, the CPI increase rate was 4.15 percent.

Furthermore, from January 4, 2016, Vietnam’s central bank introduced a new exchange rate system that put the daily benchmark exchange rate at a high level. Vietnam’s central bank announced on December 31, 2015, decided to announce the daily benchmark exchange rate of Vietnam’s currency against the **United States Dollar(USD)**.

The new daily benchmark exchange rate is the exchange rate set based on the supply and demand of the foreign exchange market and the weighted average of eight major currencies in the money market. The eight major currencies cited the U.S. dollar, the European Union euro, China’s yuan, the Japanese yen, the Singaporean dollar, the South Korean won, the Taiwanese won, and the Thai baht. This exchange rate translates into a more flexible foreign exchange policy by announcing daily median values reflecting currency values in other major economies or changes in offshore money markets.

Previously, the Vietnamese government had been defending the exchange rate by extremely curbing foreign exchange volatility, but introduced a new exchange rate system to reflect changes in the domestic and global capital markets and enhance transparency. Also, Vietnam’s central bank predicted that it would minimize U.S. dollar speculation and reduce currency volatility, contributing to the effective management of exchange risks for companies. The dollar’s exchange rate adjustment has led to a devaluation of the Vietnamese currency and expanded the exchange rate band to +/- three percent. The move is seen as a move to stabilize the foreign exchange market, adjust inflation, strengthen export competitiveness due to the devaluation of the Chinese yuan, and promote aggressive growth. Fig. 1 shows the growth rate of the consumer price index and minimum wage.

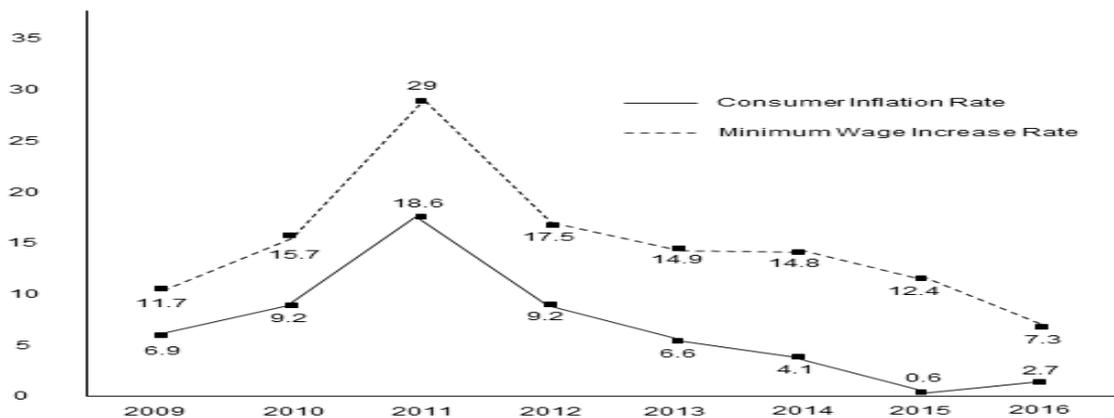


Fig. 1. Consumer Price Index Growth and Minimum Wage Growth Rate

Unit: Percentage from a year earlier

3.2 Foreign Direct Investment

From 1988 to June 2017, foreign direct investment in Vietnam on a cumulative basis recorded 23,594 cases, or \$306.3 billion. The major investment countries included Korea, Japan, Singapore, Taiwan, and more. Major investment sectors in Vietnam, included manufacturing, real estate, construction, power, and gas. However, Vietnam mainly focused on manufacturing, but the portion of

manufacturing was decreasing gradually from seventy-seven percent in 2013 to seventy-two percent in 2014 to sixty-seven percent in 2015 to fifty-nine percent in 2016. However, from January to June in 2017, the number of new investments rose 3.3 percent year-on-year to 1,183 with the total amount of investments rising 54.8 percent year-on-year to \$19.2 billion. Table 2 shows the trends of foreign investment in Vietnam, and Fig. 2 provides the investment status of 10 countries in Vietnam.

Table 2. Trends of Foreign Investment in Vietnam

Category	2012	2013	2014	2015	2016	2017
Number of new investment	1,287	1,530	1,588	2,013	2,556	1,183
Amount of total investment	16,348	22,352	20,231	22,760	24,372	19,229

Source: General Statistics Office of Vietnam

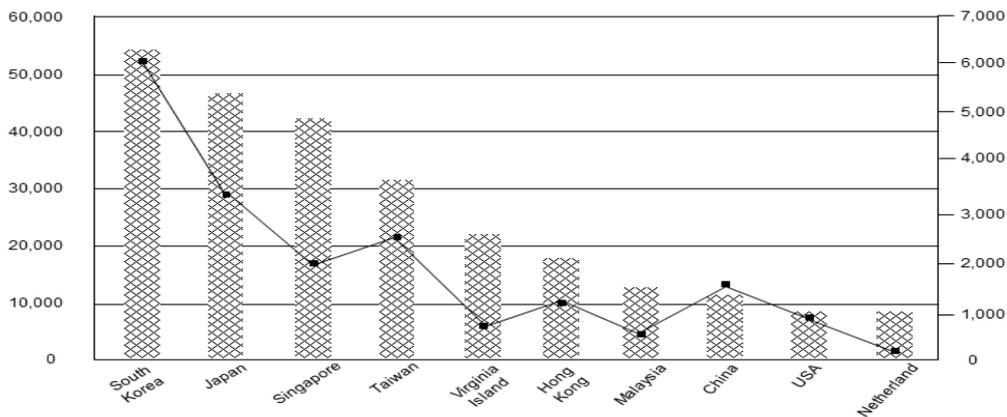


Fig. 2. Investment Status of 10 Countries in Vietnam based on Cumulative Basis (1988-2017)

Unit: Million Dollar, Number of Cases

Source: Foreign Investment Agency

Furthermore, Vietnam’s import and export volume has been on the rise every year due to steady FDI and the acceleration of integration into the global economy through the expansion of multilateral trade agreements between the countries, such as South Korea-China, Vietnam-Europe through **Free Trade Agreement(FTA)** and the **Asean Economic Community(AEC)**. As of January-June 2017, Vietnam’s total exports were 97.8 billion dollars (increased 18.9 percent compared to the previous year) and imported 100.5 billion dollars (increased 24.1 percent from a year earlier). In Vietnam, the proportion o FDI companies in both the import and export sectors continued to grow, with FDI companies accounting for about 71.6 percent and imports 59 percent in 2016. Fig. 3 shows the Vietnam export price trend.

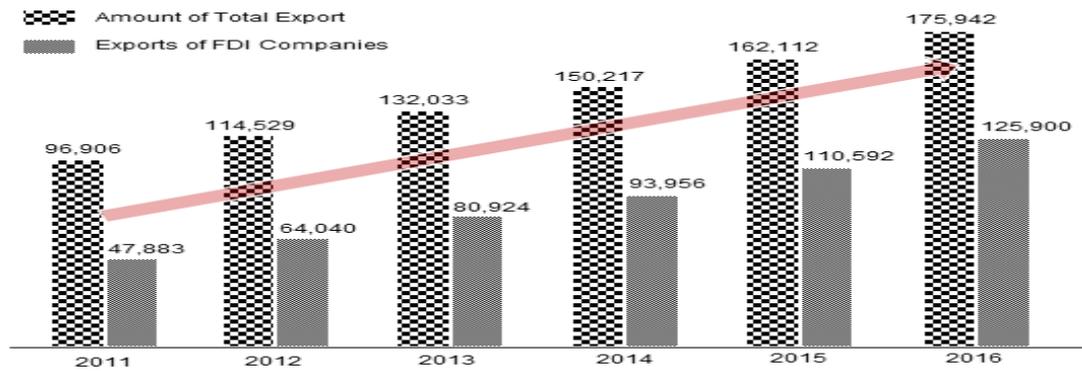


Fig. 3. Vietnam Export Price Trend

Unit: Million Dollars

Source: General Statistics Office of Vietnam

3.4 South Korea Trade Trend and Characteristics

Since the establishment of diplomatic relations between South Korea and Vietnam in 1992, trade volume between the two countries grew more than ninety times. Also, as of May 2017, Vietnam was Korea’s third-largest export destination after China and the United States. Also, Korea’s exports to Vietnam grew by double digits (17.6 percent) in 2016 due to increased exports to local production bases even when global trade conditions worsened, including a slowdown in the global economy and falling oil prices. In May 2017, Korea’s exports to Vietnam increased by about 51.8 percent.

Total trade volume between South Korea and Vietnam reached up to US\$10 billion in 2010, with trade volume between the two countries reaching \$13 billion. Since then, South Korea recorded \$21.7 billion in 2012 and surpassed \$20 billion in 2014 and \$40 billion in 2016. More than ninety percent of South Korea’s exports to Vietnam were raw materials and capital goods, which were driven by increased demand for imported raw materials, and the introduction of equipment parts by South Korean companies to Vietnam. This exporting was a contributing factor to Vietnam’s trade deficit with South Korea, but investment companies are significantly contributing to Vietnam’s economic growth by hiring Vietnamese workers and exporting their products to major countries. Furthermore, as of January-May 2017, Korea’s exports to Vietnam increased 51.8 percent year-on-year to \$19 billion, while imports rose 30.2 percent year-on-year to \$6.1 billion, recording a trade surplus of about \$12.9 billion. Table 3 shows Korea’s trade trend with Vietnam.

Table 3. Korea’s Trade Trend with Vietnam

Category	2013	2014	2015	2016	2017
Export	21,088	22,352	27,771	32,630	18,976
Import	7,175	7,990	9,805	12,495	6,085
Trade Balance	13,912	14,361	17,966	20,135	12,890

Source: Korea International Trade Association

4. The Vietnam E-Commerce

4.1 Vietnam E-Commerce Status

The development of Vietnam's commercial sector is causing a new market and competition. Currently, the Vietnamese e-commerce market is making breakthrough sales.

As of 2015, total e-commerce sales reached \$407 billion, which is a thirty-seven percent increase from the previous year. According to the report by the IT Electronics and Commerce Bureau, the amount is equivalent to 2.8 percent of the total retail sales of Vietnam's total goods and services. The goods and services purchased online accounted for sixty-four percent of the total; most were from clothing, shoes, and cosmetics followed by IT devices, electronics, household goods, books, and office supplies.

It is expected that sales of the **business to consumer(b2c)** through online shopping mall sales platforms will rise by more than twenty percent annually by 2020. Looking at the potential for development in online electronics sales projected by Euromonitor International, the company expects to grow more than thirty percent annually from 2015 to 2020, with sales expected to reach about \$21 billion in 2020.

Although e-commerce accounts for a small percentage of Vietnam's retail sales, it is likely that the number of people who use e-commerce accounts for a small percentage of Vietnam's retail sales. Also, it is expected that the number of people who use e-commerce in Vietnam will continue to grow due to the lifestyle of Vietnamese people who are getting busy day by day who needs convenience. Also, the growing number of Internet and smartphone users supports Vietnam's e-commerce market, and the expansion of the upper-middle class and increased personal consumption are expected to grow steadily, especially in the retail and e-commerce markets. Table 4 shows the list of Vietnam's major e-commerce service companies.

Recently, Vietnam's Ministry of Information and Communication gave 4G license 1800 MHz bandwidth to four telecom operators (Vietel, VNPT, MobiFone, and Gmobile). Under the broadband development plan ratified by the Vietnamese prime minister in January this year, the Vietnamese government plans to expand existing 3G services to the 4G range by 2020 to ninety-five percent of the population. When 4G services begin to be fully distributed in Vietnam, the company expects the use of online shopping to speed up the movement to smartphones and increase the number of mobile customers. Also, payment and delivery, which have been the biggest obstacle to online shopping, have been established with **cash on delivery(COD)** since 2014 to help drive the market growth.

Table 4. Vietnam's Major E-Commerce Service Companies

No.	Company	Website
1	Recess Co., Ltd	www.lazada.vn
2	Peacetech Solution JSC	www.chodientu.vn
3	Hotdeal C., Ltd	www.hotdeal.vn
4	Vietnam Price JSC	www.vatgia.com
5	VCCORP JSC	www.enbac.com
6	VCCORP JSC	www.tongbay.com
7	Sen Do Technology JSC	www.sendo.vn
8	Cung Mua Co., Ltd	www.cungmua.com
9	Vincommerce Co., Ltd	www.adayroi.com

Source: Vietnam Ministry of Information and Communication

Vietnamese consumers prefer the COD method when shopping online, according to a survey by the **Vietnam Electronic Commerce Information Technology Institute(VECITA)**, sixty-four percent of Vietnamese consumers buy goods through COD methods instead of e-payments such as account transfers, electronic wallet, and credit card when shopping online.

The advantage of the COD method is that when shopping online, buyers can purchase goods with confidence by checking the product first and then pay for the product. However, it is still common to see Vietnamese production workers lining up in front of **Automated Teller Machine(ATM)s** to withdraw cash on monthly on their payday, indicating that Vietnamese still prefer to use cash instead of credit cards.

Fig. 4 shows the comparison of payment preference method between cash and credit cards. It shows that the Vietnamese card use has been on the rise between 2010 and 2015, with the number of bank card issuances and the average annual growth rate of card transactions reaching 23.1 percent and 35 percent, respectively.

In 2015, the cumulative base and the number of card issuances in Vietnam stood at about 90 million, with most Vietnamese adults holding more than one bank card on average. Local banks have integrated more functions and made online banking possible, including providing services such as electricity, water, and water taxes, insurance premiums, telecommunications fees and digital content payments (games, movies, and music) to increase the use of cards by Vietnamese. However, Vietnamese prefer to use debit cards (check cards) over credit cards, and only two to three percent of the population owns credit cards.

According to Euromonitor, the accumulated number of debit cards held in 2015 was about 84 million, and that of credit cards was about 3.7 million.

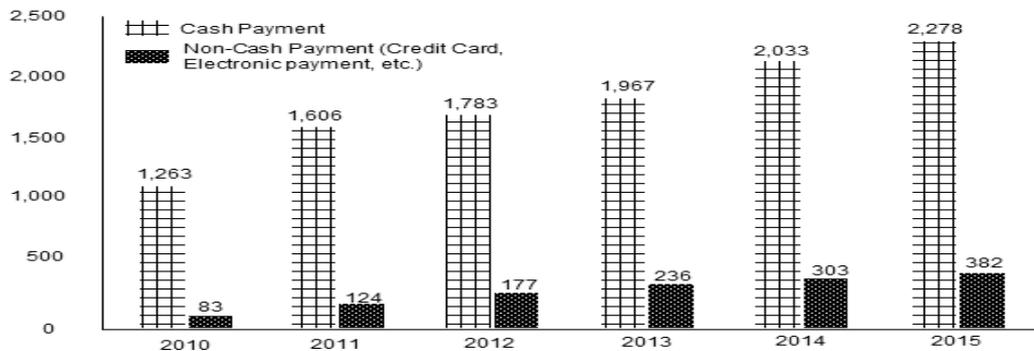


Fig. 4. Comparison of Cash and Credit Card Method of Payment

Unit: Billion VND

Source: Euromonitor

5. Implication

This research paper explored and investigated about the e-commerce market in Vietnam. It is essential to explore and seek new market strategically.

Thus, this paper analyzed and discovered that Vietnamese people do not use credit cards because they are not familiar with the payment method of paying later and have a fear of overdue interest rates. Also, the Vietnamese people are not using credit cards

because of their frugal spending habit. Although there are differences in income, ordinary Vietnamese workers save to 20 to 30 percent of their monthly salary. Furthermore, they have a fear of reckless using the credit card. The local banks also recognize that Vietnamese are reluctant to use credit cards and are more concerned with debit card services than credit cards. Fig. 5 shows the increased use of debit and credit cards by the Vietnamese.

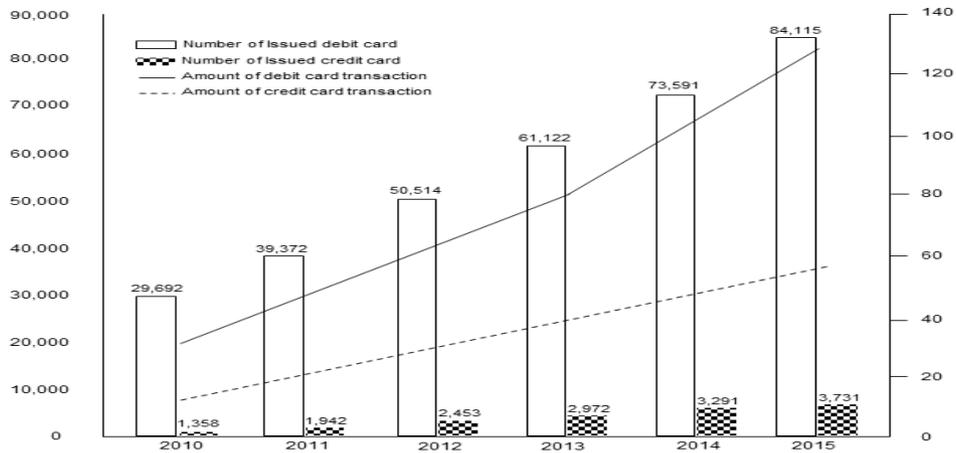


Fig. 5. Increased Use of Debit and Credit Cards by Vietnamese

Unit: Thousand VND

Source: Euromonitor

There are three main drivers of growth in Vietnam's electronic payment market. First, the Vietnamese government decided to reduce cash circulation and increase electronic card payments. Under the 2016-2020 e-commerce development plan, the Vietnamese government will expand the portion of non-cash payments in major metropolitan areas by 50 percent, thus setting up point-of-sales terminals at all retail outlets, including supermarkets, large discount stores, and convenience stores, and 70 percent of the companies in the capital are expected to receive fees through online banking. To develop the e-commerce industry, the Vietnamese government plans to establish a transportation network linking cities and provinces across the country, in addition to improving Internet and telecommunications infrastructure. The Vietnamese government is making various efforts to promote electronic payment, including the introduction of a prepaid transportation card system on trains and subways.

Second, the establishment of an electronic payment network through an international payment network NAPAS brand launch. In April 2016, the National Payment Corporation of Vietnam launched a brand called NAPAS and started related businesses to establish an international payment network. NAPAS is a Vietnamese version of the international payment network, such as Visa, Master Card, and Union Pay, a Vietnamese banking card association with more than 40 local financial firms as members. Shinhan Bank's Vietnamese subsidiary is also a member of NAPAS. Through NAPAS, the Vietnamese government plans to increase the use of domestic credit cards instead of cash, a traditional means of payment. Also, NAPAS is seeking to increase the use of electronics payments by applying its credit card payment system to Samsung Pay together with Samsung Electronics in the future.

Third, is online. With the rapid growth of the mobile shopping market, electronic payments are expected to increase. Electronic payments are highly correlated with the growth of e-commerce (online shopping, online games, and more) market because electronic payments usually occur in e-commerce. Vietnam's e-commerce market grew at a rapid pace of 93.7 percent annually between 2012

and 2015. Thus, electronic payments are expected to become more and more common. In particular, the mobile shopping market is also expected to grow, since an average of more than one mobile device per person will be purchased. Also, smartphone penetration in Vietnam is expected to reach about 55 percent, and the number of mobile communications subscribers will exceed 100 million. According to a 2015 Vietnam e-commerce report, 27 percent of smartphone users did mobile shopping, while 45 percent searched for shopping information through their smartphones more than once a day.

This research also analyzed and discovered that South Korean companies that want to enter into Vietnam for market and strategic-asset seeking would have to carefully examine the local environment and make thorough plans before entering the country will be an excellent way to improve their business performance.

The biggest challenge in Vietnam's e-commerce market strategy is to improve the reliability of the e-payment sector, legal system, and secure environment. The current trend is to gradually shift from the COD, which is a method to the electronic payment method. The Vietnamese government is encouraging the introduction of a system for electronic payment method, and the growth of Vietnam's economic growth and income growth have led to the growth of the Vietnamese retail distribution market, which has led to the demand for payment convenience and improved awareness of card transactions. Also, the emergence of Vietnamese online shopping malls such as Rajada (Lazada), Yes24vn, Tiki.vn, and adayroi, as well as the expansion of smartphone penetration, prompted the Vietnamese e-commerce market to increase. Lastly, the Vietnamese government recommended e-commerce companies to include online payments as one of the means of payment.

Vietnam's dominant mobile payment services are from several ways: the **Quick Response(QR)** codes which make payments through personal authentication, electronic wallet applications, and use **near field communication(NFC)** technology such as Samsung Pay.

In September 2017, Samsung's mobile payment service, Samsung Pay launched the service in Vietnam, and Samsung Pay worked with major local banks to make it available to anyone if they have a corresponding bank account. Samsung Electronics and Vietnam are planning to expand their service to all of NAPAS member companies through cooperation with NAPAS, a local banking card association. Vietnam has favorable conditions for Samsung Pay service due to a high penetration rate of debit cards (a total of more than 100 million copies issued), and high utilization rate of smartphones (about 60 percent) can be used at major Vietnamese restaurants and cafes.

The Vietnamese government evaluated that the introduction of infrastructure and technology for electronic payments was very effective for Vietnam's economic growth, and announced a master plan in December 2016 to establish a non-cash payment system. Under the plan, Vietnam intends to build policies for related laws, strengthen credit card payment services for retailers, enhance e-payment on the public sector, apply a payment system that meets international standards, protect consumers and increase cooperation among related ministries by 2020. In particular, the Vietnamese government plans to expand the portion of non-cash payments to more than 80 percent in public sectors such as water, electricity, and others by 2020. Given the recent moves by major Vietnamese banks to the Vietnamese financial industry, it is clear that interest in mobile payments in Vietnam is rising.

If South Korean companies want to enter the Vietnamese e-payment market, it is desirable to enter the market through cooperation with the company that has already obtained the license. Also, if they want to enter the mobile payment service sector such as electronic wallet, it will be more accessible through a partnership or **mergers and acquisition(M&A)** with the company that already has the license.

6. Conclusion

It is essential to understand that Vietnam's electronic payment market is still in the embryonic stage. The immediate profit will be difficult. Many electronic wallet developers are diligently working with investors to strengthen the e-commerce industry. Above all else, the critical factor is for domestic companies is to seek and gain confidence in electronic payment services from Vietnamese consumers for a successful future.

The limitation of the research is that it would have been more thorough if it had analyzed the digital media and content and the online advertising industry to see the growth of the e-commerce industry in Vietnam. The future researchers in the e-commerce industry in Vietnam should emphasize these industries to understand a clearer picture of the e-commerce growth and opportunity for prospective companies who want to invest in Vietnam. Furthermore, the determinants of resource and efficiency seeking in the eclectic paradigm were not used for this research because it focused primarily on the market and strategic-asset seeking. The future researchers in this field can examine the missing determinants to have a holistic view.

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