

Factors Affecting The Development Of The Sharing Economy Model In Delivery Activities In Vietnam During The Covid-19 Pandemic

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Abstract

The sharing economy is a new economic model developed during the Industrial Revolution 4.0. With the vigorous development of information technology, providing products and services to consumers has surpassed the limit of both time distance and geographical space. It is increasingly meeting the needs of consumers and minimizing operating costs. However, the practical application of this new economic model is not simple and causes controversy in many countries worldwide, including Vietnam. Sharing economy is a term that has been discussed a lot on e-commerce forums in Vietnam recently. This is a new business model capable of bringing super profits and expected benefits to society in the digital economy. However, the practical application of this economic model is not easy, even causing unfair competition between traditional business enterprises and enterprises operating under the sharing economy model. Therefore, this article discusses some sharing economy issues, such as the theoretical basis and factors affecting the development of the sharing economy model in delivery activities in Vietnam during the COVID-19 period.

Keywords: Sharing economy model, delivery activities, Covid – 19

I. INTRODUCTION

The sharing economy in the transport sector soon appeared in Europe with delivery services. With the development of IT and the industrial revolution 4.0 in recent years, the sharing economy has developed enormously in many countries, including Vietnam. In the field of delivery in our country, business The sharing economy has the advantages of contributing to the efficient use of resources and environmental protection; consumers have more choices of transportation services; encourage companies and individuals to improve service quality, serve the people better, create competition, promote the development and restructure the management and

administration apparatus in production and business.

Besides the advantages, this model has the disadvantage of not being on the list of business lines. At the same time, there is interference with traditional business lines, making it difficult for state management. Tax administration for the sharing economy model is also complicated because of the complexity and sophistication of its way of doing business. Besides, there is a sharp conflict of interest between enterprises doing business in the sharing economy model and enterprises doing business in traditional methods.

Thus, the sharing economy in the delivery field is a new issue. It is necessary to study its impact on participants such as passengers, transport enterprises, state management agencies, and society. It provides a panoramic view and recommends measures to promote the advantages and limit the disadvantages of this model.

2. LITERATURE REVIEW

2.1. Overview “sharing economy.”

Sharing economy is a term that has been discussed a lot on e-commerce forums in Vietnam recently. This term has been around for a long time in the world. It was born in 1995 in the US with the original "peer-to-peer" model but not obvious. This business model thrived when the US economy fell into crisis in 2008, forcing people to change how they consume to adapt to the complex context. The sharing economy model started with an informational website service for advertising, job seekers, finding people, etc. It has helped many people get jobs and earn advertising money. Sharing available resources with the support of technology applications has brought many benefits and considerable profits to service providers, lessors, and resource users. Therefore, the sharing economy model has quickly developed beyond the US borders, spreading throughout Europe and the world.

Currently, there are many different definitions of the sharing economy. According to Mr. Yuhei Okakita, sharing economy is an economic reconstruction in which individuals anonymously can use idle assets (including intangible assets such as personal skills and time) owned by other individuals through incorporated platforms on the Internet. According to some economic experts, sharing economy is a term referring to a business model that exploits the available resource elements of the end user and combines them with technological features to form a business model. In addition, the sharing

economy is also understood as a “hybrid market” model (in between ownership and gift giving), which refers to sharing access to goods and services (coordinating through community-based online services). Thus, although there are many different definitions of the sharing economy, in general, the reports show the essence of the sharing economy model, which is to take advantage of the development of digital technology to save transportation costs and reach a large number of customers through digital platforms.

The sharing economy model has the essential feature of using digital technology applications to provide information to individuals and organizations. Thereby allowing the optimization of resources through the redistribution, sharing, and reuse of excess capacity of goods and services. To share resources, new goods, and services, as well as new industries in the sharing economy, requires the following three essential elements: (1) Changing customer behavior towards many goods and services from owning to sharing; (2) Online social networks and electronic marketplaces that easily connect with consumers; (3) Mobile devices and electronic services make the use of shared goods and services more convenient.

According to Judith Wallenstein and Urvesh Shelat's classification method based on the form of asset owners and price deciders, the sharing economy model is divided into three main types: (1) Centralized platform model (the platform provider that both owns the assets and determines the price of the service); (2) Decentralized platform model (the platform provider only creates a connection environment, the service provider is the owner of the assets and also the person who determines the price of the service); (3) Mixed platform model (asset owners provide services at a price set by the platform, and the platform also plays a part in ensuring the

quality of the products that are offered to the market).

Participants in the sharing economy model are very diverse and rich. It could be an individual user, a nonprofit business, a for-profit company, the local community, or the public sector. The sharing economy allows consumers to access services and assets they cannot own and help improve social welfare. It also helps to use physical assets and other idle resources more efficiently, contributing to cost savings, sustainable economic development, and reducing negative environmental impacts. With these great benefits, the sharing economy has become an indispensable part of the global economy.

2.2. Sharing economy in the world today

Currently, in the world, there are many business enterprises based on the sharing economy model, with the leading industry groups being transportation services, tourism and hotel services, retail services, labor services, and financial services. Many businesses have achieved remarkable success and affirmed their names and brands, such as Uber, Grab (taxi service, community motorbike taxi), Kickstarter (crowdfunding), and Triip.me (travel sharing), Airbnb (booking service), ... Prominent models of the sharing economy that have a specific spread globally can be mentioned as the RelayRides model, Uber platform, Airbnb model, and Kickstarter model.

RelayRides model Is a car-sharing model in the community, taking advantage of privately owned cars' wasted resources. Car owners can rent out their vehicles on the platform, usually earning an average of \$300-\$500/month. Each car is usually only used for 1 hour/per day. The price of RelayRides is about 35% lower than the price of the car rental company. The renter is a safe driver for at least two years (no crashes, no fines). The tenant will go to the owner to receive the key, then return the key after the rental is

complete. At the end of the transaction, the car hirer and the car lessor can rate each other. This model serves mainly in the US market.

Uber Platform: A platform to take advantage of the resources that are wasted cars and workers who cannot find jobs in the community, founded in 2009 in the US. Vehicle owners will register on the platform and take a driving ability test. The person who wants to ride will go to the podium to find a nearby car, contact the driver to arrive, and drive him. After using the service, the driver and the rider will rate each other on the platform—Uber deals in luxury cars, affordable cars, and vehicles. The price is usually lower than the services provided by traditional companies.

Airbnb model: A home-sharing model for travelers, taking advantage of the wasted resources of unused rooms, founded by Brian Chesky and Joe Gebbia in August 2008 in San Francisco, USA. Homeowners rent their homes on the platform; tenants will go to the podium to find the right home. After the transaction, the tenant and the lessor can rate each other on the forum. Airbnb is present in many parts of the world, with more than 2 million apartments.

Kickstarter model: This is a crowdfunding model to implement projects. People with art projects, software development, and science and technology research will post their project content on the platform for the Kickstarter user community to consider funding. Funders can get back products such as t-shirts, used software, sample products, etc., of the project they finance, depending on how much they spend to support. Kickstarter has funded about 1 billion USD for more than 100,000 projects.

Through the analysis of typical sharing economic models worldwide, it can be seen that the benefits of the sharing economy model for individuals and society are enormous. It helps to

save costs, protect the environment, increase the economy's efficiency, and reduce the waste of social resources and the excess capacity of products and services. In addition, the sharing economy model also reveals many difficulties, such as unfair competition between businesses doing business in the sharing economy model and traditional companies; legal regulations for the sharing still have many gaps, especially the tax evasion of companies participating in the sharing economy model. Although the sharing economy still has many difficulties, it is developing quickly worldwide, especially in the Americas and Europe. It is growing in Asia, especially Southeast Asia, with the opening of expanding the number of products, diversifying models, and sharply increasing the market size.

2.3. Development of sharing economy in Vietnam

According to a recent survey by Nielsen on the willingness to use sharing products and desire to share personal property in Vietnam, only 18% of respondents refused to share. Meanwhile, up to 76% of Vietnamese respondents are willing to take advantage of shared products and services, much higher than the figure of 66% for global consumers. The Vietnam E-commerce Report 2016 of the Ministry of Industry and Trade also shows that the readiness of businesses and people for e-commerce applications and the size of the e-commerce market is quite average in the area. The value of one person's online purchases during the year is estimated at \$170. Revenue from B2C e-commerce (business to customer) reached over 5 billion USD, accounting for 3% of the total retail sales of goods nationwide, estimated to increase by 20% compared to 2015... The above statistics show that Vietnam has a vast potential for developing the sharing economy model.

Suppose the sharing economy model is implemented based on an open business environment. In that case, an entire legal corridor will bring many potential effects to Vietnam,

such as: Bringing new experiences to consumers about new products and services, effectively utilizing idle resources; Contributing to helping Vietnam adapt to the significant changes taking place in the global economy, vigorously promoting creativity and all resources for the country to move forward, "no one is left behind" and everyone benefits from growth; Promote the application of advanced science and technology, towards building the country in the direction of industrialization, modernization, and integration with the development trend of the Industrial Revolution 4.0; Promote the local economy and contribute to the country's economic growth...

The sharing economy will open up vast development space and fill traditional business market gaps. The problem is that there should be adjustments and supplements in the legal system to have appropriate management policies to exploit the positive factors and prevent the negative ones from creating a fair business environment and healthy for the sharing economy model to develop, contributing to improving the productivity, quality, efficiency and competitiveness of each country in the context of deep global integration.

3. DEVELOPMENT SITUATION OF DELIVERY SHARING ECONOMY MODEL IN VIETNAM

Recently, sharing services have spread rapidly from apartments, offices, and the logistics industry. With the vigorous development of the fast delivery model, the arrangement of warehouses near the city, and the ability to be used flexibly with seasonal industries, the Airbnb model-sharing warehouses in the logistics industry are stepping up. The first choice of many businesses. And most likely become mainstream shortly, as the story happened with the shared office.

Today's online customers want to receive products faster. In theory, companies need more

small warehouses than one giant warehouse in different locations. However, in reality, not many warehousing systems can do this. The Airbnb model gives companies the flexibility to respond to seasonal changes and increase their competitiveness in the age of e-commerce. E-commerce companies have realized the absurdity of renting a large warehouse while shopping needs change up and down with the seasons, so the flexible model is a great choice. This is a potential niche market because businesses can optimize warehouse space, bringing greater flexibility and efficiency to their supply chains. The flexible use of warehouse space not only helps to solve the overall problem at the same time for many businesses in terms of storage and circulation of goods but also helps to save significant amounts of money.

In the transportation sector, the effects of the sharing economy are also beginning to spread. For a long time, logistics costs have been a burden for all businesses. Besides paying high logistics costs, companies also face many problems arising from low quality of service due to manual operation. The lack of technology application and operational efficiency makes logistics costs in Vietnam account for about 25% of the GDP. The solution to this problem is to combine the sharing economy model similar to Grab, Uber, or Airbnb. They are applying technology, especially data technology and customer service system (connecting systems and people), to ensure the lowest cost and best customer service quality. The sharing economy model has proven to be cost-effective.

In transportation, this model has been successfully applied in the US, China, India, and many other countries. The application of data technology into operations also helps transport units combine and utilize empty vehicles on the return trip, helping to lower transportation costs. All costs should be transparent in the system. This makes it easier for businesses to manage costs.

Companies can plan and create orders directly on the online system of shipping units. Such easy management can help companies to save on personnel costs in logistics.

Over the years, a proliferation of office and residential flexible space operators has entered the market. So it is only a matter of time before we see a flexible model applied to the market logistics field. Especially in the context of strong demand from the e-commerce sector, which requires a small/flexible warehouse for the fastest last-mile delivery. And the flexible warehouse model, applying information technology to connect shared means of transport in empty cars in the journey, will be the inevitable solution to solving the problem of high logistics costs in Vietnam today.

3.1. Transport Capacity Sharing

According to the Vietnam Logistics Report 2019, regarding the shared model in Logistics in Vietnam, road freight is still the area investors, and startups are most interested in because transportation costs currently account for up to 60% of logistics costs. Road transport accounts for nearly 80% of the total transport volume in our country. Road freight transport includes transportation of complete vehicles, container transportation services, consignment transportation services, and retail and combined freight services.

Thus, to solve the above cost problem, the model of sharing transportation capacity was born. One of the applications of this model is to take advantage of the empty return of vehicles, helping each return trip to be always full of goods. By implementing the above model, transportation costs are improved, labor efficiency is maximized, the number of vehicles on the road is limited, and traffic jams and accident risks are avoided.

In Vietnam, Logivan and Eco-truck are the pioneers in applying this model to build a modern, economic and safe transportation environment.

3.2. Shared Warehousing

Traditional warehouse models are usually built and owned by an individual, business, or organization to store products and goods that are owned or produced by them. In contrast, the shared warehouse has promoted its function as an intermediary place to store goods for many partners. Customers who rent shared warehouses are usually small and medium-sized companies, and small business households cannot afford to rent/build their warehouses due to financial constraints.

With the characteristics above, this shared warehouse model seems quite similar to a public warehouse model - also providing storage facilities and collecting specific fees or costs.

The main difference between these two models lies in the attached services. Shared warehouse, in addition to meeting a specific storage area for tenants, also adds other utilities such as kitting (quick assembly), packing, loading and unloading, forklift, and tally. Meanwhile, the standard public warehouse model will stop at the function of consignment, intermediate storage of goods before reaching the final point of consumption. By choosing a shared warehouse model, tenants will maximize the costs of building warehouses, preserving interests, and being supported in goods quality management, thereby enabling them to focus on other areas and other material activities of the enterprise.

3.3. Urban Discreet Warehousing

Currently, in the stage of storage and delivery of goods, there are still limitations that can be mentioned, such as large and concentrated warehouses are often located far from urban

areas, so transportation requires much time, costs, and labor. A small/flexible warehouse is essential for the fastest last-mile delivery. Second, office buildings, shops, and restaurants in the central areas, in addition to the space for main business activities, there are still many vacant areas that have not been fully utilized. To solve the above problem, a simple urban area model was born to effectively exploit the space in many office buildings, shops, and restaurants as a place to store goods.

This combination benefits all parties involved: carriers save resources in delivery thanks to significantly shortened delivery distances, and owners of offices, buildings, and restaurants also get another income from this rental. In Vietnam, e-commerce company Lazada, collaborating very effectively with 24/7 convenience store partners of the Circle K system, restaurants, cafes, milk tea, or pharmacies under the PostCo system, has created a flexible and proactive delivery network, helping both sellers, buyers, and delivery parties benefit.

4. SOME SOLUTIONS TO APPLY THE SHARING ECONOMY IN DELIVERY TO EXPLOIT RESOURCES IN VIETNAM

A good solution needs to reach four words: (1) Give people more power happiness - give people more choices, more possibilities, more power; (2) Open new ways of - give people new ways to live well; (3) Account for all cost - Calculates the cost to the entire community; (4) Lessen the wealth gap - reduces the gap between rich and poor.

The sharing economy helps people rely on each other to live, can trust the peer-to-peer rating system, has the power to evaluate others, opens the way to sharing happiness, and reduces chasing after material things. , consumption. However, in the sharing economy, it is necessary to consider the poor in society. If you haven't made this object live better, the new model is still not better than the old one.

From the above experiences, some solutions can be proposed to apply the sharing economy in Vietnam as follows:

Firstly, the model of the sharing economy is new. In the process of Vietnam's international economic integration, applying this model has an objective necessity, but it impacts many layers of people and the economy. Therefore, it is necessary to form a pilot operating institution, exploit the potential and benefits of the sharing economy for each model, to manage and minimize the risks. Difficulties of the sharing economy, gradually raising the population community's awareness, meeting the people's consumption needs, convenience and efficiency.

Secondly, activities of the sharing economy mainly focus on exploiting available resources in the economy. Through sharing economy models, the Government continues to direct the Ministry of Information and Communications and the People's Committees of provinces and centrally-run cities to promote information technology development, creating platforms and resources. Resources for the economy and the sharing economy develop opportunities for businesses to seize and redistribute unused or underutilized resources. Besides expanding and improving high-quality information technology in management, administration, and exploitation of demand for both investors and consumers, one of the channels to stimulate demand growth for the economy, make the most of capital and human resources current idle force in our country's.

Thirdly, in the context that Vietnam's economy is increasingly integrated into the world economy, it is a "playground" for global investors and businesses. Not only foreign investors but with the current level of information technology in the country, domestic companies are also very interested in this new way of doing business. Like it or not, the business model of the sharing economy has been appearing and developing in

Vietnam. Therefore, the Government needs to set up a specialized agency to manage sharing business activities according to the type of service business. The sharing economy service business entity does not provide services directly from resource users but is provided through an information technology platform. The software is set up to provide services and meet people who need to use the service. In essence, the service provider acts as a broker between the service provider and the person in need. Depending on the brokerage service, the manager has an appropriate management form.

Fourthly, state management agencies soon study and form management documents, mechanisms, policies, and management regulations for the sharing economy model. The State is trying to manage the market and the quality of the economy's products. However, the centralized management model and periodic inspection show limitations such as high costs, irregularities, and frequent occurrences. Negative behavior, bribing inspectors to gain a monopoly, selling low-quality products at high prices. Meanwhile, the decentralized control model through cross-review has the advantage of low cost and can be done more often. Need a quality management system according to peer-to-peer. The quality management system through the decentralized control model should be incorporated and widely used in the management of the sharing economy with appropriate regulations.

5. CONCLUSION

It is forecasted that in the coming time, the sharing economy model in delivery will continue to grow stronger and be a global trend. Moreover, international experience shows that there is no universal formula for developing the sharing economy in delivery activities in countries, even in cities within the same country. Therefore, Vietnam needs to actively prepare all necessary conditions, from technology infrastructure and

human resources to the legal environment, to develop a sharing economy model in delivery activities in a sustainable way.

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