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Competitive Advantage Based on the Resources of E-Commerce Platforms in Vietnam

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ABSTRACT

With the growing socio-economic environment, the industrial revolution 4.0 appears in all areas of life. In Vietnam, buying and selling on e-commerce platforms is growing. This creates increasingly fierce competition among businesses in this industry. The study aims to explore the competitive strategies of e-commerce platforms in Vietnam today. The article uses the expert interview method combined with the document research method to analyze how to create a competitive advantage based on the resources of e-commerce platforms in Vietnam, such as Shopee, TikTok Shop, Lazada, Tiki, and Sendo. Research shows that successful e-commerce platforms all try to focus on creating advantages from valuable, rare, inimitable, and non-substitutable resources, in which human resources, finance, and customer data play an essential role. From the research results, the article makes recommendations for the remaining enterprises in the industry to gain a sustainable competitive advantage in their own "home turf."

Keywords: Competitive, Competitive advantage based on the resources, E-commerce platforms.

INTRODUCTION

The e-commerce market in Vietnam is growing with the world. According to the mid-year 2022 e-commerce market research by the Big-data Market Research Platform Metric.vn, Vietnam ranks second in the Southeast Asia region in terms of this industry's growth. Shopee, Lazada, Tiki, and Sendo are the four leading e-commerce platforms in Vietnam. Specifically, Shopee holds the largest market share (72%), followed by Lazada, with a market share of 20.9%, while Tiki and Sendo, two domestic platforms, have smaller market shares. After one year, the e-commerce market in Vietnam has seen noteworthy changes with the emergence of the newcomer TikTok Shop. By the fourth quarter of 2022 (when TikTok Shop had been launched for just four months), its revenue was already 80% of Lazada's. However, in the first quarter of 2023, TikTok Shop trailed Lazada by only 3.5% in revenue. Nevertheless, by the second quarter of 2023, Shopee captured 63% (a nearly 10% decrease in market share compared to the previous year), maintaining its position as the top player. TikTok Shop secured the second position with a 20% market share, and Lazada stood in third place with a market share of 16%. TikTok Shop is gaining market share from other e-commerce platforms like Tiki and Sendo (Metric 2023)).

Therefore, it can be argued that foreign brands dominate the domestic e-commerce market. Domestic e-commerce platforms explore various directions to gain a competitive edge and attract customers. One of these directions is competing based on resources. This is considered a sustainable competitive strategy. According to (Barney 1991), a firm possesses a sustainable competitive advantage if it owns valuable, rare, inimitable, and non-substitutable resources. Due to the difficulty of obtaining resources that meet all these criteria, firms often must consider investment options to acquire specific resources carefully. To address the research questions: What resources are domestic e-commerce platforms in Vietnam currently competing on? What resources ensure sustainable development in this industry? This article will analyze the competitive advantages of e-commerce platforms such as Shopee, Lazada, TikTok Shop, Tiki, and Sendo in section 4, based on the background information in section 2, to answer this question. Based on the research findings, the article will provide recommendations to Vietnamese e-commerce platforms in the fierce market competition to gain an advantage on their "home turf" in section 5.

LITERATURE REVIEW

Competitive Advantage

There are various approaches to competitive advantage, but in this research, competitive advantage is understood as the value that a business provides to customers better than its competitors. A business has a competitive advantage over its competitors if it can create a product/service that competitors cannot or if it possesses a resource that its competitors lack. Customers highly appreciate this and are willing to pay more to obtain such a product/service. Therefore, the essence of competitive advantage allows a business to deliver higher value to customers and generate higher profits for the business (Tú 2019).

Competitive Advantage Based on Resources

Building a competitive advantage based on resources is considered a method for creating a sustainable competitive advantage. Every business possesses numerous resources, both tangible and intangible. Tangible resources include physical assets such as factories, headquarters, equipment, and financial resources. Intangible resources encompass human resources, experience, management capabilities, reputation, and more. (Barney 1991) and (Porter 1981) argue that the competitive advantage of businesses in an industry often cannot exist in the long term because it can be easily imitated by competitive rivals. Therefore, competing through internal strengths is considered a key determinant of competitive advantage, thus helping businesses achieve operational effectiveness (Wernerfelt 1984). When a firm competes using its internal capabilities, especially when it possesses strong internal capabilities from various resources it owns, competitors find it challenging to replicate (Barney and Clark 2007). Resources that create a competitive advantage have four characteristics according to the VRIN or VRIO model by (Barney 1991):

Valuable:

A firm's resources can only create a competitive advantage or sustainable competitive advantage for the firm when they have value. Resources are considered valuable if they enable the firm to execute strategies aimed at improving performance and operational efficiency by seizing opportunities and/or neutralizing threats within the business operating environment.

Rare:
This means that the number of businesses possessing these resources is limited within the industry.

Inimitable:
Resources must be difficult to be perfectly imitated to ensure sustainable competitive advantage. This means that some businesses in the industry may mimic a few resources of a successful business, but it will not be clear whether these resources resemble the ones that create a sustainable competitive advantage for the business or not.

Non-substitutable:
While competitors cannot precisely replicate another company's resources, they can still substitute them with similar resources that enable the execution of similar business strategies as the company with the inimitable resources. Therefore, a new resource can only ensure the firm's sustainable competitive advantage when it is demonstrated that its characteristics are difficult to substitute.

The four characteristics of a resource are considered indicators of the resource's heterogeneity and immobility, allowing a firm to achieve a sustainable competitive advantage.

METHODOLOGY

The data used in this study includes secondary data collected from relevant studies, including articles published in scientific journals both domestically and internationally, and updated data posted on relevant electronic news sites related to the e-commerce platforms Shopee, Lazada, TikTok Shop, Tiki, and Sendo. These are the five largest e-commerce platforms in Vietnam at present (Metric 2023). The collected data provides the research team with rich and reliable information to achieve the research objectives. The data is up to date as of 7/2023. In addition, to ensure scientific rigor and verify the accuracy of the secondary data, as well as to seek more in-depth opinions, the research team conducted interviews with 05 experts.

The author conducted in-depth interviews with 05 experts, including 04 experts who are leaders and managers of e-commerce platforms and businesses that provide sales support for businesses on e-commerce platforms in Vietnam, namely Sapo, Fado, Lameco, and 01 expert who is a lecturer specializing in e-commerce at a university in Hanoi. These experts have practical experience and research experience in e-commerce platforms. Sapo is a business with over 15 years of experience in providing multi-channel sales management platforms, including sales through websites and e-commerce platforms. Fado and Lameco, besides providing multi-channel sales support services, are also e-commerce platforms that offer a variety of wholesale and retail products domestically and internationally, with nearly 11 years of experience (for Fado) and over four years (for Lameco). The interview questions focused on understanding the opinions and perspectives of experts on resources and competitive strategies based on the resources of current e-commerce platforms. The interviews were conducted directly in the interviewee's office or meeting room and through phone calls for some clarifications and additional content. The interviews lasted from 30 to 45 minutes.

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Data processing method: The information from the interview responses of the experts was recorded and processed immediately. The secondary data was researched, listed, synthesized, and analyzed to supplement the evidence, reinforce the expert opinions, and thereby make research findings, discoveries, and proposals.

RESULTS

E-commerce platforms have specific characteristics regarding products and services. These businesses provide technological platforms that help businesses, and online retailers, and support consumers in purchasing and delivering goods to their doorstep. Therefore, unlike traditional businesses, e-commerce platforms have two customer groups (product suppliers and consumers). The "online marketplaces" provided by these e-commerce platforms can display hundreds of thousands of products with the participation of thousands of product suppliers, allowing many consumers to participate in shopping. Furthermore, Vietnamese consumers have a habit of shopping online (Metric 2023). Therefore, product suppliers need to establish online sales channels. According to the law of competition, they must access the "markets where many people come to buy." This has created strong competition on current e-commerce platforms. As the theoretical foundation has presented, businesses that want to surpass competition must have abundant resources. These resources must meet criteria that are valuable, rare, inimitable, and non-substitutable (Barney 1991), (Eisenhardt and Martin 2000). The results of this study support the findings of previous researchers. The research results show that the new competitive dimension of e-commerce platforms in Vietnam in the first half of 2023 is described in Figures 1 and 2 below:

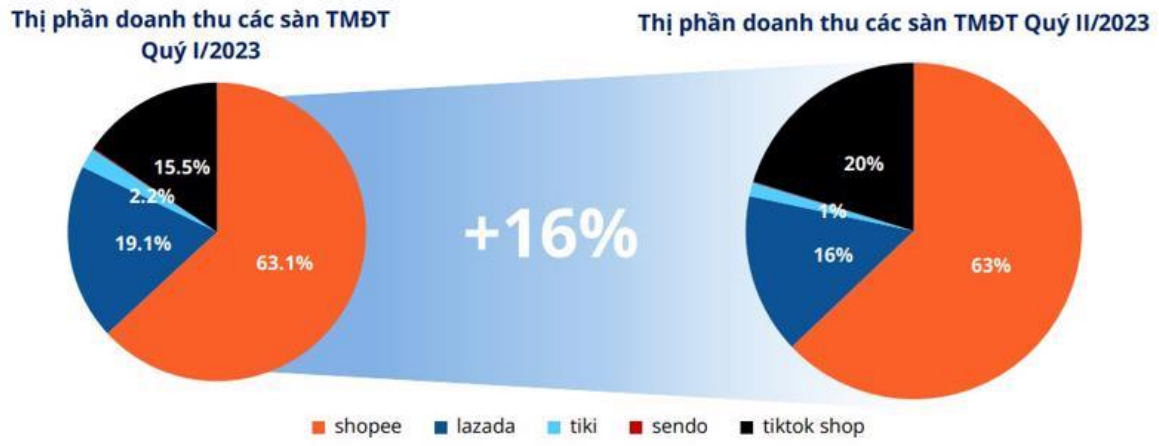


Figure 1: Market share of e-commerce platforms in the first and second quarters of 2023
Source: (Metric 2023)

	Doanh thu	Số sản phẩm đã bán	Shop có lượt bán
shopee	59 nghìn tỷ đồng	667 triệu sản phẩm	254 nghìn shop
tiktok shop	16.3 nghìn tỷ đồng	117 triệu sản phẩm	107.7 nghìn shop
lazada	15.7 nghìn tỷ đồng	117.5 triệu sản phẩm	110.7 nghìn shop
tiki	1.6 nghìn tỷ đồng	5.8 triệu sản phẩm	17.8 nghìn shop
sendo	112.3 tỷ đồng	511 nghìn sản phẩm	9.8 nghìn shop

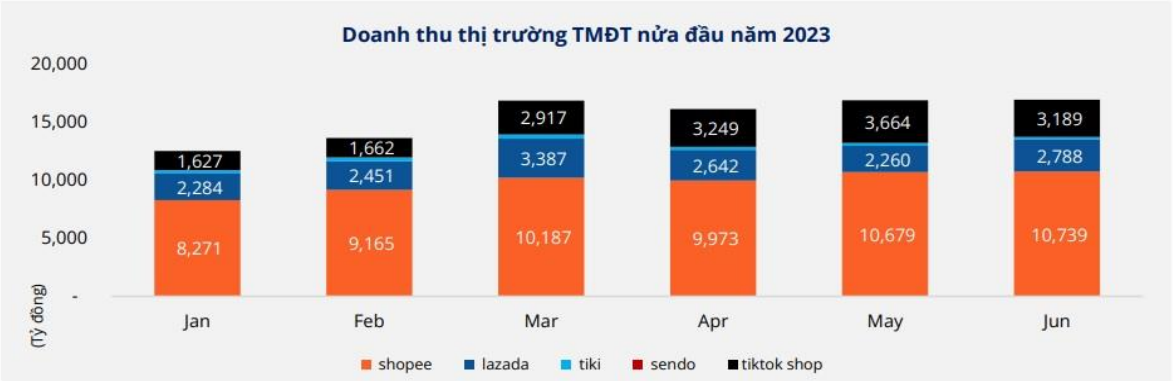


Figure 2: Revenue of e-commerce platforms in the first six months of 2023
Source: (Metric 2023)

Looking at the above results, the ability to attract many product suppliers and customers has generated significant revenue for leading e-commerce platforms. This will create an advantage in terms of scale. With this advantage, the research results show that leading e-commerce platforms have obtained resources that meet most of the criteria according to Barney (1991) and Eisenhardt & Martin (2000), as listed in the table below:

Table 1: Summary of research on the resource-based competitive advantage of some e-commerce platforms in Vietnam

Resource characteristics	Shopee	TikTok Shop	Lazada	Tiki	Sendo
Valuable	Financial resources Relationship with partners	Financial resources Relationship with partners	Financial resources Logistics and warehouse resources	Relationship with partners Business mindset that values quality	Relationship with the factory The business mindset that emphasizes quality, targeting Vietnamese people
Rare	Massive data about customers and sellers	Massive data about customers			
Inimitable	Innovation and creativity capability	Innovation and creativity capability	Innovation and creativity capability		

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Non-substitutable	Management capability and experience	Management capability and experience	Management capability and experience		

Source: Compiled by the authors

Financial Resources

Shopee, Lazada, and TikTok Shop have abundant financial resources, allowing them to launch various programs to support sellers and attract consumers through promotional campaigns such as multiple monthly promotions and major discount events throughout the year, such as June 6th, September 9th, November 11th, and December 12th. In addition, they regularly offer discount vouchers, free shipping codes, and multiple vouchers per day.

With a large financial capacity, in 2016, when entering the Vietnamese market, Shopee accepted a loss of 164 billion VND. In 2017, Shopee incurred a loss of over 600 billion VND, and by 2018, the loss had increased threefold to 1,900 billion VND. According to an article (Ngọc 2021), despite Shopee bearing billions of dollars in losses, Garena - the number one game publisher in Southeast Asia - as a financial sponsor for Shopee, still can bring in money to support this platform. Therefore, Shopee has waived store opening fees and operational fees for sellers for many years, attracting buyers through various promotional programs and incentives. TikTok Shop and Lazada - the following two major brands - also have abundant financial resources. In 2020, Alibaba, the parent company of Lazada, injected an additional 378 million USD. By 2022, Alibaba had invested a total of 1.3 billion USD in Lazada. TikTok CEO Shou Zi Chew revealed that TikTok plans to invest billions of dollars to develop e-commerce in Southeast Asia. Part of this investment, amounting to 12.2 million USD, will be allocated to support small and medium-sized enterprises in the region (Bùi 2023).

Innovation and Creativity Capability

Shopee continuously improves and innovates. In its business operations alone, Shopee constantly invests in expertise to provide customers with new and unique experiences and attract and retain customers through monthly services, promotional programs, or daily coin collection games. According to the September 2022 e-commerce industry news released by Reputa Social Listening, Shopee gained significant attention through the Minigame program "Boost Interaction - Win Huge Vouchers" (6,617,343 interactions) and the Minigame "Interactive Puzzle – Vouchers" (4,259,754 interactions). Shopee has introduced the Skin Cam skin diagnostic tool in collaboration with experts from L'Oreal. This tool can provide detailed and accurate scores for skin issues based on seven globally recognized scientific studies (Y 2023). In February 2023, Skin Cam was further upgraded to recommend products suitable for skin conditions, offering a range of products from 14 beauty brands.

Lazada also continuously innovates by investing in technology. Lazada has invested in artificial intelligence technology to develop intelligent chatbots capable of automatically analyzing and categorizing customer requests to determine the necessary areas of customer support. In 2022, Lazada implemented the initiative of delivering goods by electric motorcycles. At the same time, the goods sorting center in Binh Duong is about to start operating with a priority on using solar

energy. The platform also aims to use environmentally friendly packaging solutions in the future.

TikTok Shop entered the market and created a completely new business platform. The highlight is that TikTok Shop stimulates consumer demand through watching short videos instead of actively searching for products as on current e-commerce platforms. When users watch videos, if they have a need, they can simply click on the link to purchase the product without having to exit the application as before. Buyers can find all the detailed information about the product, including price, ratings, and number of purchases, just like on other e-commerce platforms. Therefore, the buying and selling process takes place conveniently within the application. According to a survey conducted by TikTok in 2022, 67% of customers stated that they made purchases even though they initially had no intention of searching for products; the videos on TikTok inspired them.

Therefore, it can be said that the capability of innovation and creativity is an inimitable resource that Shopee, Lazada, and TikTok Shop currently possess. Especially for TikTok Shop, with its utterly new selling platform, it has made significant progress in the e-commerce industry, not only in Vietnam.

Managerial Ability and Experience

Managerial ability and experience are both valuable resources and non-substitutable resources as they are related to human factors and accumulate and develop over time. Even if a business can attract high-quality personnel from competitors, it is still difficult to gain advantages from these resources because creating valuable capabilities requires many other factors, including the unique factor of an organization's culture.

Both Shopee, TikTok Shop, and Lazada had experience in the industry before entering Vietnam. Shopee is an e-commerce platform headquartered in Singapore, owned by the SEA Group (formerly known as Garena), founded in 2009 by Forrest Li. Shopee was first introduced in Singapore in 2015 and has since expanded and developed in various countries, including Singapore, Malaysia, Thailand, Taiwan, Indonesia, Vietnam, and the Philippines. In Vietnam, Shopee Limited Liability Company was established in August 2016.

TikTok was launched in 2017 and developed by the Chinese technology company ByteDance. Currently, TikTok is present and has become one of the most popular applications in the world, with billions of users on both iOS and Android platforms. TikTok entered Vietnam in 2019. Currently, 64% of internet users use TikTok Shop (DataReportal/Oberlo 2023). Therefore, it can be said that TikTok Shop has a lot of business experience in Vietnam.

Lazada Group is a subsidiary of Alibaba Group, operating in the e-commerce field. Before being acquired by Alibaba, Lazada was a subsidiary of Rocket Internet in Germany, with a business development direction following the B2C model (online retail model for consumer products), a path similar to the one Amazon has chosen. Currently, Lazada has developed and successfully conquered the most challenging market in Southeast Asia, like Shopee.

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Resources on Customer Information

Figure 2 shows that leading e-commerce platforms have vast data on two customer groups: suppliers and consumers. These customers can simultaneously use the products and services of these e-commerce platforms. However, if any e-commerce platform can attract more sellers and buyers and gain their loyalty, it will become a scarce resource for them. Owning large amounts of customer data also helps these businesses obtain valuable information about behavior, purchasing trends, and demand for various products - information that previously required expensive surveys or the purchase of data from professional research organizations. According to experts, with just a few user interactions with a video on TikTok Shop, the algorithm will be able to understand the user's thoughts and gender. This information also helps e-commerce platforms support sellers and manufacturers in product innovation, increasing product value, and changing business culture. With fierce competition today, having access to this valuable information has brought significant advantages to e-commerce platforms, helping them maintain a leading position.

Logistics Resources, Warehousing

This is a valuable resource that Lazada has acquired, giving the company an advantage in recent years. Lazada was the first business to build the complex logistics infrastructure system Lazada Express in 2020. This system is considered the most advanced in Vietnam, including both domestic and international channels with advantages in all three criteria: "Fastest + Best + Cheapest" (Anh 2021). Lazada has a strong infrastructure platform and long-term investment strategy, with the construction of 300 "pickup points" and 7 smart lockers located in densely populated areas such as shopping centers, apartment complexes, and universities. Smart lockers are an effective solution that allows buyers to receive their packages at any time without waiting for a shipper. Currently, Lazada is the only platform in Vietnam with such a good infrastructure to implement this service. Lazada has also developed a warehouse system early on, located in Ho Chi Minh City, Da Nang, and Bac Ninh. With an operating capacity of about 10,000 products per hour, it enables faster delivery to customers. Research by (Hương, Việt, and Vân 2020) shows that delivery speed is also one of the factors influencing purchasing decisions. The research results indicate that over 95% of users of the delivery service are concerned about the speed of service provision. Therefore, it can be said that owning a complex logistics infrastructure has helped Lazada enhance its competitive position.

A Business Mindset Values Quality

Tiki and Sendo are two domestic e-commerce platforms. Tiki was founded in March 2010 by entrepreneur Tran Ngoc Thai Son, starting with an online English book-selling website. In April 2017, Tiki transitioned to a Marketplace model, officially becoming an e-commerce website offering electronic, digital, household appliances, books, beauty and health products, and products for mothers and babies. In 2018, Tiki decided to expand its market from a B2C model to C2C, directly competing with international e-commerce platforms Shopee and Lazada. Sendo was launched to consumers in September 2012, originating as an E-commerce project developed by FPT Online Corporation. On May 13th, 2014, Sendo Technology Joint Stock Company, a subsidiary of FPT Corporation, was established with the business philosophy of "Vietnamese market, affordable prices."

Until now, both Tiki and Sendo have established their positions in the industry by leveraging valuable resources in a business mindset that values quality for the Vietnamese brand, and for the Vietnamese people. As latecomers, it is difficult for them to have advantages like foreign giants, so both Tiki and Sendo focus on technology to ensure the quality of products sold on their platforms. Currently, Sendo is doing very well in terms of information security for both buyers and sellers. According to experts' evaluations, PCI DSS - an international standard for security and information safety - has been present for many years, but during that period, only four businesses in Vietnam met the standards to obtain this certification. To have the highest level of certification for information security, Sendo had to meet strict security standards, with each detail of each process being compliant and directly verified by international experts. Currently, Sendo. vn has implemented three layers of anti-counterfeit measures to ensure that customers receive products with clear origins at appropriate prices. This strategy helps Sendo gain a competitive advantage. In addition, recognizing the increasing demand for genuine online shopping, Sendo has launched Sen Mall, a high-quality, genuine shopping center. To be listed on Sen Mall, sellers must go through a rigorous screening process, ensuring that their products come from reputable, well-known brands with clear origins and complete licenses. Therefore, customers can completely trust their purchases at Sen Mall.

Tiki also clearly defines its goal of creating differentiation by focusing on product quality. Good product quality and a 100% genuine commitment have built the brand reputation for Tiki. Tiki has made commitments that if a product sold on the Tiki platform is counterfeit or of poor quality, it will refund 111% of the value of the product, with 100% refunded in the form of payment for the order and an additional 11% refund based on the value of the product. Tiki has strict regulations to control the quality of goods. Therefore, sellers who want their products to be present on the Tiki.vn e-commerce platform must comply with certain regulations that Tiki has updated on its website. Specifically, they must ensure quality, the origin of goods, and legal compliance; provide invoices when requested by customers; take responsibility for the supplied products and provide warranties for faulty products; adhere to the after-sales policies as stipulated by the platform; the listed price on the platform is the final price; register promotional programs with the Ministry of Industry and Trade; and ensure customer information security. In addition, Tiki sets out 3 "Must-Haves": the clear origin of goods, legitimate distribution documents, and a minimum of 2/3 of the remaining shelf life. It also specifies 3 "Must-Nots": no counterfeit, fake, or poor-quality goods. Therefore, compared to Shopee and Lazada, Tiki is considered to have an advantage in terms of product quality. Although Shopee and Lazada have a large number of sellers and product categories, only sellers who meet the Shop Mall standards are considered to sell products of high quality on the Shopee and Lazada platforms and according to Metric's report (2023), the first and second quarters of 2023 witnessed a large number of small and unprofessional sellers withdrawing from the market (a decrease of 17% in the first quarter and 18% in the second quarter, equivalent to 70,023 sellers ceasing operations), while Shop Malls were noted to have an increasing trend in both market share and revenue. With the current business platform of TikTok Shop, experts also believe that it is difficult for the company to control the quality through video sales.

Therefore, emphasizing the importance of quality - an expression of valuable resources, is the correct direction for domestic e-commerce platforms at present, as it is difficult to gain an advantage from international e-commerce platforms. Tiki is evaluated as the e-commerce

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platform with the lowest level of customer dissatisfaction (accounting for less than 9%). Tiki also has the highest Net Promoter Score (NPS), a measure of customer satisfaction, in the e-commerce industry (Nielsen, cited in (Đạt 2022)). The study by (Ly and Huyền 2022) shows that customers will be satisfied when they have a good shopping experience. Therefore, it can be said that maintaining these valuable resources will help Tiki and Sendo gain sustainable competitive advantages.

Relationships with Partners and Manufacturers

Shopee, TikTok Shop, and Lazada all have partnerships with many leading global partners, as mentioned above. This is a valuable resource that contributes to creating additional competitive advantages for these businesses. Other platforms in the industry also have access to these resources.

Sendo has a technological advantage due to the support of the FPT Corporation. This enables Sendo to have many relationships with reputable technology manufacturers. As a result, products sold on the Sendo platform are guaranteed in terms of quality and price. Promotions are also one of the factors that Sendo develops through its relationships with manufacturers. Sendo can reduce intermediate steps to achieve "dual benefits" for both buyers and sellers, turning the Sendo e-commerce platform into the "Marketplace of the Vietnamese," with prices for the Vietnamese people.

Tiki also performs very well in enhancing the shopping experience for customers by collaborating with technology companies. In July 2016, Tiki partnered with marketing technology company Criteo to implement multi-device marketing solutions on Criteo's app to improve the effectiveness of transitioning between desktop and mobile devices. This collaboration has brought great success to Tiki, with 88%/97% of consumers making purchases through Criteo's apps. Within just three months of collaboration, Tiki has seen significant increases in conversion rates (184%), average order value (67%), and monthly revenue (64%). By mid-2021, Tiki partnered with Moca Technology and Services Joint Stock Company (Moca) to enhance the online shopping experience for users further. It can be said that Tiki's electronic payment system offers many benefits to customers, thanks to various payment methods such as e-wallets, bank transfers, payment gateways, Mobile Money, and card payments.

CONCLUSIONS AND SUGGESTIONS

Therefore, the research results show that the leading e-commerce platforms in Vietnam are currently gaining competitive advantages from possessing multiple resources that ensure sustainable competitive advantages, according to (Barney 1991), (Eisenhardt and Martin 2000). These resources include valuable resources on financial, logistics, and warehousing resources (Lazada); rare resources on customer data; inimitable resources such as innovation and creativity; and especially non-substitutable resources related to human capabilities and management experience

With the possession of four necessary resources for developing sustainable competitive advantages, including the ownership of a rare resource on massive customer data and high-quality human resources in terms of leadership and management experience, Shopee has

established a dominant position in the majority of the e-commerce market in Vietnam with 63% market share (Metric 2023). This highlights the necessity of investing in human resources and financial resources in the e-commerce industry.

The success of Lazada in investing in logistics and warehousing resources and Sendo in investing in technology (security, user information safety) and emphasizing product quality provides valuable insights for future businesses in terms of innovation, finding their direction, or focusing on key factors for success in competition within the industry.

The strong emergence of TikTok Shop with a completely new sales platform can be considered a strategic innovation capability, enabling e-commerce platforms to gain advantages in terms of scale (which often requires significant financial resources and time to achieve) and the ownership of a large customer data resource, which also implies their possession of superior management capabilities. This implies a managerial implication for domestic e-commerce platforms in particular, and businesses in general to invest in innovation, research, and development activities to create their own "blue ocean" in the industry.

The "natural selection" of small, unprofessional businesses on current e-commerce platforms, as reported by (Metric 2023) as mentioned above, also indicates that if e-commerce platforms focus too much on scale development without controlling quality, they need to reconsider if they want to achieve sustainable competition.

The continuous investment and development of resources to create sustainable competitive advantages for leading e-commerce platforms have created barriers to entry for market entrants into the Vietnamese e-commerce industry, while also putting pressure on businesses within the industry, thereby promoting the development of the Vietnamese e-commerce industry. This also means that future e-commerce platforms that want to dominate the market and gain sustainable competitive advantages need to improve and enhance key aspects such as:

- Concentrating resources to create a large-scale advantage.
- Having financial capabilities.
- Developing a new sales platform to enhance the quick purchasing behavior of users, such as the current TikTok Shop platform.
- Increasing the value proposition of products to reduce customer churn in selecting sellers.
- Acquiring large customer data.

Based on the research findings, the authors summarize and suggest investment directions for necessary resources to create competitive advantages in different development directions for businesses in the industry and those preparing to enter the industry as follows:

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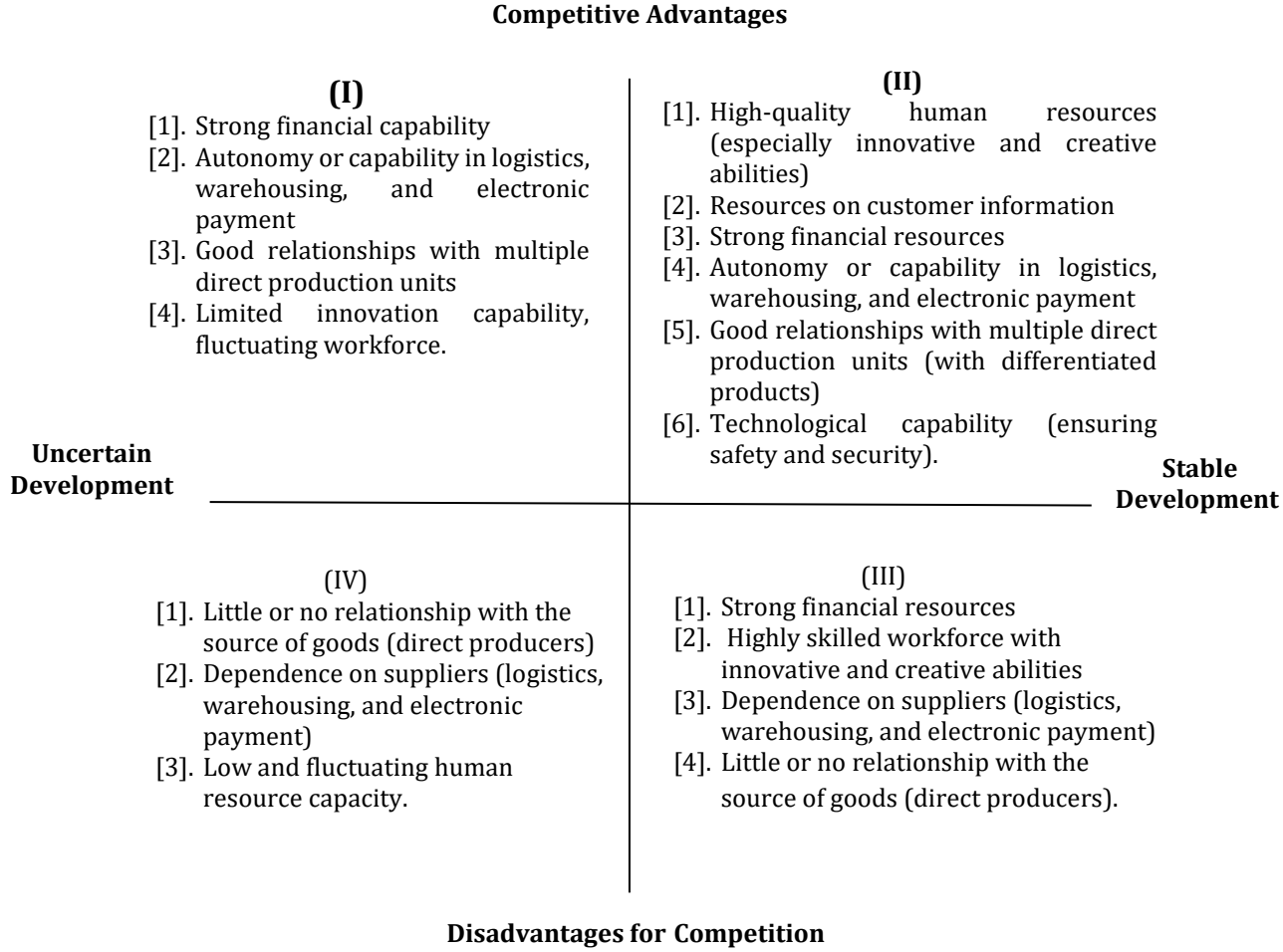


Figure 1: Diagram suggesting investment resource selection, competitive advantages, and development directions for e-commerce platforms in Vietnam.

Source: Researchers' suggestion

According to the diagram in Figure 1, based on research findings, e-commerce platforms aiming for sustainable advantages in quadrant (II) need to possess six resources: human resources, customer information, autonomy or capabilities in logistics, warehousing, electronic payments, good relationships with multiple direct producers (especially having differentiated products that other platforms find difficult to obtain), and technological capabilities (ensuring safety, security for customers, especially in electronic payments, and quality control of goods). Depending on the development strategies of each platform and the industry's level of development, e-commerce platforms need to have a roadmap to acquire the aforementioned six resources, with priority given to investing in human resources with good innovative and creative abilities and resources related to customer information. This is the successful experience of Shopee, TikTok Shop, and Lazada, the top three e-commerce businesses in Vietnam.

In the opposite quadrant (IV), e-commerce platforms will not ensure competitive advantages and face uncertain development if (1) they have little or no relationship with the source of

goods (direct producers); (2) they depend on suppliers (logistics, warehousing, electronic payments); (3) they have low and fluctuating human resource capabilities. Based on the experience of Shopee, TikTok Shop, and Lazada, businesses need to pay special attention to the quality and stability of human resources (including leadership and management) if they want to continue developing.

Businesses possessing resources in quadrant (I) gain competitive advantages through financial resources, autonomy or capabilities in logistics, warehousing, electronic payments, and good relationships with multiple direct producers (even if they have few differentiated products). However, with limited innovative abilities and fluctuating human resources, according to experts, there is a risk of unstable development because the e-commerce industry is greatly influenced by technology, and the business environment is highly volatile. If the workforce cannot adapt to changes, ensuring development will be difficult.

Quadrant (III) is the choice for businesses with fewer competitive advantages but can ensure stable development. To achieve this, businesses need to invest in financial resources (to attract customers through market penetration strategies as implemented by Shopee) and human resources (with a focus on innovative and creative abilities) or choose to invest in valuable resources such as good relationships with direct producers (as Sendo does) or the ability to control product quality and provide a good customer experience (as Tiki does).

Therefore, it can be concluded that businesses should invest substantially in human resources, a critical factor to succeed in the competition among e-commerce platforms under continuous fluctuation in the business environment. Regarding other resources, businesses may choose depending on their strategies and the level of development in the industry.

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