

CUSTOMER COMMUNICATION CULTURE IN COMPETITOR GEOGRAPHIC CONCENTRATION: A CASE-STUDY IN VIETNAM

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Abstract

This article analyzes the manifestations of customer communication culture through traditional business forms (such as craft villages) and modern business forms (such as e-commerce platforms). It highlights significant changes in the communication culture of small businesses and companies. These changes demonstrate that the digital economy is a strong driver for evolving customer communication culture in particular and business culture in general in Vietnam. The research also proposes recommendations to promote customer communication culture for traditional products that embody Vietnam's cultural identity and advantages.

Keywords: Customer Communication Culture, Competitor Geographic Concentration, Business Culture.

JEL: M10, O44.

1. INTRODUCTION

Business culture in general and customer communication culture, in particular, play an undeniable role. Currently, Vietnam has two parallel business forms: direct trading (such as traditional markets, physical stores, and specialized business streets) and online platforms (like e-commerce sites, social media, and websites).

E-commerce is characterized by the concentration of competitors. When customers search for a product, numerous businesses may appear simultaneously offering that product. This clustering of competitors on e-commerce platforms brings unique advantages compared to direct business models, as it allows potential customers to be reached globally, removing geographical barriers. This is particularly beneficial for small businesses with limited resources, networks, and management capacity.

Additionally, e-commerce helps sellers provide more detailed and transparent information, enhancing consumer trust and satisfaction. Customer communication culture in the digital space also differs significantly. It involves more than just verbal communication, utilizing various channels like websites, social media, emails, live streaming, and chat boxes.

Online platforms allow sellers to analyze customer data and adjust communication methods for more effective interactions. Meanwhile, traditional business forms have shown certain limitations in customer communication culture, such as haggling, loud exchanges, or even conflicts when customers inquire but don't purchase.

The question arises: with online business forms where direct interaction with customers is limited (usually only through delivery staff), how should customer communication culture evolve? This research applies the theory of competitor geographic concentration, analyzing and comparing customer communication culture in both traditional and modern forms, proposing solutions to promote customer communication culture, especially for businesses selling traditional products that highlight Vietnam's advantages.

2. THEORETICAL FRAMEWORK

2.1. Competitor geographic concentration.

The competitor geographic concentration model is a method where households or businesses with similar or identical products are concentrated in a specific "geographic area" (Nguyen et al., 2016). This means that businesses (collectively referred to as business units) sell similar products in terms of design, quality, price, and intended use, and are located near their competitors. Examples of traditional competitor geographic concentration include handicraft villages like Ha Dong silk, Bat Trang ceramics, and Hanoi's Vong village sticky rice; or businesses grouped by trade or profession, such as woodworking, embroidery, welding, or food streets.

Currently, online businesses on e-commerce platforms also exhibit characteristics of competitor geographic concentration. E-commerce platforms concentrate a large number of sellers. When a customer searches for a product, hundreds of sellers "appear," competing directly with each other. These competitors operate in the same digital market, offering similar products or services. This concentration leads to a competitive environment where businesses strive to differentiate themselves and attract customers through various strategies such as price, quality, marketing, and customer service. This situation reflects the traditional competitor geographic concentration model but differs in that competitors coexist in a virtual space. Therefore, it can be called a modern competitor geographic concentration model.

In terms of commonalities, firstly, both models promote competition, cooperation, and innovation among businesses (Nguyen et al., 2016), (Zhao, 2023). The driving forces behind competition on e-commerce platforms can also reflect the benefits of the traditional competitor geographic concentration model. In both cases, businesses can benefit from shared resources, support systems, and knowledge. For example, e-commerce platforms can share logistics and payment systems, leading to cost savings and improved service delivery (Yao et al., 2023). This is similar to how handicraft villages benefit from shared infrastructure and collaborative marketing efforts, enhancing competitiveness and innovation within the community.

In terms of differences, the concentration of competitors on e-commerce platforms offers unique advantages compared to the traditional competitor geographic concentration model. E-commerce platforms have revolutionized the way businesses operate, allowing them to reach potential customers globally and remove geographic barriers. This change is particularly important for small and medium-sized enterprises (SMEs) and household businesses. For example, integrating digital marketing strategies is crucial for these businesses to improve

conversion rates and gain a competitive advantage in the online market (Purnomo, 2023). Moreover, the ability to provide necessary information, such as origin, can enhance consumer trust and satisfaction. These benefits provide additional advantages for local producers by highlighting their products (Ridwan & Rizky, 2019).

In summary, the concentration of competitors on e-commerce platforms offers several benefits parallel to the advantages of geographic concentration in the traditional competitor geographic concentration model. Both environments promote competition, innovation, and cooperation, albeit through different mechanisms. E-commerce provides households and SMEs with tools to expand market reach, optimize their operations, and better understand consumer preferences, leading to improved competitiveness in the digital economy.

2.2. Customer Interaction Culture

Customer interaction culture in business is the set of shared values, practices, and norms within an organization that guide employees' interactions with customers (De Pelsmacker et al., 2018). Specific actions reflecting a business's customer interaction culture include interacting with customers, answering customer questions, providing product information, and maintaining positive customer relationships (Kotler & Keller, 2016).

Unlike traditional competitor geographic concentration where customer interaction culture primarily depends on the seller's "charm" (Dung & Tung, 2019), in modern competitor concentration, customer interaction is mostly indirect. Sellers shift from verbal communication with customers to written, audio, and visual formats. Manifestations of customer interaction culture in modern competitor concentration can be verbal, such as live-selling, pre-recorded videos, or written communication (e.g., product descriptions, usage instructions, storage instructions). It can also involve chatbox interactions or delivery person interactions. Therefore, customer interaction in modern competitor concentration requires more investment and professionalism. Making customers understand and trust the product is essential.

A professional customer interaction culture plays a crucial role in enhancing customer satisfaction, building loyalty, and ensuring consistent, high-quality service at every customer touchpoint (De Pelsmacker et al., 2018), thereby helping businesses stand out in the market (Parasuraman & Ananthanarayanan, 1997). The role of customer interaction culture is even more emphasized and expanded in modern competitor concentration. The development of e-commerce allows businesses to "interact" with customers remotely in real-time and have more opportunities to provide personalized experiences to enhance customer satisfaction (Sun & Wang, 2021).

Businesses can communicate on various platforms (Siregar, 2021). Besides e-commerce platforms, they can interact with customers on websites, social media, email, etc. All of these play a crucial role in shaping the customer experience. With the tools provided by these platforms, sellers can analyze customer data and adjust their communication methods accordingly to improve the effectiveness of these interactions (Kotler et al., 2017). This is a significant advantage that traditional competitor geographic concentration do not have.

3. RESEARCH METHODOLOGY

This study was primarily conducted using the observation and document analysis methods. Specifically:

The research team conducted a literature review of relevant articles on traditional competitor geographic concentration and modern competitor geographic concentration, and explored the role of customer interaction culture in these two business models, particularly the customer interaction culture in modern competitor geographic concentration over the past 20 years (from 2004 to 8/2024) through the Google Scholar and Emerald online databases.

In addition, the team conducted research and explored customer interaction culture through 20 live-selling sessions, 30 short sales videos on TikTok Shop, and 20 food products on the e-commerce platforms Shopee, Lazada, Tiki, and Shopee Food.

Regarding data processing, the research team used the analysis and synthesis methods to form research reports on theory, literature review, and context overview. After obtaining the data, the research team conducted group discussions, compared with theory, and then conducted research reports according to the agreed outline.

4. RESEARCH RESULTS AND DISCUSSION

This section will present the benefits and limitations of the modern competitor geographic concentration model compared to the traditional competitor geographic concentration model, as well as the role of customer interaction culture.

Firstly, business units in clustered models achieve industry standards.

For traditional competitor geographic concentration, locating the business near competitors creates the perception (among stakeholders, including customers) that the business is operating in accordance with common standards, especially for new businesses. Additionally, being close to competitors helps these businesses gain better attention and acceptance from customers and the government (Nguyen et al., 2016), (Dung & Tung, 2019). Therefore, if a business wants to join this "cluster," it must adhere to the agreed-upon standards of customer interaction culture.

For modern competitor geographic concentration, e-commerce platforms have clear regulations regarding customer interaction culture, such as rules for live selling, video posting, providing complete product descriptions, and regulations for responding to customer chats (e.g., to achieve Shopee's quality store standard, the customer response rate must be 80%, for Lazada, the quick response rate $\geq 70\%$, the chat response rate within 10 minutes $\geq 40\%$); delivery time is 1-2 working days for orders within the city (as with Shopee, Lazada), or even 2 hours if the customer requests Tiki Now service; similarly, if the customer requests the express delivery service of Shopee and Lazada (according to banhang.shopee.vn; sellercenter.lazada.vn).

Thus, it can be said that both traditional and modern competitor geographic concentration help businesses gain a competitive advantage in terms of industry standards, partly thanks to the improvement of customer interaction culture. Research by (Siregar, 2021) suggests that when

clear and consistent communication is maintained, customers can increase their trust in businesses and make purchase decisions. Research by (Sabiroh et al., 2022) also shows that personalized customer interaction culture (of the modern competitor geographic concentration model) not only improves customer interaction but also increases conversion rates and customer retention.

Secondly, overcoming information asymmetry for customers.

Information asymmetry is a risk for customers. With traditional competitor geographic concentration, when customers come to an area with many businesses selling the same product or service, they have the opportunity to exchange information with multiple parties (both sellers and suppliers), making it easier to make purchase decisions. Therefore, when a business is located in an area with many competitors, it has the opportunity to improve its position in the eyes of potential customers and business partners after they compare the actual capabilities of this business with other businesses in the industry, and this will also improve customer acceptance of them (Nguyen et al., 2016).

With the modern competitor geographic concentration model, customers have more information, not only about the selling price, videos, and product images, but also about the manufacturer, even the production process, product ingredients, usage instructions, purchase instructions, payment; information about promotions, discounts, gifts, return time, order schedule, and delivery time is also very clear. In particular, customers can refer to the opinions of previous buyers; get timely feedback and answers to their questions. Therefore, it can be said that the culture of communication in online business has significantly overcome this problem, providing customers with more information to make purchase decisions. This survey result is also similar to the research of the author (Ridwan & Rizky, 2019).

Thirdly, sellers become part of the "area" brand.

For traditional competitor geographic concentration, individual households or private businesses often find it difficult to promote their brands. Many stakeholders (customers, partners) do not recognize the brand or the existence of these organizations. Being in a business area famous for a type of goods or services will help them become part of that area's brand. Whether consciously or not, these business organizations still benefit from collective marketing activities and advertising campaigns from those concentrated areas (e.g., businesses in handicraft villages).

For the modern competitor geographic concentration model, small businesses also face difficulties in promoting their brands. However, thanks to doing business on a platform and enjoying shared resources such as logistics and payment systems, these organizations can save costs and improve service delivery (Yang et al., 2023). Besides, if they meet the standards for selling on quality stores like Shop Mall, they are recognized as a "quality store" brand because they must comply with regulations related to customer interaction culture such as regulations on posting images that match quality, providing complete product descriptions, regulations on refund time, returns, delivery, timely response to customer feedback as mentioned above. Many e-commerce platforms allow sellers to respond to customers in a less formal manner (e.g., via

chatbox) to ensure quick and timely responses to customer requests (Mastroberardino et al., 2022). This shift is necessary for modern businesses as it aligns with consumer expectations. Therefore, with this communication culture, modern competitor geographic concentration acquire an "area" brand for being clear, fast, and professional.

Fourthly, easier to achieve operational efficiency.

For small and medium-sized enterprises in traditional competitor geographic concentration, operating near competitors and related industries can help these organizations grow faster, gain recognition, and position themselves in the market. (Nguyen et al., 2016) has pointed out in their research the benefits that businesses gain from locating near competitors, such as having cooperative relationships, customer acceptance, and therefore better business results.

Moreover, with strong cluster linkages, businesses can also achieve economies of scale. This collective strength also helps businesses leverage competitive advantages and overcome future challenges by learning from each other, providing feedback, and supporting each other in customer interaction, from communication language to customer care behaviors and activities (Dung & Tung, 2019).

For the modern competitor geographic concentration model, the operational efficiency of businesses is improved through professional customer interaction culture when compared and learned from competitors. As mentioned above, due to standardized communication culture, the "area" standard, and the opportunity to learn from a large number of competitors, coupled with the ability to enhance customer experience through optimizing customer needs, modern competitor geographic concentration achieve business efficiency through multi-channel digital marketing strategies, helping them improve conversion rates and gain a more sustainable competitive advantage. This is also the finding presented in the research of (Purnomo, 2023).

Fifthly, higher innovation capability.

With traditional competitor geographic concentration, through direct interaction with customers, businesses in the cluster can improve their ability to recognize innovation opportunities (e.g., unmet needs, more sophisticated customers). Businesses in the cluster can innovate quickly by learning from or drawing lessons from other businesses in the area through customer interaction culture, which is reflected in behaviors, interactions with customers, customer care activities, communication messages... (Dung & Tung, 2019).

With the modern competitor geographic concentration model, due to fiercer competition and a wider geographic scope of competition, not only within a region or a country but also globally, learning and adopting innovation is faster, more comprehensive, and it can be said that more innovation often comes from businesses that are professional in customer interaction culture, as reflected in the clear and specific transmission of information about products, purchases, payment, packaging, delivery, speed and quality of customer feedback... Thanks to this, modern competitor geographic concentration often innovate and optimize their activities such as marketing to consumer segments, helping to enhance competitive advantages (Yang et al., 2023), introduce new business directions and product development (Hu et al., 2023).

Thus, it can be said that the customer interaction culture of Vietnamese businesses is changing significantly due to the modern competitor geographic concentration model. In addition to the positive aspects mentioned above, Vietnamese businesses are influenced by traditional business culture, such as being casual and informal in their language. Specifically, the customer interaction culture in traditional competitor geographic concentration has typical manifestations such as sellers transmitting inaccurate, inconsistent, and non-public information, haggling, exaggerating about products; being untruthful about product information, origin; showing disrespect for customers if they ask but don't buy, or come to open the store "early" but don't buy, they will be subtly dismissed and "cursed" (Dung & Tung, 2019).

The lack of dedication in customer interaction culture in modern competitor geographic concentration also shows this. The communication culture through live-selling still has many problems, from using language, speaking speed, tone of voice to dressing (many dress provocatively, causing discomfort for customers). Information about products is provided superficially, video content lacks investment and is not persuasive to customers, and the language used is not professional...

5. CONCLUSION AND RECOMMENDATIONS

Through this research, we can see that the customer interaction culture of both traditional and modern competitor geographic concentration differs significantly. With higher demands, the modern model has been creating significant changes in customer interaction culture, especially for small businesses. The culture of haggling and lying to customers is being limited thanks to the public and transparent disclosure of product information, reducing information asymmetry that disadvantages customers. The imposition of requirements for customer interaction culture according to the quality seller standard (shop mall) has helped to "filter out" businesses that are dishonest and unprofessional in their communication culture. As a result, it will be an opportunity to change the "quick buck" business culture that has existed for a long time in Vietnam.

Therefore, it can be said that with the modern competitor geographic concentration model, customer interaction culture, in particular, and the business culture in general of Vietnamese households and businesses, are changing positively. This is true in practice. According to statistics from Metric (a business providing market data), by the end of June 2023, the number of sellers on e-commerce platforms decreased by 18%, equivalent to 76,030 sellers ceasing operations on the platforms. By the end of 2023, according to statistics from the organization, the number of sellers withdrawing from e-commerce platforms reached 105,000. The main reason forcing these sellers to withdraw from the market is that they cannot compete with more professional sellers. A report by YouNet ECI - a company that analyzes and advises on e-commerce channel growth also states that "the market is increasingly developing towards a more selective direction, emphasizing quality" (YouNet Group, 2024).

With the modern competitor geographic concentration model, households and businesses have the opportunity to develop through learning and cooperating with larger households and

businesses, on a wider scale. Competition among businesses in the same "area" is also a factor that promotes innovation in terms of form and product quality. Moreover, with digital platforms, domestic businesses are more advantageous in grasping customer behavior, optimizing customer needs, and thereby making timely and effective adjustments to promote faster and more sustainable purchasing behavior.

From the research results, the research team suggests that businesses need to take advantage of the modern competitor geographic concentration model more. This is reflected in the fact that sellers need to invest more in customer interaction culture by providing customers with full and detailed information about products in both images, sound, and writing. As pointed out in this study, most sellers only provide product names, prices, payment methods, delivery time, promotions... this does not really reflect the carefulness, meticulousness, and dedication in customer interaction culture. Studies have shown that customers play a co-creation role in creating value for products with sellers if they are provided with full information, understand the process of creating those products and services (Tuan et al., 2019), (Tuan, 2024). The research of (Phuong et al., 2020) also shows that when provided with full information about the product, experiencing the sophistication in the product creation process, understanding how the ingredients/materials used to create the product are beneficial to their health, customers will be convinced and satisfied, leading to faster purchase decisions.

Therefore, sellers need to show dedication in customer interaction culture, especially for products with high demand and high competition such as food, cosmetics, and household goods. From the research results, the research team suggests that many traditional Vietnamese products such as ceramics, rattan, food, and regional specialties... are products made by Vietnamese people, associated with many cultural values and the lives of Vietnamese people, so they need to create a different communication culture. Therefore, businesses providing these products need to convey meaningful information to customers such as the product creation process, the sophistication in selecting raw materials, the secrets of each processing stage... through vivid videos; write stories about the origin, about the ancestral profession to "breathe life" into their products. These communication messages can be transmitted multi-channel according to the advantages of each platform such as e-commerce, website, facebook...

In addition, recently, live selling has brought great effectiveness to households and businesses. Therefore, for traditional products, sellers should pay special attention to appropriate clothing, camera angles that show authenticity and familiarity with customers to evoke positive emotions, respect for traditional values; the speaking speed should be gentle and calm. For example, create a livestream space with a strong traditional flavor when sharing information about Ca Kho Lang Vu Dai products, a lush garden space, the harvesting process and meaningful stories about products such as Hung Yen lychee, Thanh Ha fabric, Bac Giang banh da...

Thus, it can be said that customer interaction culture plays an important role in business activities. Research results show that with more investment and dedication in customer interaction culture, the modern competitor geographic concentration model will have great value in product consumption. This is also necessary in the business of traditional products

with a strong Vietnamese cultural identity. This not only stimulates domestic demand but also brings value to the development of Vietnamese tourism.

This research is also limited in terms of research scale. Some future research directions can be suggested for other researchers such as the co-creation role of customers in the value of Vietnamese agricultural products in traditional and modern competitor geographic concentration models, research on modern competitor geographic concentration models with Vietnamese food products.

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