

# Market Potential and Reality Application of Digital Marketing in Vietnam Enterprise during Current Period

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**Abstract:- Together with the development of science and technology, especially the achievements of the digital era has given businesses a lot of useful marketing applications alongside traditional marketing tools such as online marketing, marketing-based applications of digital. Digital marketing is currently evaluated as the most effective in the context of deeper integration by the flexibility, optimization and speed transmission of messages without border of applications. In the framework of this article, the author will focus on clarifying the concept of digital marketing, market potential and growing condition of digital marketing, the reality of applying digital marketing in Viet Nam firms and giving some recommendations for Vietnamese enterprises to keep pace with the digital marketing worldwide trends in the coming years.**

**Keywords:- Digital Marketing, Application, Enterprise, Market Potential.**

## I. INTRODUCTION

In business, marketing is an indispensable activity of any business in order to survive and thrive. The heart of your business success lies in its marketing. Most aspects of a business depend on successful marketing. The overall marketing umbrella covers advertising, public relations, promotions and sales. Marketing is a process by which a product or service is introduced and promoted to potential customers. Without marketing, a business may offer the best products or services in an industry, but none of potential customers would know about it. Without marketing, sales may crash and companies may have to close (Loretta, 2015). In reality, enterprises will actively explore to choose for themselves a type of marketing that is the most appropriate for their products, services and business conditions in order to optimize efficiency and minimize expenditure. Along with the development of science and technology, especially the achievements of the digital era has given businesses a lot of useful marketing applications alongside traditional marketing tools such as online marketing, marketing-based applications of digital. Digital marketing is currently evaluated as the most effective in the context of deeper integration by the flexibility, optimization and speed transmission of messages without border of applications. In the framework of this article, the author will focus on clarifying the concept of digital marketing, the conditions for the development of digital marketing in the world and in

Vietnam currently, the reality of applying digital marketing in enterprises and giving some recommendations for the businesses to keep pace with the digital marketing trends in 2017 and the coming years.

## II. LITERATURE REVIEW

Currently, we often hear about online marketing, internet marketing and digital marketing as replaceable concepts for each other during use. In fact, the development of electronic devices such as mobile phones, computers (laptop and desktop) or television which most internet connections lead to confusion about three concepts. However, in basic “Digital marketing is marketing that makes use of electronic devices (computers) such as personal computers, smart phones, cell phones, tablets and game consoles to engage with stakeholders. Digital marketing applies technologies or platforms such as websites, e-mail, apps (classic and mobile) and social networks (Wikipedia, 2016). Digital marketing includes online marketing and digital advertising” (Tu, 2015).

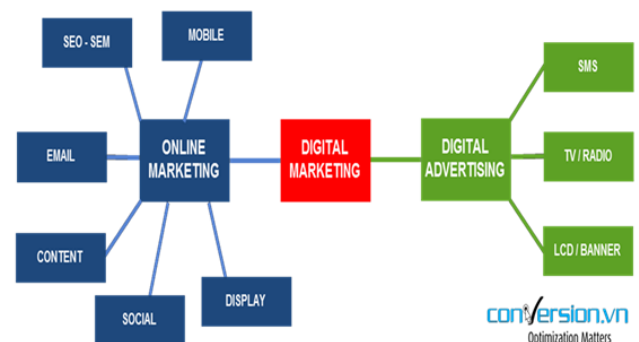


Fig 1

According to the Global Marketing organization, marketing experts as well as through fact finding found digital marketing is being considered preeminent than traditional marketing methods in many aspects. First, digital marketing is cheaper than traditional one. With the same amount of expenditure, if the business uses digital marketing, they can have access to large amount of customer (if not the infinite) through social networks, forums, electronic newspaper; whereas if the advertising on television, the traditional newspaper, banner, only a limited amount of customers can access. Second, digital marketing is more likely interactive than other types of traditional marketing, customers can interact and express their views

by like, comment, chat live. Third, digital marketing can be quantified and evaluated immediately effective through intelligent applications such as traffic tools. SEO, click, google add word, like are the applications that allow businesses to accurately count the number of people interested in the products and services. Fourth, digital marketing is easily leads to purchasing action than other media; customers can purchase and pay immediately without going to the store that is impossible by traditional methods. Last but not least, digital marketing allows business to transmit its messages and access to the right target customer. A question is whether we are ready for digital marketing application?

**III. METHODOLOGY**

According to the research of We Are Social (2017), a global company with offices are located in major cities around the world such as London, New York, Paris, Milan, Munich, Singapore, Sydney and San Francisco specialized in supporting companies, to listen, understand and convey the company's message to customers through social media, shows on 01.01.2017 about 3, 4 billion out of 7.4 billion total population are internet users, equivalent to 46% of the population, an increase of 4% compared to 2015. The number of social network account is 2.7 billion or 31%, besides the phone users accounted for about 51% with 3.79 billion populations of which over 47% are connected to a 3G phone, 4G and 1.9 billion phone users can use the social network. This figure is very important for businesses to consider digital marketing choice as an effective sales channel communication for the present and in the following years.

Compared to 2017, the 4 indicators on number of internet users, social network account number, the number of mobile phone users (smart phone) and the number of mobile users to access internet increase with high rates, 10%, 10%, 4% and 17% respectively. Considering in the extent of East Asia, where Vietnam is a member of AEC, the region accounted for 22% of the population but 25% of the internet users worldwide, 33% of which have social network accounts, and 22% of people have used smart phone. The study also shows that, nearly 95% population in age of 18-45 have accessed to internet and 75% often use devices that have internet connection, whom have able to pay and give decision very quickly (75% users buy products after looking for information from internet (Infographic Singapore, 2016). This affirms again that it is a huge market, favorable for promoting products/services.

In Vietnam, a country is considered as a market with a large amount of internet users worldwide ranked at 18th, and a market with a highest rate of developing digital applications in the region and 6th in Asia (Singapore, 2012). With a population of 93.9 million people, up to 47 million are internet users account for 50% of the population, which has 35 million users of social networks. There are 143 million telephone subscribers including 29 million have used social networks (We are social, 2017). Compared to 01.01.2016, the number of internet users, social network account number, the amount of mobile phone subscribers and users of social networking on mobile phones are increased considerably at the rate of 10%, 25%, 4%, 21% respectively.

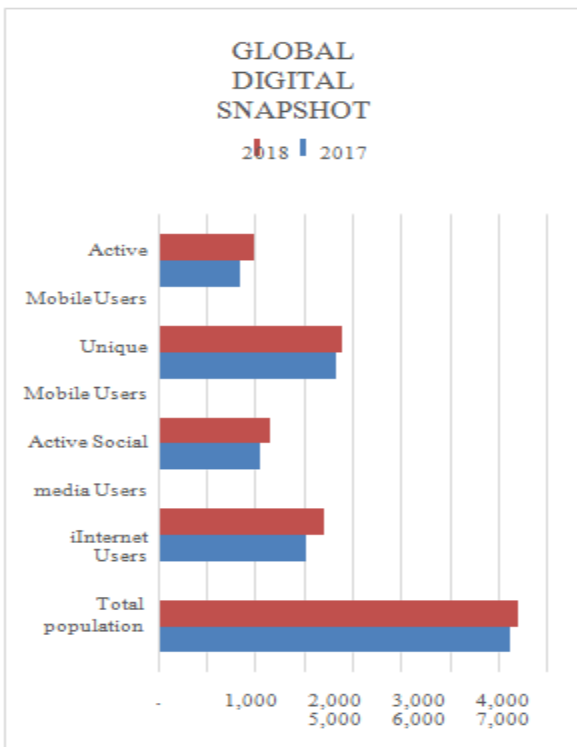


Fig 2:- (Author collect from We are social 2018, 2017)



Fig 3:- ( Source: We are social, 2016)

- A more important indicator is the total time that average internet use are constantly increasing in size, specifically a person spent about 4 hours 30 minutes for internet access a day and will increase more in the future.
- With these statistics allows the evaluation of scale, technology platform, the readiness and critical level of accessing to e-commerce market with the scale of nearly 50 million people and trade worth an estimated \$

4,5 billion in 2015 to \$ 7,3 billion in 2019 (Ken research, 2015), \$10 billion in 2020 (VECOM, 2015)

Another research also shows that Share of web traffic in Vietnam through mobile phones increased 40% compared to 2015. On the criteria of social network users, the total number of social networking accounts of Vietnamese is 30 million, accounting for 37% of the total population, in which the number of social network users via the phone is 29 million people, accounting 31% of the total population. Among social networks, Facebook is the most popular in Vietnam with 29% user, followed by Zalo, Skype, Viber, Twitter, Pinterest, LinkedIn, Instagram and Whatsapp.

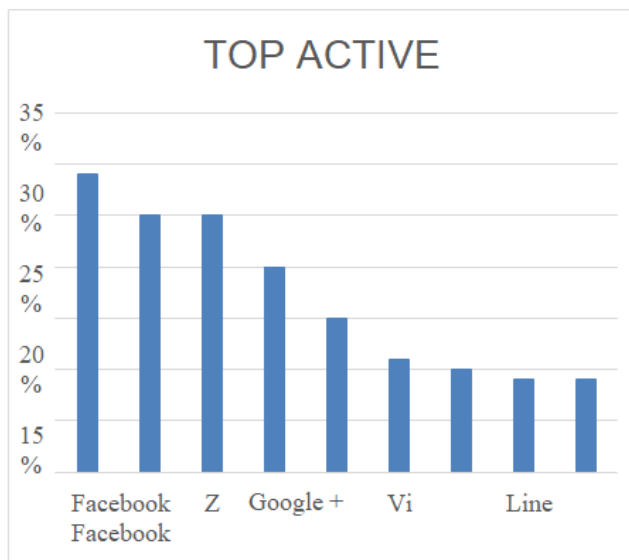


Fig 4

Among internet users, 37% have purchased the products and services, 45% search online to find products, 33% were visiting retail stores, 32% using computer and 23% using mobile phone to buy products/ services. On the platform of application development has led to the flourishing development of electronic commerce in general and digital marketing in particular (Ngo Chi Thanh, 2014). Specifically, according to research by VECITA (Viet Nam E - Commercial information and Technology Agency, 2016) there were 74-85% of computer or phone users connected to the internet to search for information about products, of which there 75% of them decided to purchase the product right then. The number of internet users watch online ads was 87% (InMobile, 2016). Through statistical easily see the urgent, compelling and effective set of e-commerce development and digital marketing in the current period. In fact, many businesses around the world have grasped this trend and invest quite aggressively for digital marketing, especially mobile Internet Adds. Specifically, if in 2012 spending for mobile internet worldwide Ads is 8.76 billion dollars, the 2015 has increased 9 times to 62.3 billion and forecast to 2018 will increase 20 times compared to 2012 and 3 times compared to 2016 nearly 166.63 billion USD (E-marketers, 2015). So what do

Vietnam enterprises have prepared for this development trend?

#### IV. RESULT

It can be said the online market is very active; the presence of more than half of the world's population has made the more attraction of the market on the internet than ever. In Vietnam, enterprises in general and small and medium-sized enterprises in particular have the basic preparation to reach "Fantasy market - Effective Implementation" already. According to the survey of Viet Nam E - Commercial Information and Technology Agency (2016), the rate of equipment for exploiting digital applications in the enterprise has changed significantly, in which, the proportion of investment in personnel, hardware, software, applications administration has increased from 10-15% per year. Specifically, 100% have desktops, 90 - 95% have an internet connection, 97% of businesses accept transfers, 16% of businesses accepting card payments, 45% of businesses have a website, of which 21% enterprises have mobile website version (VECOM, Viet Nam E-commerce report, 2016). However, the applications of exploiting e-commerce market is not high, only about 28-30% enterprises are now applying digital marketing as a powerful advertising channel for sales (VCCI, 2017). Application forms marketing methods are varied and plentiful, small businesses use social networks and forums to advertise as Facebook, Youtube, Tiwtter, Instagram. Meanwhile, in the medium and large enterprises with more abundant funds, they use diverse tools such as building banner ads on the newspaper, CPC/ CPA/ CPM advertising systems; Search (SEO, Adwords), Display, YouTube; Facebook Ads; PR articles; Forum, Social Networking; email Marketing.

According to a 2017 survey of e-commerce and IT Department, 28% of businesses surveyed said having conducted advertising or selling through social networks, up 4% over the previous year. This rate is estimated at about 34% in 2016; the number of firms using sales applications on mobile devices increased from 11% in 2014 to 18% in 2017.

The current e-commerce market with the joining of more than 50% of the population but only exploited by 30% of businesses (most of them have good evaluation of market efficiency in marketing and sales) shows that the competition level is not high, businesses are also having plenty of attractive opportunities to participate and exploit the advantages of the market. However, businesses must also be aware that many foreign competitors are approaching and having strategies to exploit this market with the population of 94 million. E- commerce customers are also moving and having more options in shopping; this is the big challenge that Vietnam enterprises need to consider and to have effective solutions to attract and exploit these potential customers.

## V. CONCLUSION

As analyzed, digital marketing has advantages in terms of speed, the level of spillover, effects, cost and interactive than other forms of marketing. Experts predict 2018 will be the booming year of marketing applications trend such as SEO, SEM, Google Ads, Content marketing, marketing Automatic, Video ads, image ads, Live stream and SMS brand name ads, social media, interact content ... However, in order to effectively exploit the features of this trend, companies are required to have a good preparation.

### A. Human Resource Preparation

According to VECICA (2016), although 73% of surveyed enterprises have information technology and e-commerce staffs, the majority only know the basic e-commerce application activities such as email, tax and customs declarations.. Only about 28% of them have proficient e-commerce applications in sales; the proportion of employees fluent in foreign languages is quite few (only 15-20%) (VECICA, 2016). This proportion of Vietnam is several times lower than other countries in the region such as Thailand, Singapore. So in the future enterprises immediately need to have additional training strategy for e-commercial staff about foreign language, e-commercial skills, administration and communication skills and especially the international trading legislation to catch up and exploit the market better.

### B. Infrastructure, Equipment Conditions

As statistics, 100% of enterprises have computers, 95% of enterprises connected to the internet, 98% of businesses have accounting software, 50% have human resources management software, 20% have CRM and SCM software. The rate of enterprises' investment for facilities is relatively high, but firms need to invest more in software applications such as digital marketing, e-payment applications, purchase website including mobile version.

### C. Need to Develop Long Term Strategies for E-Commercial and Digital Marketing

The majority of enterprises are implementing digital marketing spontaneously, without long-term strategy and consistency investment in promotion, payment and logistics management and after-sales services (Annual E - commercial report, 2015). So in the future, businesses need to have a specific and focused strategy and budget for e-commerce, especially promotion and payment. Besides, it is needed to regularly update their knowledge and new trends in e-commerce in order to take advantage of business competitive advantage.

### D. Study on Digital Marketing Trends in the World

Along with the change of technology, changing trends in digital marketing is fast as well. Therefore, businesses need to be more responsive to proactive and efficient exploitation of this stuff to create a comparative advantage in promoting and competition.

Digital marketing in particular and E - Commercial in general is increasingly proving its important role in the business results of enterprises (over 61% of businesses evaluate the importance of their application). In order to exploit this market efficiently, businesses need to actively explore the development trend, the application software, long-term strategy soon, as well as have greater advocacy for human resources about the effectiveness, professionalism and market potential of 50% of the world population; improving language skills, internationalization and constantly improve product quality. That is the key accompanied with digital marketing to open the business market door without border.

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