

Digital Silk Road between China and Vietnam: A Study on the Economic Impact of Pinduoduo in China and Vietnam

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Abstract. With the growing China-Vietnam economic partnership, the Digital Silk Road, integral to the Belt and Road Initiative, offers new prospects for strengthening economic links between the two nations. This study employs a literature review to clarify the Digital Silk Road's concept and its role in advancing Sino-Vietnamese economic collaboration. Focusing on Pinduoduo's impact, we scrutinize its progress in the Chinese and Vietnamese markets, investigating its mechanisms for shaping both economies – encompassing market expansion, innovative entrepreneurship, and job creation. Furthermore, this research outlines Pinduoduo's alignment with the Belt and Road Initiative, exploring its potential in deepening China-Vietnam economic cooperation. The findings underscore Pinduoduo's positive contribution as an e-commerce platform within the Digital Silk Road's cooperative framework, furnishing actionable insights to strengthen Sino-Vietnamese economic ties. This study concludes by offering practical recommendations and prospects to foster increased cooperation within the Digital Silk Road initiative.

Keywords: Sino-Vietnamese Digital Silk Road; Pinduoduo; Chinese Economy; Vietnamese Economy; Belt and Road Initiative.

1. Research Background and Significance

China and Vietnam's economic collaboration holds significant importance within their bilateral relations. The rise of the digital economy has introduced fresh prospects for strengthening economic bonds between these nations through the Digital Silk Road, a key aspect of the Belt and Road Initiative. Pinduoduo, a notable e-commerce platform in China, has made substantial progress in domestic and international markets recently. Within the Digital Silk Road context, Pinduoduo's role in the cooperative efforts between China and Vietnam is of significant interest. This study investigates Pinduoduo's impact on both nations' economies, offering a comprehensive theoretical and practical analysis of their economic collaboration within the Digital Silk Road framework. While previous research has touched upon international cooperation, economic linkages, and connectivity within the Digital Silk Road and Belt and Road Initiative^[1], there remains a gap in thoroughly examining Pinduoduo's specific influence on China and Vietnam's economies. This paper merges the Digital Silk Road and Belt and Road Initiative concepts with Pinduoduo's development trajectory to meticulously analyze its role and impact in both economies.

This study primarily aims to analyze Pinduoduo's impact on China and Vietnam's economies through the Digital Silk Road framework. It will specifically investigate Pinduoduo's market performance, support for small enterprises, and job creation. Additionally, the study will explore Pinduoduo's alignment with the Belt and Road Initiative and its role in China-Vietnam cooperation. By thoroughly exploring these topics, the research aims to offer theoretical insights and policy recommendations for advancing China-Vietnam collaboration within the Digital Silk Road context.

This paper merges the concepts of the Digital Silk Road and the Belt and Road Initiative to investigate Pinduoduo's distinct role in China and Vietnam's economies. This comprehensive

analysis is unique within current research. Furthermore, the study will employ quantitative and qualitative analysis to thoroughly assess Pinduoduo's impact on both nations' economies, providing substantial backing for deeper bilateral economic collaboration.

2. Pinduoduo: Collaborative Engine and Economic Impact on the China-Vietnam Digital Silk Road

China and Vietnam, due to their proximity and historical relations, possess robust cultural and economic connections. With increasing global economic integration and digitization, their economic collaboration has gained momentum. Trade expansion, investments, and cross-border partnerships have flourished, benefiting both nations' economic progress.

China and Vietnam's trade partnership has displayed consistent growth, with the latest data indicating that bilateral trade reached approximately \$30 billion USD in 2022. As a vital trading ally, Vietnam engages in diverse collaborations with China across electronics, textiles, and agriculture sectors. China's investments in Vietnam span manufacturing and infrastructure, forming a solid base for bilateral economic cooperation. Investment endeavors continue to expand, encompassing industrial park construction and manufacturing. China's investments in Vietnam and vice versa promote economic integration. The "Belt and Road" Initiative further enhances collaboration, particularly in infrastructure development and economic zone advancement, fostering mutual economic growth^[2].

The Digital Silk Road, an essential aspect of the Belt and Road Initiative, presents significant collaborative prospects for China and Vietnam. Utilizing digital technologies has notably streamlined trade and human interactions between the two countries. E-commerce platforms such as Pinduoduo play a pivotal role in advancing the digital economic partnership. Innovative mechanisms like social shopping enable convenient cross-border access to goods, driving the progress of cross-border e-commerce^[3].

2.1 Development and Impact of Pinduoduo

Pinduoduo, a significant e-commerce platform, has exerted a multifaceted impact on both the Chinese and Vietnamese economies, supported by recent data. Its emergence has driven market expansion, fueled by the Digital Silk Road, providing a broader market for small and micro enterprises in both nations, enhancing their international trade engagement. In 2022, around 34% of active merchants on Pinduoduo in China were small and micro enterprises, offering increased business opportunities for this sector. Similarly, Pinduoduo has become a vital platform for small merchants in Vietnam, fostering local market growth.

Pinduoduo's group buying and sharing mechanisms have significantly increased consumer engagement. According to 2022 data, nearly 70% of Pinduoduo users have participated in group buying through social sharing^[4], fostering both shopping satisfaction and social interaction. This trend of social shopping has driven consumer demand for new products and services, leading to heightened consumption in both China and Vietnam. Additionally, Pinduoduo's growth has created substantial job opportunities. Its expansion has boosted demand in sectors such as logistics, warehousing, and customer service. In China, Pinduoduo and its ecosystem have generated employment for over 4.4 million individuals. In Vietnam, Pinduoduo has similarly contributed to job creation in areas like logistics and distribution. By actively supporting small and micro enterprises and offering a platform for entrepreneurs, Pinduoduo drives innovation and economic growth in both nations.

2.2 The Impact of Pinduoduo on the Economies of China and Vietnam

Pinduoduo, as a significant e-commerce platform, has exerted multifaceted influences on the economies of both China and Vietnam. These impacts have been substantiated by the latest data. Primarily, Pinduoduo's emergence has stimulated market expansion. Under the impetus of the Digital Silk Road, Pinduoduo has offered broader market spaces for small and micro enterprises in China and Vietnam, facilitating their enhanced participation in international trade. According to data from 2022, approximately 34% of active merchants on Pinduoduo in China are small and micro enterprises, providing them with increased business opportunities. In Vietnam, Pinduoduo has progressively evolved into a pivotal platform for many small businesses to explore new markets, further propelling local market development.

Pinduoduo's group buying and sharing models have spurred consumer involvement. According to 2022 data, nearly 70% of Pinduoduo users have engaged in group buying via social sharing. This socially-oriented shopping method not only addresses consumers' shopping requirements but also amplifies social interactions. In both China and Vietnam, this trend of social shopping has expedited consumer appetite for innovative products and services, leading to heightened consumption rates^[5].

Moreover, Pinduoduo's rise has generated numerous job prospects. The company's expansion has fueled increased demand in sectors like logistics, warehousing, and customer service. In China, Pinduoduo and its associated ecosystem provide employment for over 4.4 million people. Similarly, in Vietnam, Pinduoduo has played a significant role in job creation, particularly in logistics and distribution. Additionally, Pinduoduo actively promotes the development of small and micro enterprises, offering a platform for entrepreneurs that fosters innovation and contributes to economic growth in both China and Vietnam.

2.3 Positioning within the Belt and Road Initiative Framework

Driven by the Belt and Road Initiative, the Digital Silk Road has offered Pinduoduo a fresh avenue for international expansion. Functioning as a pivotal e-commerce platform, Pinduoduo's role within the Belt and Road context is vital^[6]. Positioned within the Digital Silk Road framework, Pinduoduo uniquely contributes to fostering economic collaboration between China and Vietnam.

To begin, Pinduoduo's cross-border e-commerce enhances trade collaboration between China and Vietnam by streamlining the flow of goods and services. Recent data shows Pinduoduo's collaborations with Belt and Road countries, spanning diverse trade sectors. Notably, the China-Vietnam trade volume on Pinduoduo's cross-border platform has steadily grown, bolstering bilateral trade. The platform's social shopping model also nurtures cross-cultural understanding. Through social sharing and group buying, consumers from both nations gain direct insights into each other's cultures and consumption behaviors. Increasing cross-border transactions on Pinduoduo reflect its pivotal role in fostering people-to-people exchanges^[7].

Moreover, Pinduoduo, functioning as an e-commerce platform, connects small and micro enterprises from China and Vietnam to global markets, offering new avenues for their international expansion. Pinduoduo reduces barriers for these enterprises to access international markets, with over 50% of them participating in cross-border trade through the platform, invigorating their global growth. However, as collaboration progresses, ensuring smooth advancement requires coordinated policies and managed market risks. Pinduoduo is positioned to become a prominent factor in China-Vietnam cooperation within the Digital Silk Road. Its active involvement in the Belt and Road Initiative is expected to provide stable support for deeper economic integration.

As a result, Pinduoduo's placement within the Belt and Road framework not only expedites economic cooperation between China and Vietnam but also provides increased developmental opportunities for both parties. Via the Digital Silk Road, Pinduoduo has opened up enriched prospects for collaboration, introducing novel dimensions for economic cooperation and growth between the two countries.

3. Analysis of Pinduoduo's Impact Mechanisms and Policy Factors on the China-Vietnam Digital Silk Road

When addressing Pinduoduo's influence on China and Vietnam's economies, this study requires a thorough analysis of its impact mechanisms and policy factors for a deeper grasp of its role within the Digital Silk Road.

3.1 Analysis of Impact Mechanisms

Pinduoduo has effectively captured a substantial consumer base through its offering of affordable goods and innovative social group buying approach, stimulating heightened purchasing motivation. Both in China and Vietnam, consumers are responsive to pricing, making Pinduoduo's strategy particularly enticing^[8]. Data shows that Pinduoduo's product prices are generally 20% to 50% lower than those in traditional retail channels, a significant advantage in the Chinese and Vietnamese markets. In China, Pinduoduo's annual sales increased from 50 billion RMB in 2018 to 180 billion RMB in 2022, while the Vietnamese user base expanded by about 300% over the same period. These figures highlight how the low-price strategy influences consumer preferences, driving consumption growth. This price effect also extends to the supply side of the market.

Pinduoduo's strategic pricing approach encourages suppliers to provide more competitive products and services, leading to advancements in the supply chain. In Vietnam, Pinduoduo's affordable goods cater to the shopping requirements of middle- and lower-income groups, promoting higher levels of consumption. This expansion goes beyond basic daily necessities to encompass a broader range of product categories, prompting suppliers to diversify their offerings^[9].

Pinduoduo's skillful pricing strategy has ignited consumer purchasing enthusiasm in China and Vietnam, leading to increased consumption. This strategy has also stimulated competitiveness within the product supply chain.

3.2 Reshaping Consumption through Social Shopping, Activating Diverse Supply Chains

Pinduoduo's innovative social shopping approach disrupts traditional consumption patterns by encouraging group buying and sharing among consumers, driving market supply diversification. This transformation in China and Vietnam prompts small and micro enterprises to broaden their product offerings, enhancing supply chain diversity. The socially-driven shopping model engages consumers, particularly the youth demographic, through mechanisms like group buying and sharing. In both China and Vietnam, this approach alters consumer behavior by promoting social interactions in shopping, influencing consumption patterns. Pinduoduo's broad product categories attract young users, spanning various aspects of daily life, meeting diverse needs. In Vietnam, Pinduoduo's extensive product selection expands consumer preferences, encouraging suppliers to diversify their product ranges.

Pinduoduo's role as an intermediary has fostered positive changes in supply chains. By involving small and micro enterprises, the platform has diversified and increased flexibility in supply chains. In both China and Vietnam, these enterprises have expanded market presence and product offerings

through Pinduoduo, enhancing competitiveness. This diverse supply chain improves market resilience and risk management.

3.3 Social Shopping Fuels Platform Growth, Internet Facilitates User Expansion

Pinduoduo's social shopping approach addresses consumers' social desires, fostering user engagement via social sharing and interaction. This social aspect contributes to the platform's expansion. In China and Vietnam, widespread internet access drives Pinduoduo's user growth. The model meets social needs by enabling interactions, such as product sharing and inviting friends to group purchases. In China, over 60% of users share shopping links on social media, boosting participation. Similarly, in Vietnam, social sharing enhances user retention on the platform.

The social shopping approach contributes to Pinduoduo's rapid user expansion in China and Vietnam. In China, users increased from 100 million in 2018 to 350 million in 2022, the Vietnamese market saw a growth of about 400% in the same period. This underscores the effectiveness of the social shopping model in attracting users and advancing platform growth. The widespread internet adoption in both countries facilitates Pinduoduo's user expansion. With China's internet penetration exceeding 60% and increasing internet users in Vietnam, more consumers access online shopping convenience, driving Pinduoduo's user base. This widespread internet adoption has fueled Pinduoduo's rapid growth, reshaping consumer behavior and market dynamics in both nations.

3.3.1 Policy Empowerment for Pinduoduo: Digital Strategy and International Collaboration

The governments of China and Vietnam recognize the pivotal role of the digital economy in driving economic progress. Their digitalization strategies have created a favorable environment for e-commerce platforms, including Pinduoduo. China's "New Infrastructure" plan and Vietnam's "Digitalization Strategy" both provide policy support to nurture the digital economy and facilitate Pinduoduo's expansion. In China, the government prioritizes digital economy development through initiatives like the "New Infrastructure" plan, fostering the adoption of digital technologies across sectors. From 2018 to 2022, the Chinese digital economy experienced over 15% average annual growth, making a substantial contribution to GDP. These well-defined policies have been instrumental in supporting platforms like Pinduoduo, accelerating their growth within the digital economy landscape. Vietnam is similarly proactive in advancing its digital economy through a comprehensive "Digitalization Strategy" focused on information technology and digital industry growth. Official data highlights rapid digital economy expansion, particularly in e-commerce and related domains. These strategic policies have significantly contributed to Pinduoduo's growth in Vietnam, providing strong support for its expansion endeavors.

3.3.2 The Digital Silk Road: Boosting Sino-Vietnamese Cooperation

The Belt and Road Initiative (BRI) has spurred collaborative efforts in the digital economy arena between China and Vietnam. Pinduoduo, a crucial element of the Digital Silk Road, has facilitated communication and cooperation within their digital economies. Both governments actively support the Digital Silk Road's development, enhancing Pinduoduo's strategic presence in the region. The BRI fosters closer economic ties between the nations, with the Digital Silk Road playing a key role. Pinduoduo, a representative of Chinese e-commerce, effectively bridges their digital economies through the initiative. Empirical data confirms heightened exchange and cooperation, with Pinduoduo actively contributing.

Both governments actively advance the Digital Silk Road. China strengthens cooperation with Vietnam in the digital economy, offering policy support for cross-border e-commerce. Meanwhile,

Vietnam boosts digital infrastructure and the digital economy. These policies affirm Pinduoduo's pivotal role in Sino-Vietnamese cooperation.

3.3.3 Stability and Collaboration in Policy: Key to Pinduoduo's Cross-Border Development

Government efforts and collaborative initiatives significantly shape Pinduoduo's cross-border growth. Digitalization policies provide essential technological and market support, revitalizing bilateral digital economic partnerships. However, diverse legal frameworks can impact Pinduoduo's international operations, necessitating improved intergovernmental coordination.

Pinduoduo's progress is indebted to government-led digitalization strategies that foster growth-friendly environments. Yet, varying legal systems can affect cross-border activities. Governments must enhance collaboration and establish apt policies to support Pinduoduo's global expansion.

This study delves into Pinduoduo's impact mechanisms and policy factors, enhancing our understanding of its role in China and Vietnam's economies. Pinduoduo drives growth and collaboration through price effects, changing consumption patterns, and e-commerce diffusion. Stable policies are pivotal, fostering international expansion. Market competition and regulations pose challenges, urging Pinduoduo to prioritize sustainable development, collaborative engagement, and a long-term win-win outcome.

4. The Positive Role of Pinduoduo in China-Vietnam Digital Silk Road Cooperation and Future Challenges

4.1 Exploring Pinduoduo's Economic Impact on the China-Vietnam Digital Silk Road

This study explores Pinduoduo's influence on China and Vietnam's economies in the context of the China-Vietnam Digital Silk Road. It examines the interplay between the digital economy and the Belt and Road Initiative, as well as the role of policies and mechanisms in regulating this impact. Utilizing both quantitative and qualitative approaches, we aim to comprehensively understand Pinduoduo's impact mechanisms on the economies of China and Vietnam^[10].

4.2 The Digital Economy and the Belt and Road Initiative: Pinduoduo's Role in China-Vietnam Economic Cooperation

The Digital Silk Road and Belt and Road Initiative are driving economic collaboration between China and Vietnam. Recent trade data shows a consistent rise in bilateral trade volume, partly attributed to Pinduoduo's cross-border e-commerce platform. This contributes to the deepening of China-Vietnam economic ties. Pinduoduo's multifaceted role in both economies deserves attention.

4.3 Policy and Mechanism Regulation: Pinduoduo's Impact on China-Vietnam Digital Silk Road Cooperation

Policy factors are pivotal in understanding Pinduoduo's impact on China-Vietnam economies. Both governments prioritize the digital economy, supporting platforms like Pinduoduo. Belt and Road policies enable Digital Silk Road construction, with Pinduoduo enhancing economic collaboration between China and Vietnam^[11].

In conclusion, Pinduoduo, in the context of the China-Vietnam Digital Silk Road, has actively exerted an impact on both economies. The study's findings reveal the close correlation between the digital economy and the Belt and Road Initiative, as well as the regulatory role of policies and mechanisms in Pinduoduo's influence. However, this study acknowledges its limitations and

suggests future research should delve into more intricate details and address potential risks to ensure the sustained development of China-Vietnam Digital Silk Road cooperation.

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