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Examining the impact of environmental, social, and governance integration on sustainable competitive advantage in digital platform: A case study of Tokopedia

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ABSTRACT

Background: Environment, Social, and Governance (ESG) represents a comprehensive framework for assessing a company's impact on environmental sustainability, social responsibility, and corporate governance practices. ESG is strategically employed to achieve sustainable competitive advantage, thereby fostering continuous innovation. This study examines Tokopedia, an e-commerce platform recognized for having one of the highest transaction growth rates in Indonesia. **Methods**: A qualitative descriptive approach is adopted, grounded in the ESG framework and the theory of Sustainable Competitive Advantage (SCA). **Findings:** This study revealed that, following its acquisition by PT GoTo operated in alignment with the ESG framework, sustained its competitive advantage, and consistently enhanced its digital platform. However, Tokopedia has not yet fully implemented ESG principles across environmental, social, and governance dimensions, thereby raising concerns regarding the long-term sustainability of its competitive advantage**. Conclusion**: Tokopedia is able to sustain its market position and remain competitive amidst intense industry rivalry and the volatility of global market conditions. Following its acquisition by TikTok, Tokopedia revised its business model by differentiating between Tokopedia and Shop Tokopedia, while simultaneously implementing efficiency measures through management restructuring. **Novelty/Originality of this article:** Integration of the ESG framework with the theory of SCA to analyze Tokopedia's corporate evolution before and after major acquisitions by Gojek and ByteDance.

KEYWORDS: environmental social governance; sustainable competitive advantage; tokopedia.

1. Introduction

The dynamics of digital economic platforms drive integration between transformative technologies and principles such as environmental, social, and governance (ESG). ESG is one of the frameworks for evaluating the impact of companies or businesses on the environment, society, and governance related to sustainability. The implementation of ESG in Indonesia presents both challenges and opportunities for sustainable development. Implementing good ESG practices requires collaboration between the government, the private sector, and civil society. Proper implementation of ESG can support sustainable development goals aligned with the national development plan. ESG is a significant focus

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because it involves large-scale, long-term investments that directly impact the environment and society, and is related to regulations and the use of investor or public funds.

ESG drives competitive advantage by boosting investor confidence, promoting sustainable innovation, and improving operational efficiency. In today's digital era, business sustainability relies on meeting demands for transparency and accountability from investors, regulators, and stakeholders. ESG considerations are now integral to business strategy (Deutsche Bahn, 2023). Sustainability has increasingly become a core component of business strategy. Sustainable competitive advantage emphasizes the uniqueness and distinctiveness of a company, which can be achieved by distinguishing economic objectives from social and environmental goals (Tarnovskaya et al., 2022; Mohammad & Wasiuzzaman, 2021).

A company's competitive advantage can be derived from branding, unique technology, product design, customer service, supply chain, and a good brand reputation because it has recognition and loyalty that are difficult for competitors to match. Companies or businesses that lack a sustainable competitive advantage and innovation will be fragile. Therefore, a company must effectively utilize a sustainable competitive advantage strategy so that it can occupy a market position, create value for stakeholders, and generate profits. By creating an ecosystem of algorithms, artificial intelligence (AI), and big data collection, companies will find it easier to identify the needs and desires of their target market, enabling them to determine the right digital platform. Digital platforms integrate ecosystems, direct and analyze data, facilitate new business models, detect consumer behaviour patterns, and make predictions with various implications for company efficiency and growth. In the process, gradually combining and refining algorithms helps companies build competitive advantages. The most common digital platforms today are e-commerce and fintech. This is marked by the growth of e-commerce transactions in Indonesia, which reached IDR 512 trillion in 2024, or 12 times the value of the previous year (Putri, 2025). Indonesia has become the largest e-commerce market in Southeast Asia. The highest transaction growth was experienced by the e-commerce company Tokopedia, which grew tenfold from the fourth quarter of 2023 to the fourth quarter of 2024. This was also due to micro, small, and medium enterprises (MSMEs) players utilizing the Tokopedia platform for buying and selling (Ryanthie, 2024). Therefore, Tokopedia is one of the most prominent examples of a unicorn company undergoing this transformation.

Tokopedia as one of Indonesia’s leading e-commerce platforms, has demonstrated the highest transaction growth in the industry, reporting a tenfold increase from the fourth quarter of 2023 to the fourth quarter of 2024. Recognized as the second Indonesian unicorn after Gojek, Tokopedia has secured significant funding from major global investors such as Alibaba Group and SoftBank, amounting to USD 1.1 billion. Operating under the marketplace and online mall business model, Tokopedia has positioned itself as a key player within the Indonesian digital economy (Ranti, 2022). Tokopedia also has a program to support micro, small, and medium enterprises, enabling them to grow their businesses by marketing on the Tokopedia platform. Tokopedia developed financial technology products consisting of digital wallets, affordable investments, credit, and protection products. Then in 2019, Tokopedia began to expand its business by launching smart warehouses called *Toko Cabang* in Jakarta, Bandung, and Surabaya. The aim was to help sellers in the marketplace fulfil their orders. Tokopedia also launched Tokopedia Salam, which helps users find halal products easily (Ranti, 2022).

PT. Gojek Indonesia and Tokopedia (GoTo) were named the best technology issuers in terms of environmental, social, and governance in Asia by Extel Insight. GoTo has successfully realized its three zero commitments, namely zero emissions, zero waste, and zero barriers. Furthermore, GoTo has also received recognition from other industries, ranking in the 92nd percentile and achieving a low-risk rating from Sustainalytics’s ESG rating (Maradona, 2025). GoTo implemented various strategies related to the environment, society, and governance to strengthen its sustainable competitive advantage. ESG is also necessary to evaluate the extent to which Tokopedia has fulfilled its responsibilities towards the environment, society, and governance as a result of its business operations.

This can be a focus for the company to create a competitive advantage so that Tokopedia is able to compete with its competitors.

Previous studies have primarily examined the relationship between ESG practices and organizational performance. For example, Ryu et al. (2024), in Environmental, Social, and Governance (ESG) for Online Marketplaces, focused on ESG performance metrics and financial outcomes but paid limited attention to consumer interaction and engagement. Their study also provided insufficient discussion of operational and business dimensions, stakeholder relationships, and the complex interplay among ESG, sustainability, competitive advantage, online marketplaces, and business models. To address these limitations, the authors proposed a framework that explores the key ESG dimensions across various sectors of the online marketplace, offering deeper insights into the implementation and significance of ESG practices.

Similarly, Acs et al. (2021) examined the evolution of the global digital platform economy over the past five decades, highlighting both the opportunities and challenges associated with this rapidly expanding sector. Their study introduced a conceptual framework consisting of three interconnected elements: digital technological infrastructure, multisided digital platforms, and platform-based ecosystems. This framework provides a comprehensive understanding of how digital platforms create value and facilitate interactions among multiple stakeholders, thereby contributing to the development of sustainable digital business models.

In the context of business sustainability, Junanda (2024) emphasized that integrating ESG principles into financial reporting is a critical strategy for enhancing corporate sustainability. ESG disclosure serves as an important indicator of a company's commitment to socially and environmentally responsible business practices. The study found that comprehensive ESG reporting not only improves transparency and accountability but also creates long-term corporate value by strengthening risk management related to climate change, human rights, and other emerging sustainability challenges that may affect business operations.

Furthermore, Cabaleiro-Cerviño and Mendi (2024) demonstrated that firms with a strong ESG orientation are more likely to achieve higher levels of future innovation than companies with weaker ESG commitments. Their findings suggest that effective ESG implementation contributes to cost efficiency, improved operational performance, and greater innovation capacity. Moreover, the positive influence of ESG on innovation and export performance reinforces stakeholder theory by illustrating how responsible business practices create value for multiple stakeholders while addressing their evolving expectations within today's competitive business environment.

1.1 Environment, social, and governance (ESG)

ESG is a strategy that combines three components for investment. Higher ESG performance is positively associated with an improvement in a company's reputation. Companies with strong ESG practices are perceived as more responsible and trustworthy (Chan et al., 2025). ESG is an important factor to consider when investing. However, the scope of ESG has expanded to include corporate goals and management (Yoo et al., 2021). Specific aspects of ESG are influenced by several factors, including the following: Investor Interest: Investors, including corporate investors, individuals, and asset managers, have realized that ESG factors can affect a company's long-term performance. Therefore, they set ESG criteria in their investment decisions. Stakeholders, including customers, shareholders, employees, and suppliers, have become increasingly aware of the environmental and social impacts of business operations, leading to greater expectations for corporate transparency and accountability regarding ESG issues. Meeting these expectations is essential for fostering trust and maintaining long-term relationships with stakeholders, particularly consumers, who value the protection of personal information and a sustained commitment to delivering high-quality products and services (Rarasati & Shihab, 2022). At the same time, companies face a growing range of ESG-related risks, such as the effects of climate change, concerns over wage fairness, working conditions, diversity, equality, inclusion, and data protection, all of which can significantly influence organizational performance and reputation. In response to these challenges, governments and international regulatory bodies have introduced various reporting requirements and guidelines to promote ESG compliance, helping organizations improve transparency while reducing the risk of legal and financial penalties associated with non-compliance (Dathe et al., 2022., Deloitte, 2023).

The implementation of ESG has a positive impact on corporate financial stability. Companies that consistently implement ESG increase investor confidence, but some companies consider ESG to be an administrative burden. In addition, the mechanism for imposing sanctions on companies that do not comply with ESG standards is still ineffective (Kossay et al., 2025). The implementation of ESG in Indonesia lags far behind that of other countries, such as Singapore and Malaysia, particularly in transparency of reporting and incentive mechanisms for companies (Le, 2024). ESG practices have developed in recent years due to regulations and policies from governments and international organizations. These regulations require companies to report on their environmental, social, and governance activities (Chiu, 2025). Therefore, the implementation and communication of high ESG scores provide substantial and significant benefits for corporate management and organizational resilience in facing crises. However, existing literature has shown that companies also encounter numerous challenges in collecting ESG data and preparing comprehensive ESG reports. There are four major categories of challenges in ESG reporting: Behavioral challenges, data credibility challenges, methodological challenges, and contextual challenges (Chopra et al., 2024)

1.2 Sustainability competitive advantage (SCA)

Sustainability competitive advantage (SCA) is a condition in which a company is at a superior or profitable level of business for several years. A company can be said to have a competitive advantage if it has higher profits and financial growth rates than its competitors and above the industry average (Nasrudin, 2023). Competitive advantage is any activity carried out by a company with a higher level of effectiveness and efficiency compared to other companies or resources owned by a company and desired by competitors. A company must strive to do the following to achieve a sustainability competitive advantage (David & David, 2023): Continuously adapt to changing trends and external events, as well as internal capabilities, competencies, and resources. Effectively develop, implement, and evaluate strategies that leverage internal capabilities, competencies, and resources. Offer unique products that cannot be easily duplicated. Establish strategic boundaries regarding activities that will not be undertaken, and recognize that no organization can meet all market needs and preferences.

A firm can achieve SCA when its resources and capabilities are valuable, rare, and difficult to imitate. This study develops a conceptual framework to explain how service innovation contributes to long-term competitive advantage. The firm’s sustained innovation performance positively influences its ability to maintain a durable competitive position. These findings are consistent with previous research, which suggests that strengthening innovation capabilities is one of the most critical strategic approaches for firms seeking to secure long-term competitive benefits (Wang et al., 2025).

SCA refers to the superior capabilities possessed by a firm that enable it to maintain consistent organizational growth across various dimensions. A sustainable competitive advantage positions an organization more favorably than its competitors in the future, allowing it to achieve stronger performance outcomes. To continuously preserve its position as a high-performing and distinctive organization, the firm must at least maintain a strong reputation or demonstrate high-quality performance (Satar et al., 2023). The competitive advantage of an organization is typically managed through its resources; however, internal capabilities and the competitiveness of the industry in which the organization operates also influence its SCA. SCA must account for the rapid changes driven by technological advancements, the emergence of knowledge-based economies, and global transformation, as well as the shifting dynamics of the external environment. These factors require organizations to remain adaptive and prepared to respond effectively to fast-paced developments.

Extant literature has predominantly concentrated on examining the impact of ESG on financial performance, ESG disclosure practices, and innovation outcomes. However, limited attention has been devoted to understanding ESG as an integral component of strategic management. Motivated by these research gaps, this study advances literature by systematically integrating ESG into the conceptual framework of SCA. ESG is reconceptualized not merely as a compliance or reporting mechanism, but as a strategic driver that helps to create value, enhance organizational resilience and sustains competitive positioning in the long term. This study uses the Tokopedia case to explore how ESG is operationally implemented through the three zero commitments. This study also combines digital technology analysis such as AI, big data, and platform ecosystem with ESG to build sustainable competitive advantage. Therefore, this study provides a new perspective on the intersection of ESG, digital platform strategy, and sustainable competitive advantage which is still relatively limited in the literature.

This study aims to analyze and evaluate how ESG functions as a strategic driver in creating sustainable competitive advantage in the digital platform ecosystem. Then to evaluate the implementation of ESG practices by Tokopedia in supporting business sustainability and corporate competitiveness. In addition, this study identifies Tokopedia's strategies to maintain its market position amidst industry competition and volatile global dynamics. Finally, it investigates how the integration of ESG within the digital ecosystem especially in e-commerce contributes to operational efficiency, innovation, and stakeholder trust. This study acknowledges several limitations. First, there were limitations in data sources and stakeholders were not fully available or willing to participate, resulting in restricted data coverage. Second, the analysis was constrained by methodological boundaries or qualitative case study and just focused on a single firm, as not all influencing variables could be fully examined or controlled. The researcher also used secondary data and did not incorporate primary data from key stakeholders so this can lead to potential bias as these sources tend to reflect narratives constructed by the company rather than the operational realities that occur directly.

2. Methods

This study employs a qualitative research method with a descriptive approach, which focuses on how individuals interpret and construct meaning within their social realities. The research is grounded in the constructivist paradigm, which serves as a set of beliefs that guides researchers in conducting inquiries from an ontological perspective (Denzin & Lincoln, as cited in Alyatalatthaf, 2022). Qualitative research indeed depends on human beings observing, interacting with, and talking to each other (Leavy, 2014).

The analytical method adopted in this research is a case study approach. A case study constitutes an in-depth examination of the complexity and uniqueness of a policy, system, or phenomenon within its real-life context. It is based on research that incorporates multiple methods and sources of evidence. Case studies are particularly useful for documenting detailed accounts of individuals, programs, institutions, or policies (Leavy, 2014). The case addresses a clearly defined entity of interest (i.e., it has a defined unit of analysis). This could be a programmed, individual, group, social situation, process, organization, event, technology, or other phenomenon. The case is examined within its real-world context, taking into account political, economic, social, technological, cultural, historical, and organizational factors (Greenhalgh, 2025).

Qualitative data collection typically involves three primary methods such as interviews, observations, and document analysis. Document analysis is utilized to establish the historical background that serves as a foundation for further data collection. In case study research, document analysis may also involve identifying and interpreting both explicit and implicit values embedded within a document, policy, or program during its implementation

(Prosser, 2000). Regardless of their specific genre, case studies are typically written in a narrative form that tells the story of how an event, phenomenon, or process developed and how its outcomes (positive or negative) unfolded over time. A defining feature of a true case study is its richness in detail: researchers aim to present a comprehensive, "warts-and-all" account that incorporates diverse perspectives. This includes not only findings that align with the researcher's interpretations but also those that challenge or contradict them. Such depth and nuance resemble what qualitative researchers describe as "thick description." This level of detailed, data-based analysis and synthesis differentiates the research case study from the more concise, clinically oriented case report found in biomedical fields.

This discussion focuses on the research case study rather than the clinical case report (Greenhalgh, 2025). Reporting a case study is just as important as gathering and interpreting the empirical data. The quality of a case study depends not only on how well the data are collected and analyzed but also on how effectively the findings are presented (Denzin & Lincoln in Rashid et al., 2019). A well-organized report structure, combined with a narrative or "story-like" writing style, is essential for strong case study reporting. The following key points should be considered when preparing a case study report: Case descriptions; Participant descriptions; Relationship descriptions; Details of field protocols; Empirical material interpretation and analysis; Conclusion.

This research adopts Tokopedia as the focal case to analyze its evolving business model and the challenges it has faced following its acquisitions by Gojek and TikTok. The case description highlights Tokopedia's transformation from leading Indonesian 3-commerce platform into a central component of a broader digital ecosystem shaped by these strategic mergers. Participant descriptions include key figures such as company executives, employees, and partner merchants whose insights shed light on strategic realignment and operational adaptation.

Relationship descriptions emphasize the interconnected dynamics between Tokopedia, Gojek, TikTok, and other stakeholders, illustrating how corporate integration and platform collaboration influence competitive positioning. Details of field protocols encompass systematic data collection through interviews, document analysis, and secondary sources, ensuring methodological rigor and transparency. The empirical material interpretation and analysis reveal that Tokopedia's primary post-acquisition challenges involve maintaining its brand identity, optimizing ecosystem synergies, and responding to volatile global market conditions amid growing competition. Overall, the study concludes that Tokopedia's ability to remain competitive and sustainable derives from its strategic adaptation, technological innovation, and effective integration within a complex and rapidly evolving digital marketplace.

3. Result and Discussion

Tokopedia officially merged with PT. Gojek Indonesia on May 17 2021 and subsequently rebranded as PT. GoTo. The newly formed GoTo Group initiated its initial public offering (IPO) to the public and investors from March 15 to 21, 2021. However, approximately seven months after the IPO, GoTo experienced a wave of mass layoffs, resulting in the termination of 1,300 employees. This decision was undertaken to enhance business performance and ensure long-term financial sustainability. Despite these efforts, GoTo executed another round of layoffs on March 10, 2023, affecting an additional 600 employees. In January 2024, TikTok announced the official acquisition of GoTo. Following this transaction, the business operations of Tokopedia and TikTok Shop were consolidated under Tokopedia. This acquisition involved two major entities: Tokopedia, one of the leading e-commerce players in Indonesia, and TikTok, a social media platform incorporating integrated shopping features. The primary objective of the acquisition was to strengthen the digital economy ecosystem and support the growth of MSMEs at the national level (GoTo Sustainability Report, 2025 & Ryanthie, 2023).

3.1 *When responsibility meets strategy: ESG as a driver of competitive moat in Tokopedia*

The Three Zero Commitments represent GoTo's responsibility toward ESG dimensions in conducting its business operations. These zero commitments from GoTo covers and applies to all GoTo subholdings, including Tokopedia. This sustainability commitment is integrated into the way GoTo operates, formulates strategies, sets priorities, and strives to continuously generate positive impact in every aspect of its activities. To support this commitment, GoTo has developed a roadmap that outlines the company's real-time progress toward achieving the Three Zero targets. The roadmap illustrates milestones that have been fully achieved, partially achieved, currently in progress, planned for upcoming years, and the company's ultimate long-term objectives.

Table 1. GoTo's three zero commitments

Zero Emissions	Zero Waste	Zero Barriers
To become a net-zero platform through the decarbonization of both direct and indirect emissions across the entire value chain	To reduce and eliminate waste-related pollution resulting from the company's operational activities as part of its commitment to sustainability and environmental responsibility	To focus on promoting inclusivity and socio-economic growth within the ecosystem
This initiative encompasses a full transition to electric vehicles and renewable energy	To collaborate with solution providers across the upstream and downstream value chain to accelerate the adoption of practices related to utilization, reuse, recycling, and waste processing	With a focus on reducing barriers to socio-economic growth for driver-partners and merchants, while continuously strengthening practices of diversity and inclusivity

(GoTo Sustainability Report, 2025)

GoTo's business model has adopted ESG principles as a core foundation for fostering sustainable competitive advantage. The implementation of this strategy demonstrates GoTo's ability to adapt to emerging trends, enhance competencies, and optimize internal resources effectively and efficiently. Moreover, GoTo formulates, executes, and evaluates its strategies through the effective utilization of internal capabilities and resources. This is reflected in the classification of its Three Zero Commitments into three core domains: zero emissions, zero waste, and zero barriers. GoTo further institutionalizes these commitments by developing a Three Zero roadmap to ensure alignment with its strategic direction and long-term sustainability targets (PT GoTo Gojek Tokopedia Tbk, 2024).

This is evident in several strategic initiatives, such as purchase RECs for Gojek & Tokopedia HQ, 25% of GoTo's total electricity consumption, reducing excessive packaging and single use waste from on demand and financial technology services and the action was repurpose used cartons at Dilayani Tokopedia Warehouse in Surabaya and Makassar, the shredded material is then used as cushioning in material of single uses plastic bubble wrap and air pillow, Training drivers and merchants to better implement sustainable practice by launching e-book for GoFood Merchant and Tokopedia Sellers, Ensuring high visibility of sustainability related in-app features, merchants and campaigns by GoTo launched *#DariAksiKecil* and *#TokopediaHijau* Campaign, Increasing employee diversity and representation by Tokopedia Academy for Start Woman in Tech, launch of product feature to improve user accessibility in-app by Launch of Voice Over feature in Tokopedia, Expand financial products and services to accelerate financial inclusion for merchant partners by launch of Tokopedia's Financial Literacy Modules for Merchants (PT GoTo Gojek Tokopedia Tbk, 2024).

Tokopedia also conducts the Tokopedia Green program, which encourages sellers to protect the environment for sustainable business. This program focuses on the importance of implementing environmentally friendly business practices and provides guidance to sellers to help them implement small steps that have a positive impact on the environment.

Tokopedia also invites buyers to participate in preserving the environment by donating 1% of every purchase of environmentally friendly products, implementing a packaging return program, and providing incentives for buyers. Tokopedia also launched a comprehensive module containing materials related to various efforts that MSMEs can make to run their businesses in a more environmentally friendly manner. Tokopedia also held a series of webinars to educate sellers on how to switch to environmentally friendly packaging, thereby raising sellers' awareness of sustainability issues. Tokopedia also collaborates with social entrepreneurs through The Local Enablers in the Tokopedia Hijau Incubation Program. This incubation program is conducted through a series of intensive classes and online campaigns promoting environmentally friendly products. Participants are sellers who have implemented environmentally friendly products or packaging and have a positive impact on the surrounding community, known as green sellers.

This step represents GoTo's support to achieve Net Zero Emission (NZE) by 2060. The main focus in fulfilling this commitment lies in the energy sector, as it is the primary driver of carbon emissions in Indonesia (Nasir & Bengi, 2024). NZE combines significant emission reduction efforts with natural or technological methods of carbon removal to offset the remaining emissions across the economy. Past technological innovations have failed to reduce the pace of resource consumption, raising concerns that efficiency improvements alone may not guarantee a sustainable and equitable quality of life within planetary limits. Therefore, effective systems must first be developed to meet human needs and then optimized to achieve environmental efficiency.

One of GoTo's distinctive strengths lies in the integration of its services within a single digital ecosystem, comprising on-demand services (Gojek), e-commerce (Tokopedia), and financial technology (GoTo Financial) which differentiates it from competitors such as Shopee. This ecosystem integration constitutes a key source of sustained competitive advantage. In accordance with strategic management theories on achieving sustainable competitive advantage, GoTo has also established clear strategic boundaries by refraining from predatory pricing practices, environmental exploitation for cost efficiency, and other business strategies that conflict with ESG principles and ethical business conduct. Through the alignment of its operational activities with ESG and sustainability values, GoTo has been recognized as a leading company in corporate governance and ESG implementation in the Asia region by Extel (Laraspati, 2025).

Meanwhile, the zero-barrier initiative promoted by GoTo and their sub holding focuses on promoting inclusivity and socio-economic growth within its ecosystem. It aims to reduce barriers to socio-economic advancement for driver-partners and merchants while continuously strengthening diversity and inclusivity practices. This aligns with the concept of organizational and economic barriers (Gangadhari et al., 2023), where for firms in emerging economies, particularly those in unorganized sectors and SMEs balancing investments in cleaner technologies with ongoing business operations remains a significant challenge. The strategic synergy between Tokopedia and TikTok has resulted in the establishment of Shop Tokopedia, which is driven by a shared vision of fostering equitable digital economic development at the national level. In its operational practices, both Tokopedia and Shop Tokopedia integrate ESG principles, which are reflected in the following Table 2.

Another key challenge faced by Tokopedia is the issue of predatory pricing. Tokopedia has demonstrated a commitment to mitigating this practice by taking down products and closing storefronts that are found to engage in such unethical pricing strategies. Predatory pricing poses significant threats to MSMEs, as these businesses often lack the financial and operational capacity to compete, leading to substantial financial losses. Furthermore, the persistence of predatory pricing may deter potential investors whether corporate investors, individual investors, or asset managers who increasingly recognize that ESG factors significantly influence a firm's long-term performance and therefore incorporate ESG criteria into their investment decision-making processes (Dathe et al., 2022; Deloitte, 2023).

Table 2. The implementation of ESG principles by Tokopedia

Environment	Social	Governance
Through the "Green Tokopedia" campaign, the platform promotes environmentally friendly products by providing a dedicated space for sustainable offerings, thereby encouraging eco-conscious consumer behavior	Empowering MSMEs through structured training programs, seller education initiatives, and digital literacy campaigns	GoTo has established an ESG Committee and appointed a Chief Sustainability Officer (CSO) to oversee the integration of sustainability principles into its corporate governance and strategic decision-making processes
The initiative involves reducing the use of single-use plastic packaging and providing an "environmentally friendly product" label to promote sustainable consumption and production practices	Expanding economic access for MSMEs actors and local creators through the integration of live commerce features	Tokopedia implements data security policies in accordance with the ISO 27001 standard
The company implements efficiency measures and green infrastructure by optimizing its data centers through the use of low-carbon energy and cloud optimization to reduce environmental impact and enhance operational sustainability.	Ensuring user protection and social ethics by strengthening content moderation policies and enhancing the anti-fraud system to promote a safe and trustworthy digital ecosystem.	Tokopedia complies with Regulation of Kementerian Perdagangan RI No. 31 of 2023, which mandates that all PPMSE (Electronic Trading Platform Organizers) must ensure that the prices of goods and services are protected from any form of price manipulation

(GoTo Sustainability Report, 2025; Tokopedia Green Seller Program, 2023)

In order to effectively combat predatory pricing, Tokopedia must demonstrate strong commitment by adhering to regulation of Kementerian Perdagangan RI (Ministry of Trade Indonesian Republic) No. 31 of 2023, which mandates that all Trade Organizers Through Electronic Systems/*Penyelenggara Perdagangan Melalui Sistem Elektronik* (PPMSE) platforms maintain fair pricing practices and prevent price manipulation. Additionally, Tokopedia must ensure transparency by scrutinizing supply chains, including product origins, licensing compliance, taxation, product standards, and other relevant regulatory aspects. The company must also establish comprehensive internal regulations and enforce stringent monitoring mechanisms to prevent the occurrence of predatory pricing in its ecosystem.

Tokopedia continues to sustain its competitive advantage by leveraging its existing resources to their fullest potential and developing new business models, including differentiation and rebranding strategies. One of the key initiatives in this regard is the strategic differentiation between Tokopedia and Shop Tokopedia, the latter formerly known as TikTok Shop. These two platforms are designed to target distinct market segments. Tokopedia primarily focuses on urban consumers who possess a clear purchasing intent and actively seek specific products to fulfill their needs. In contrast, Shop Tokopedia is oriented towards impulsive buyers, who may initially browse casually but are subsequently encouraged to make purchases through engaging content and live shopping sessions.

This differentiation serves as a strategic approach to sustaining Tokopedia's competitive advantage in an increasingly dynamic and highly competitive market environment. It also enables Tokopedia to respond more effectively to existing competitors such as Shopee. In this context, the introduction of Shop Tokopedia, which showcases live shopping content from various sellers, is intended to increase platform engagement, attract higher traffic, and expand the user base of Shop Tokopedia. Consequently, this strategy reinforces Tokopedia's market presence and enhances its ability to maintain long-term competitiveness. To assess Tokopedia's ability to sustain its competitive advantage, it is essential to examine key performance indicators that reflect its market competitive advantage including gross transaction value (GTV), monthly active users (MAU), and the numbers of merchant partners.

Table 3. Key performance highlights

Key Performance Indicator	2023	2024
Gross Transaction Value (GTV)	402.117 (in million rupiah)	519.784 (in million rupiah)
Monthly Transaction User (MTU)	50.800 (in million rupiah)	58.98 (in million rupiah)
Merchant Partners	20.1 (in million rupiah)	5.3 (in million rupiah)

(PT GoTo Gojek Tokopedia Tbk, 2024)

The indicators serve as critical proxies for evaluating the Tokopedia's activity. Tokopedia has demonstrated notable growth through the expansion of transaction value, user base, and number of merchants. The growth as a signal of effectiveness of its strategic initiative and underscores the presence of strong network effects, whereby the increasing number of users and merchants enhances the overall value of the Tokopedia. The accumulation of users and partners are strategic resources that reinforce Tokopedia's competitive positioning and contribute to the development of sustainable competitive advantage.

Based on the explanation, Tokopedia has made various efforts to realize sustainable business operations. Tokopedia has created various programs that involve its stakeholders to conduct business by considering its impact on the environment, society, and governance so that Tokopedia can create a competitive advantage and survive in this dynamic market. Tokopedia's various programs also involve the government, particularly in terms of regulations and policies, namely the *Kementerian Perdagangan RI, Kementerian Koperasi dan UMKM* (currently, the ministry has been split into *Kementerian Koperasi* and the *Kementerian UMKM*) related to MSMEs.

Tokopedia's ESG practices are robust and consistently implemented, giving Tokopedia a strong reputation that attracts investors to invest in the company. Tokopedia has also made various efforts to address internal and external challenges, such as the challenge of innovating for the sustainability of Tokopedia's business and the challenge of predatory pricing. Tokopedia has implemented a sound strategy by differentiating its products, namely Tokopedia and Tokopedia Shop. In addition, Tokopedia also combats predatory pricing by removing products that are suspected of engaging in predatory pricing. This is done so that Tokopedia can create a sustainable competitive advantage. Tokopedia sustained innovation performance positively influences its ability to maintain a durable competitive position.

Tokopedia has increasingly recognized and internalized the significance of ESG considerations within its operational framework. The company has implemented a series of initiatives aimed at mitigating the potential negative impacts of its business activities across these three dimensions. These initiatives include programs specifically designed to enhance environmental responsibility, strengthen social well-being, and reinforce sound governance practices. Furthermore, Tokopedia actively involves its stakeholders through targeted campaigns that promote ESG awareness and encourage collective participation. The platform also provides structured channels enabling stakeholders to engage directly in sustainability-related programs. Such efforts generate strategic value, particularly in a market where investors and the broader public are becoming more attentive to sustainability issues and increasingly favor environmentally responsible practices.

The strategic initiatives and campaigns undertaken by Tokopedia serve as mechanisms for building and sustaining competitive advantage in an increasingly dynamic and digitalized market environment. Maintaining competitiveness in such a landscape is highly challenging, especially given rapid technological advancements and heightened competitive pressures. Companies that fail to develop effective strategies, pursue continuous innovation, and cultivate creative adaptability risk losing market relevance and ultimately becoming uncompetitive. Through its ESG-driven strategies, Tokopedia seeks not only to enhance its market position but also to reinforce its long-term resilience and operational sustainability.

4. Conclusions

By integrating the concepts of ESG, sustainable competitive advantage, and digital platform dynamics, Tokopedia is able to operate its business effectively while maintaining equilibrium within a highly dynamic market environment. Following its acquisition by Gojek, Tokopedia, under the GoTo Group, implemented a series of green innovation strategies with measurable environmental impact. These efforts were structured through the establishment of the "Three Zero Commitments" and the development of a corresponding roadmap to evaluate progress toward achieving these sustainability targets.

Subsequently, after being acquired by ByteDance, Tokopedia pursued differentiation and rebranding strategies as key initiatives to ensure the continuity of its competitive advantage. These strategies were designed with careful consideration of sustainability principles, inclusivity, and sound governance, thereby reinforcing Tokopedia's positioning as a sustainable digital economic platform. The initiatives undertaken by Tokopedia exemplify ESG-driven innovation, wherein ESG principles function not only as strategic enablers but also as critical sources of innovation and competitive resources.

The implementation of this study provides several key points across theoretical, practical, and policy dimensions. This study contributes to the existing literature by extending the conceptualization of ESG and positioning it instead as a strategic driver of sustainable competitive advantage within the digital platform ecosystem. Furthermore, this study spolights the importance of aligning business models with sustainability principles to maintain long term competitiveness in a dynamic market. As a result, this study provides relevant considerations for regulators and policy makers in formulating ESG related frameworks and guidelines that promote transparency, accountability, and sustainable business practices. Tokopedia's ESG oriented strategies have been effectively expanded and embedded within the company's operational and strategic framework. This successful integration has become a critical determinant of Tokopedia's overall business performance. The company's ability to operationalize ESG principles not only reflects its organizational commitment to sustainability but also serves as a key driver of its long-term success.

Moreover, the effectiveness of these ESG strategies functions as an important benchmark for evaluating Tokopedia's capacity to grow its business and maintain competitiveness within the e-commerce industry. In an environment characterized by intense rivalry from major competitors such as Shopee, Lazada, Blibli, and other digital marketplaces, the strategic adoption of ESG principles enhances Tokopedia's differentiation and strengthens its position in the market. Through the systematic implementation of ESG initiatives, Tokopedia is better equipped to sustain its competitive advantage, respond to evolving stakeholder expectations, and navigate the dynamic challenges of the digital economy. For future research, it is recommended to broaden the scope of problem identification and to strengthen the theoretical foundations and respondent selection. These enhancements would help improve the robustness and validity of the most up-to-date information obtained.

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Author Contribution

A.D.R., as the first author was fully responsible for the conceptualization and formulation of the research framework, the design of the methodology, the collection and analysis of data, as well as the interpretation of the findings. Furthermore, the author undertook the drafting of the manuscript, including the intellectual development of the arguments presented, and conducted substantive revisions to ensure the academic rigor, coherence, and overall integrity of the work. M.D.M.A., as the second author, contributed to collecting references and literature sources, formulating the research framework, developing the theoretical and conceptual foundations, conducting data analysis and interpretation, and finalizing the manuscript.

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The authors declare no conflict of interest.

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During the preparation of this work, the author used DeepL Translate to assist in translation and Grammarly to check grammar and construct correct sentences. After using this tool, the author reviewed and edited the content as needed and took full responsibility for the content of the publication.

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