

## SELLING APPROACHES IN E-MARKETPLACE: WHICH IS THE BEST CHOICE FOR RETAILERS?

Nguyen Quang Minh <sup>(1)</sup>

<sup>(1)</sup>University of Economic and Finance HCMC, minhng@uef.edu.

**Abstract:** *There have been many online selling schemes already. Following the impact of the Covid 19, the unemployment rate in Vietnam is increasing, as more people are seeking part-time employment. Consequently, the number of online sellers is expected to rise. E-markets are the best options on social media and search engines, as they provide a wide range of services to assist users throughout the trading process. Thus, the purpose of the article is to determine which selling approach is most appropriate for an e-retailer in the e-marketplaces that are currently available in Vietnam.*

**Keywords:** *E-marketplace, direct selling, drop shipping, affiliate marketing*

### 1. Introduction

Selling items on the internet is not a new concept in today's world. People can easily start an online selling channel because they do not have to worry about paying for a physical storefront or other overhead. As a result of the impact of the Covid 19, the unemployment rate in Vietnam is increasing (Nguyen, 2020), causing people to seek part-time employment opportunities more frequently. Consequently, the number of online sellers is expected to increase significantly in the foreseeable future. E-marketplaces would be the best choices among the numerous platforms available on social media and search engines, as they provide a wide range of services to assist users throughout the trading process.

If we were to conduct business through online channels today (2021), we could use direct selling, drop shipping, or affiliate marketing as methods of distribution. In other words, selecting the incorrect selling strategy could be detrimental to our business. In this regard, the following is the article's primary goal:

- to investigate different kinds of online marketplaces
- to identify the characteristics of current selling modes and practices
- to determine which selling approach is most appropriate for an e-retailer in the e-marketplaces that are currently available in Vietnam.

### 2. E-marketplace

According to (What Is an Online Marketplace? | E-Commerce Terms, 2021), an e-marketplace is an e-commerce website in which: (1) buyers can identify a wide variety of products; (2) users can join as 'sellers,' but must pay a fee on each order; (3) inner shops are hosted at a 'gold' location; (4) a Content Management System (CMS) and search engine are supported; and (4) the selling process generated by each seller is managed and optimized.

In terms of product characteristics, e-marketplaces can be classified into three categories, including the following:

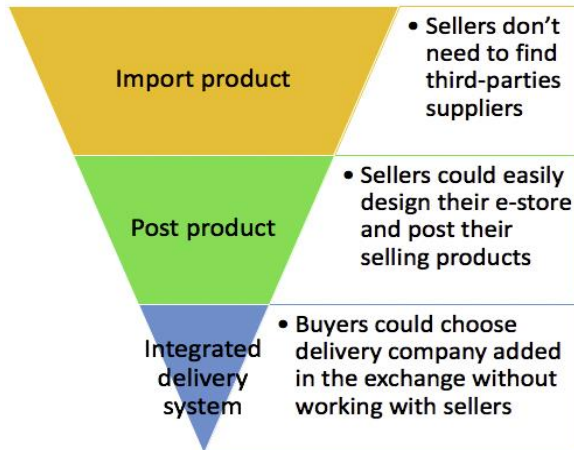
- Online marketplaces for physical

products such as Lazada and Amazon

- Online marketplaces for digital products such as Udemy and Haravan

- Online marketplace for service products such as AirBnB and Grab

From a supply chain perspective, e-marketplaces can be classified as follows.



*Figure 1. E-marketplaces divided by supporting supply chain*

In an import-product e-marketplace, the site's owner manages inventory and purchasing, allowing sellers to focus exclusively on developing competitive products. For instance, when selling low-content books (Word Counter Blog, 2016) on the Amazon platform, users are not concerned with the raw material, or blank book. The most critical aspect of this is determining an appropriate topic, as well as a high-quality slogan and image for each page.

When users choose a post-product e-marketplace, they can easily design and publish their online store, as well as sell products, thanks to the platform's built-in CMS (Amsler & Churchville, 2021). However, without additional support, such a market serves only as a link between buyers and sellers. For example, while sellers can list their designed products on the ChoTot

website, final transactions require agreement between sellers and buyers on the optimal delivery method.

To eliminate the disadvantage of post-product e-marketplaces, integrated delivery systems enable buyers to select a delivery company directly from the platform. In other words, buyers are not required to discuss the mode of delivery further with sellers. In Vietnam, this group includes e-marketplaces such as Shopee, Lazada, and Tiki.

In short, at this stage, individuals interested in selling via the Internet must determine the type of e-marketplace that is appropriate. Individuals who do not wish to stock goods may opt for an import-product e-marketplace. On the other hand, real estate products such as land and apartments should be listed in an e-marketplace for post-products. Finally, daily products should be sold through an integrated distribution system.

### 3. Selling approaches

Direct-selling has long been recognized as the most popular method of selling on the Internet. According to (Mohapatra, 2014), direct-selling is a method of selling goods over the Internet in which:

- Shop owners must prepare their own product for sale
- Inventory management is handled directly by the website owner

Individuals who have a well-known personal brand or who excel at supply chain management, for example, should opt for this mode. Additionally, a sufficiently large physical warehouse is required.

According to (C. Ferreira, 2021), drop-shipping is a process of selling things on the Internet

- Shop owners are not required to have their own product to sell; and

- Inventory management is handled directly by our partner.



Figure 2. Drop-shipping selling technique

From the information in the Figure 2, drop-shipping has characteristics as follows

- Sellers have to clearly understand about their listing products, customers
- Shop owners need to deal with suppliers to ensure that selling products are always available
- The status of shipping products is quite hard to manage
- Post-sale service should be carefully implemented
- Your customers may become your suppliers' customers

Assuming a person wishes to sell technological devices such as those listed in the FPT shop (Fig. 3), (1) he must first consider how to work with the supplier; (2) following that, solutions to provide additional value to his customers must be carefully planned.

At the (1) stage, the seller must negotiate with his supplier on terms such as the import price, the length of time required to complete an order, and the return policy. Due to the fact that the selling price in a drop-shipping shop is frequently higher than the selling price in a direct-selling shop, the content on the first

type of site should be superior in the (2) stage. Interesting instructional videos, a friendly chatbot, and so forth may be effective in this context.



Figure 3. FPT online store (direct-selling mode)

As with drop-shipping, affiliate marketing (Enfroy, 2021) does not require the seller to own a physical warehouse in order to conduct business online. The distinction is that sellers must adhere to the pricing policies established by suppliers. This means that the maximum revenue per successful order sold is limited in this selling approach. Additionally, the information about the product provider is frequently available on the affiliated website, posing a challenge in terms of customer retention.



Figure 4. Affiliate marketing selling mode

#### 4. Conclusion

Finally, based on the information presented in the previous sections, we must carefully select the appropriate type of e-marketplace as well as the appropriate selling approach before beginning to sell on the Internet.

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