

FACTORS AFFECTING COMPETITIVENESS OF VIETNAMESE ONLINE SALES WEBSITES IN INTEGRATING TPP: A STUDY IN VIETNAM

Tran Phi Hoang¹, Bui Quoc Trong², Nguyen Thai Binh³ and Huynh Kim Quy⁴

¹Industrial University of Ho Chi Minh City, Viet Nam

²Rubber Industrial College, Binh Phuoc, Viet Nam

³Industrial University of Ho Chi Minh City, Viet Nam

⁴Saigon Technology University, Ho Chi Minh City, Viet Nam

ABSTRACT: *This study is to analyze the factors affecting competitiveness of Vietnamese online sales websites in integrating TPP (Trans - Pacific Partnership). Qualitative and quantitative research methods were used to carry on 800 online customers in Ho Chi Minh City, Danang City and Hanoi City. The study results show that the competition volume of Vietnamese online websites affected by 05 factors as follows: (1) The level of competition, Suppliers, The risk of substitution, Buyer Power, Entry Barrier. Based on the research results, measures are proposed to improve competitiveness for Vietnamese online sales websites in the future. After Analyzing the data, the main objectives of this study were to: First, identify the factors affecting competitiveness of Vietnamese online sales website; Second, determine the priority order of the impact factors affecting competitiveness of Vietnamese online sales websites; Third, propose solutions to enhance competitiveness of Vietnamese online sales websites in integrating TPP.*

KEYWORDS: Competitiveness, Vietnam, Online Website And Vietnam's Retail Websites

INTRODUCTION

According to Google and many online sales business groups, Vietnamese e-commerce market is potential because "the technology economy is developing" and Vietnamese among countries using internet highly that increases in the future. According to the monthly Wearesocial statistics in January, 2015 in Vietnam more than 39.8 million people used the internet accounted for over 40% of the national population and more than 90% of internet users operate search engines like Google. Every day more than 30 million people in Vietnam use the search engine to find information, products and services they need.

According to the statistical report of Vietnamese General Statistics Office and Nielsen (2015), Vietnamese retail market has been one of the most developing markets recently, especially in the Fast Moving Consumer Goods sector (FMCG) and smartphones. E-Commerce Report in 2015 of Vietnamese Department of E-Commerce and Information Technology forecasted Vietnamese e-commerce market in 2016 would reach up to 6.9 billion of revenue (usd). While many great online sales business groups jump into Vietnamese market and are taking strong and sustainable developments, many Vietnamese online sales businesses have faced many difficulties, even many websites closed in series. In 2013 and 2014, the "giant" in Vietnamese online sales sector VNG closed Zing Deal web sales, discontinued operating 123.vn web sales, and finally sold 123.vn for Sendo.vn, the electronic commerce broken up and payment gateway 123Pay retained. Many companies have online sales websites such as 24h Advertising Online Corporation and VCCorp have begun internal

restructuring to enhance competitiveness against foreign rival giants. Some famous B2C model e-commerce sites (online transactions between suppliers and individual customers) such as Beyeu, 4EVA, Deca, and many online websites has disappeared from the market recently, even though the managers and investors tried to revive by spending money on advertising. Vingroup (Vietnam) invested 2000 billion (VND) in sales websites; however, it also bore fierce competition from foreign rivals. There are many causes leading to the "die young" such as e-commerce market is increasingly strict competition, business models are lack of differences, and mistakes from strategies, etc. Therefore, the challenge for Vietnamese online sales websites is how to survive, compete and sustainably develop in the coming time.

LITERATURE REVIEW & RESEARCH MODEL

According to Crompton PJ, (2013), Laura & Garcia (2011), Bane & Delt (1982) suggested that the competitiveness of the enterprises depends on internal factors such as capacity, company resources, company strategy, creative ability, and the value of other brands. Fakeye (2009), Yuksel & Bilim (2012) also took this view in the study of "Competition in online business sector" and emphasized factor "Customer power" in the market economy. Specifically, they recommended that the quality of human resources would determine the survival and development of business enterprises. They stated that SEO (Search engine optimization) needed maintaining and training professional knowledge of the field that they were responsible in order to access customers appropriately because today customers have more opportunities to choose so many online vendors showing many sources of reference, so they also require high quality products and services.

Uysal, M. et al., (2014), Meng, F., Tepanon, Y (2013) & Saura & Garcia (2010) agreed with the opinion in their own studies and identified that suppliers need to continuously improve "Services providing capacity" and promote online sales websites. Besides ensuring goods of websites rich and varied, professional and customer care of online sales website are in high demands. Many studies shared this view and Gomezeln & Mihalic (2012) emphasized that the role of information technology and social networking in constructing the supply chain. Xiang, Kothari (2009) suggested that "Providers" needed to build system management and risk management. Bunn, D, L (2015), Take for & Martin (2014) distinguished that in business sector and retail trade, competitive strength was measured and determined by the scale of capital, ability to comprehend customers, supply capacity, and creative ability, in online business of the website needed having sharp and great advances in technology development.

Jonathan, P (2011) studied "Competitiveness of online sales", having the same comments and concluded that the "Degree of competition" among online sites were stricter and stricter. The sales website needed speeding up interaction with mobile devices and social networks better because so far Google has changed the system administrators and operators. The degree of recognition domain, keyword must quickly be found on Google, on the network, quick keyword access speed. Furthermore, the layout designs of sales websites are beautiful, logical and professional to attract viewers. More and more foreign online sales websites have appeared in Vietnamese Market websites. Sales activities on foreign websites are better. The trends of consumers have also been changing. Multi-level business networks have been widespread and drastic competition. Besides, many trends and new business sales forms have come up in Vietnamese market if Vietnamese businesses are in slow innovation and

adaptation, the "risk of substitution" is inevitable (Tran Phi Hoang and et al, competitiveness in the retail sector, 2015).

Michael Porter supposed that in any type of business, in any business environment and any resources, building a sustainable competitive advantage was the most important. He published many valuable books, especially 2 famous books "Competitive Strategy" (1980) and "Competitive Advantage of Nations" (1980). The main competing theory of Michael Porter, master of competitiveness studies, was five-competitive-pressure model. He said that any business, any career was affected by five factors including "Buyer power"; "The level of competition among existing businesses"; "Threat of new competitors into the market"; "Risk of emergence of substitute products"; "The strength of the powerful suppliers". This model is more and more applied around the world wide.

Thus, based on five-competitive-pressure model of Michael Porter, the above theories, the above results of scientific research of the authors, scholars mentioned, it can be concluded that factors affecting competitiveness of vietnamese online sales websites including The level of competition, Suppliers, The risk of substitution, Buyer Power, Entry Barrier.

Buyer Power: Nowadays, buyers have more power because there are too many suppliers, they also have more opportunities to choose and bargain. Therefore, suppliers should study the psychological tendency of buyers, consumers to meet their maximum demands. (Tran Phi Hoang et al., 2015)

Hypothesis H1: "Buyer Power" impacts on competitiveness of Vietnamese online sales websites.

The level of competition among existing businesses has increasingly been drastic on the scale of capital, products, services, prices, promotion, advertising budget, human resources, etc. in order to win a competitive advantage on the market. The level of competition has boosted servely in the digital era and the strong development of social networks. (Tran Phi Hoang et al., 2015)

Hypothesis H2: "The level of competition" impacts on competitiveness of Vietnamese online sales websites.

Entry Barriers: The threat from new competitors engage in market has made organizations, businesses link, connect and create many market barriers preventing new firms to participate and also reduces the competitive pressure which is constantly rising. (Tran Phi Hoang et al., 2015)

Hypothesis H3: "Entry barriers" impacts on competitiveness of Vietnamese online sales websites.

The risk of substitution: The process of developing new services, new modes of supply enterprises or industries create competitive pressure for businesses or other enterprises. Even many businesses or enterprises have been removed from the market after the new service, providing alternative methods appeared. (Tran Phi Hoang et al., 2015)

Hypothesis H4: "The risk of substitution" impacts on competitiveness of Vietnamese online sales websites.

Suppliers: the retailers not only have more competitions in supplying goods in the economy, but also can have more similar power. (Tran Phi Hoang et al., 2015)

Hypothesis H5: "Suppliers" impacts on competitiveness of Vietnamese online sales websites.

Based on the theoretical framework and the results of scientific research of Michael Porter and scholars, experts in electronic commerce were consulted and proposed a model of formal study as follows:

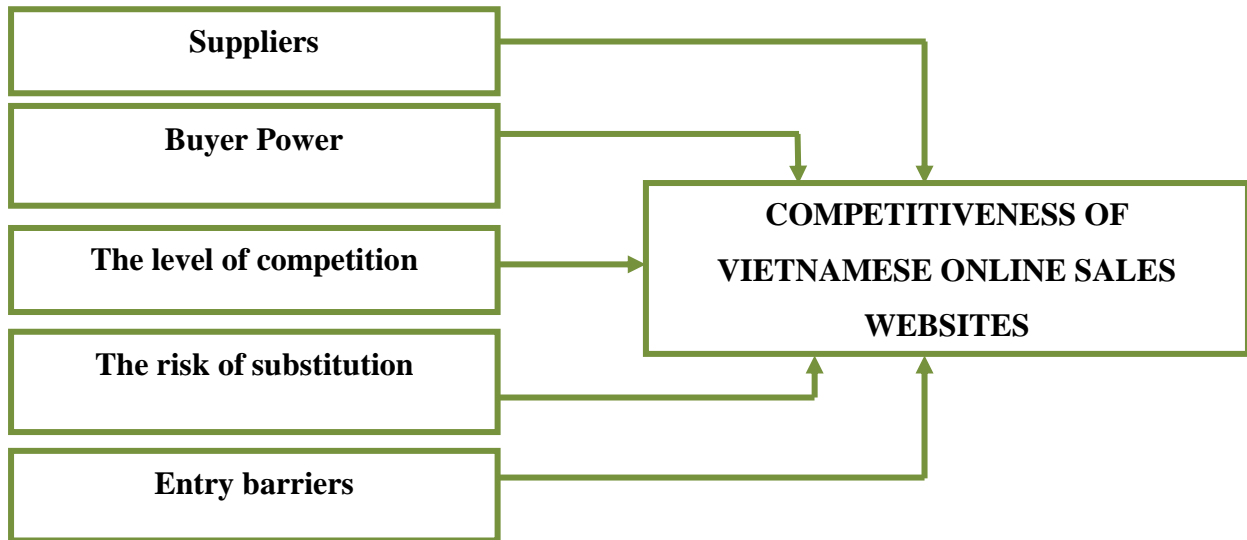


Figure 1 – Model study of factors affecting competitiveness of Vietnamese online sales websites in integrating TPP

RESEARCH RESULTS

Table 1- Descriptive Statistics for the various factors affecting competitiveness of Vietnamese online sales websites

Code	Observed Variables	N	MEAN
BP1	Customers have more and more reference source	800	3.44
BP2	Customers require high-quality products more	800	3.22
BP3	Customers require services more	800	3.49
BP4	Customers have more and more opportunities to choose websites	800	3.26
BP5	Customers have more experiences when buying online	800	3.39
BP6	There are many stricter rules to ensure the rights of the buyer (Hotline of consumer protection Department)	800	3.20
SC1	The professionalism of the online sales website is good	800	2.87
SC2	Goods of Vietnamese online sales websites are rich and diversified	800	2.90
SC3	Vietnamese websites have many unique and different products	800	2.84
SC4	Vietnamese online sales websites offer a variety of good products	800	2.56

SC5	Service supply capability of Vietnamese sales websites is good	800	2.71
SC6	Promotion activities of Vietnamese online sales websites is good	800	3.14
SC7	Consulting and customer care are good	800	2.85
EB1	Vietnamese law creates more favorable conditions for new online sales websites (While joining the WTO, TPP, AEC)	800	3.15
EB2	The foreign online sales website has the advantage of good connecting the international supply chain	800	2.93
EB3	Experience in promoting brands in foreign sales websites is good	800	2.91
EB4	Accessing customers of Vietnamese online retail websites is good	800	3.11
CL1	The degree of recognition domain, quick keyword on Google, on the network of Vietnamese online retail sites dominates more	800	3.06
CL2	Speed Access for keyword search of Vietnamese websites dominates	800	2.80
CL3	The interaction of Vietnamese online sales websites to mobile devices and social networks is good	800	2.78
CL4	Layout design of Vietnamese online sales websites is beautiful, logical and professional	800	2.83
CL5	The distribution network of Vietnamese online sales websites is wide	800	2.95
CL6	Purchasing and receiving procedures of Vietnamese online sales websites are simple and fast	800	2.79
RS2	Many Vietnamese customers are fond of brands selling online by foreign websites	800	2.80
RS3	Retail operations of foreign online retail websites is good	800	2.75
RS4	The buying trend of consumers is always changing	800	2.95
RS5	Multi-level business networks are increasingly widespread and takes many forms of competition	800	3.07
GT1	Competitiveness of Vietnamese online sales websites is good	800	3.09
GT2	Potential Development of online sales is good	800	2.96

(Source: The researcher's collecting data and SPSS)

The table of research results shows online shoppers overall assessment of the competitiveness of the sales website is average (3.09 and 2.96). Factor "Customer power" is highest with an average assessment > 3. The difference between the average value for assessing the degree of observed variables is not great, only the observed variables "SC4_Vietnamese online sales websites provide good products" is rated the lowest in the observed variables which is assessed at 2.56. The above results also reflect that the actual situation of the Vietnamese online sales websites has been poor lately.

TESTING RELIABILITY OF THE SCALE

Table 2 - Cronbach's Alpha

Variable	Code	Factors	Cronbach's Alpha
IDV	BP	Buyer Power	0,854
	SC	Suppliers	0,882
	EB	Entry Barriers	0,712
	CL	The level of competition	0,846
	RS	The risk of substitution	0,814
DV	GT	General assessment	0,700

(Source: The researcher's collecting data and SPSS)

The results showed that the scale is high precision with Cronbach's alpha coefficient > 0.7 and the correlation coefficients of the total variables meet standard allowance (>0,3), the scales are accepted. From the initial 30 observed variables, exploratory factor analysis can be performed in the next step.

EXPLORATORY FACTOR ANALYSIS (EFA)

Table 3. Exploratory Factor Analysis

	Total	% of Variance	Cumulative %
1	8.033	28.688	28.688
2	2.883	10.297	38.985
3	2.549	9.103	48.088
4	1.698	6.063	54.151
5	1.278	4.564	58.715

(Source: The researcher's collecting data and SPSS)

Results of EFA (Exploratory Factor Analysis) in the above table shows the total variance extracted is 58.715%, greater than 50%, this means that the deduction factors would explain 58.715% for models, 41.285% the remaining will be explained by other factors. Extraction ratio factor (Eigenvalue) is greater than 1 should be retained.

Table 4. Exploratory Factor Analysis

Code	Component				
	1	2	3	4	5
SC5	0.777				
SC7	0.768				
SC6	0.736				
SC3	0.721				
SC1	0.717				
SC4	0.711				
SC2	0.698				
BP4		0.816			
BP5		0.782			

BP3		0.736			
BP6		0.725			
BP1		0.709			
BP2		0.684			
CL6			0.804		
CL5			0.780		
CL4			0.756		
CL3			0.711		
CL1			0.659		
CL2			0.590		
RS3				0.748	
RS5				0.699	
RS2				0.690	
RS1				0.660	
RS4				0.652	
EB1					0.731
EB4					0.687
EB3					0.641
EB2					0.605

(Source: The researcher's collecting data and SPSS)

Based on the table of Rotated Component Matrix, 28 observed variables can be divided into five groups of factors, all variables have coefficients Loading Factor > 0.5. This shows that the data analyzed in this study is consistent and can conduct a multiple regression analysis with five groups of factors.

ANALYSIS OF MULTIPLE LINEAR REGRESSIONS

Table 5: Summary model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin - Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.858	.736	.731	.21704	.736	163.871	5	794	.000	1.920

(Source: The researcher's collecting data and SPSS)

The table above shows the correlation coefficient adjustment: $R^2 = 0.731$ (Verification F test, sig. < .05), which means that 73.1% of the variable Y shift is explained by five independent variables (Xi). Coefficient Durbin - Watson (d) = 1,920; some observers n = 800, parameter k = 5, the level of significance of 0.01 (99%), the statistical tables Durbin - Watson, dL (less statistical values) = 1.623 and dU (statistics value above) = 1,725. So we have: $(dL = 1.623) < (d = 1.725) < [4 - (dU = 1.725) = 2.275]$ demonstrates that there is no autocorrelation.

Table 6: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	38.597	5	7.719	163.871	.000 ^b
	Residual	13.849	494	.047		
	Total	52.447	499			

The test results $F = 163.871$ and $\text{Sig.} = 0.000 < 0.05$ shows the model is consistent with the data set and the variables included in the model are related to the dependent variable. Generally, regression analysis with selected reliability is 99%, corresponding to the selected variables are statistically significant at the $p < 0.01$. Results show that all variables are satisfying demand. Verification of conformity of the model showed multicollinearity phenomenon not violate ($\text{VIF} < 10$).

Table 7. Factors affecting competitiveness of Vietnamese online sales websites

Model	Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	Sig.	95.0% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
(Constant)	.150	.107		1.406	.161	-.060	.359
1	X1	.224	.029	.269	7.777	.167	.281
	X2	.163	.027	.198	6.045	.110	.216
	X3	.265	.026	.357	10.095	.213	.317
	X4	.187	.031	.229	6.007	.126	.248
	X5	.130	.030	.156	4.260	.070	.190

Results of regression analysis show that the factors affecting competitiveness of Vietnamese online sales websites with priority as follows: (1) The level of competition: $\beta = 0.357$; (2) Suppliers: $\beta = 0.269$; (3) The risk of substitution: $\beta = 0.229$; (4) Buyer Power: $\beta = 0.198$; (5) Entry barriers: $\beta = 0.156$. The regression equation takes the following form: $Y = 0,269X1 + 0,198X2 + 0,357X3 + 0,229X4 + 0,156X5$. Results of this research are the basis of the recommendations proposing solutions to improve competitiveness of Vietnamese sales websites.

CONCLUSIONS

This study showed that there were five factors that influence competitiveness of Vietnamese online sales websites in integrating TPP and the degree of influence of each factor is different. According to the analysis, five factors are correlated to the impact of online shopping decisions in the field of youth fashion, in that order respectively: The level of competition, Suppliers, The risk of substitution, Buyer Power and Entry barriers. Those are important basis for enterprises to consider the strategic development of their business in the future. The results of this study conclude as following:

- There is a positive relationship between “The level of competition” and competitiveness of Vietnamese online sales websites with significance level 5%.

- There is a positive relationship between “Suppliers” and competitiveness of Vietnamese online sales websites with significance level 5%.
- There is a positive relationship between “The risk of substitution” and competitiveness of Vietnamese online sales websites with significance level 5%.
- There is a positive relationship between “Buyer Power” and competitiveness of Vietnamese online sales websites with significance level 5%.
- There is a positive relationship between “Entry barriers” and competitiveness of Vietnamese online sales websites with significance level 5%.

RECOMMENDATIONS

Solutions for "The level of competition": Websites need integrating better, websites need designing beautifully that have suitable simple, convenient, and easy interface to use and full of information about products that enable customers to view, transaction, and purchase goods easily. Vietnamese online sales businesses must cooperate, link with other businesses to create an extensive distribution network, since many Vietnamese online sales businesses still charge transport fee in remote areas which affect competitiveness versus foreign sales websites. Vietnamese online sales businesses should increase interacting with mobile devices, internet devices, smart phones and social network, as the number of people using mobile phones and internet to purchase and transaction increasingly.

Solutions for "Suppliers": Vietnamese online sales businesses need improving "Services providing capacity" towards more systematization, modernization, professional and efficiency. In addition to system administrators, rich and varied goods, professionalism, sharpen on technology need enhancing to access and customer care in the digital age and social networking. Consulting staff, professional enthusiastic customer care need building. Vietnamese sales businesses need linking closely with manufacturing companies to build strong and sustainable supply chain.

Solutions for "The risk of substitution": Not only competing with competitors in the same market, Vietnamese businesses but also compete with potential rivals. Strategies for competition and consumer trends of online customers need studying to raise appropriate business policy.

Solutions for "Buyer power": Online shoppers include many classes but most of them are the young. Understanding customers is not easy. Customers in different age, income, education, gender, etc will be in different needs and tastes. Thus, the marketing department should study trends of online shopping customers to satisfy all their needs, even strategies to meet the needs of each target customer group. On that basis, enterprises need deploying proper products and services to their needs.

Solutions for "Entry barriers": Benefits tax incentives and other preferential policies after Vietnam joined the WTO and TPP which has opened business opportunities for sales through the website from abroad. This also means that Vietnamese businesses are now under more competitive pressures than before. Therefore, enterprises sales through websites need uniting, cooperating, collaborating and proposing government agencies to take the advice, support

and help of capital, technology and market in order to improve competitiveness and oppose entry barriers for new competitors. In addition, Vietnamese enterprises need having a strategy to exploit the overseas market. Barriers before the main rival joining are businesses themselves to improve for highlighted before their competitions.

Other solutions: In the digital era and the development of social networks, companies need investing their websites to become a communication channel and efficient support for their businesses. Website design must meet benchmarks of SEO. First, the website must create its own unique brand of business on the internet that creates opportunities to meet customers at any time, anywhere. Secondly, the website is a channel introducing products effectively. Thirdly, sales website needs supporting businesses in the sale. Fourthly, sales website helps leaders in managing business easily. Fifthly, sales website must bring economic benefits such as increasing customer base, sales and profits with the support of the current search engines (like Google, Bing, Yahoo, etc).

REFERENCES

- Benn, A. (2001). *Competitiveness in the retail industry*. Special Issue on Competitiveness in retail sector.
- Crouch, G., & Ritchie, J. B. R. (1994). *Retail competitiveness: exploring foundations for a long-term research program*. In Proceedings of the Administrative Sciences Association of Canada annual conference.
- David Kok. (2011). *Competitiveness in the retail industry: price and quality*. The Journal of the American Statistical Association.
- Denscombe, M. (1998). *The Good Research Guide*. Buckingham, Open University Press
- Dillman, D.A (2000). *Mail and Internet Surveys*. The Tailored Design Method, New York.
- Dochartaigh, N. O. (2002). *The Internet Research Handbook: A Practical Guide for customers and Researchers in The Social Sciences*. London, Sage.
- Dunkerley, D. (1988). *Historical Methods and Organizational Analysis*. In London, Routledge.
- Duong Van Hien (2013). *Improving competitiveness for tourism industry when Vietnam joins WTO*. Journal of retail Research.
- Dwyer, L., Forsyth, P., & Rao, P. (2000). *The price competitiveness of retail industry*. Retail Management.
- European Commission. (1994). *Enhancing European competitiveness, 2nd report to the president of the commission*. Competitiveness Advisory Group, European Commission, Luxembourg: OPEC.
- Fink, A. (2003). *How to Ask Survey Questions*. Thousand Oaks, CA, Sage.
- Harterre, A. (2002). *Lessons in managerial retail competitiveness in the case of Thailand*. Retail Management.
- Hassan, S. (2000). *Determinants of market competitiveness in an environmentally sustainable retail industry*. Journal of Retail Research.
- Tran Phi Hoang (2015), *The researching of the determinant affecting the competitiveness of vietnamese retail sector*, Kaav International Journal of Economics, Commerce & Business Management, V2, N2.
- John Hann (2010). *Solutions to enhance the competitiveness of enterprises in the integration*. Journal of retail Research.
- La Ollive (2007). *Compete or desire being excluded from the market*. Journal of retail

Research.

- Mangion, M., Durbarry, R., & Sinclair, M. T. (2005). *Retail competitiveness: price, quality and service*. Retail Economics.
- Micheal Porter (2012). *Micheal Porter's 5 forces*. University of National Economy.
- Nguyen Huu Tho (2011). *Methodology of scientific research in business*. Labour Publishing House.
- Osmanagic-Bedenik, N. (1999). *The analysis of business efficiency of the retail companies*. The Journal of the American Statistical Association.
- Pack, A., & Sinclair, M. T. (2002). *A system of equations model of UK retail demand in neighbouring countries*. The analysis of consumer demand in the United Kingdom.
- Pechlaner (2005). *Competition and sustainable development*. The Economic Review.
- Peters, T.J. & Waterman (1982). *In Search of Excellence*. New York: Harper & Row.
- Pirow (1990). *How to do Business Research*. Juta Publishers.
- Porter, M.E (1980). *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. New York Free Press.
- Porter, M.E. (1979). *How Competitive Forces Shape Strategy*. Harvard Business Review.
- Zellner,A.(1962). *Competitiveness: market forces and policy options*. Youth Publishing House.