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Outlook of Chinese Small and Medium Exporting Enterprises

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Assessment of International Trade e-Marketplaces in China

Outlook of Chinese Small and Medium Exporting Enterprises

By

Weitao Liu

Directed by

Professor Dominique J. Ferrand

A Thesis Submitted in Partial Fulfillment of
the Requirements for the Degree of
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in
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Abstract

China has become the “world factory”. In year 2007, China stood as one of the largest economy in the world. Since China started its economic reform in the 1978, its export increased significantly and the country has become more and more important to the global economy.

As Chinese Smalls and Medium Enterprises (SMEs) represent a large part of Chinese economy and China’s export, it’s important to take a close look to the role they play in international trade and the problems they are facing.

The purpose of this research is to define to what extent existing e-Marketplaces in China are able to respond to problems perceived by Chinese exporting SMEs’ executives.

A review of background information of Chinese international trade, the status of Chinese SMEs and Chinese export process, was conducted to identify the potential problems of SMEs in their export business are exposed. Based on these results, field research was conducted to identify the problems perceived by Chinese exporting SMEs’ executives. Following the analysis of the data collected from the field research, a comparative analysis of China’s existing e-Marketplaces was conducted. Various criteria where defined in order to evaluate Chinese existing e-Marketplaces and their capacity to resolve the problems identified by SMEs’ executives. Finally, guidelines for a business plan that allow defining what should e-Marketplaces do to help Chinese SMEs solve their problems for exporting is presented.

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Chapter 1

Introduction

International trade helps countries to get what they cannot produce by themselves and disposing of their own surpluses. Nowadays, some countries have resources and others have knowledge; some have emerged as a manufacturing base because of low wages or other favorable conditions (FITT[a], 2006). China as a country with huge size and enormous population has its advantages like abundant human resource, huge market, low wage, and others (Zhang, 2006). Since globalization, especially in the business world of the 21st century, is inevitable, China will become more important in the future (Lan & Unhelkar, 2005; Zhang, 2006).

Consider the example of the international trade between Canada and China; since both Canada and China are trying to utilize this trend to get a good position in today's world, the trade between these two countries could be complemented. But compared with the opportunity of these two countries, the international trade status between these two countries is not as we expected. China's exports to Canada (Canadian imports from China) increased 44.9% from 2003 to 2004, but the share of China's total export was still in a low range, totalizing only 1.4% (Roy [b], 2004). Canada's exports to China did not grow as well as its imports from China. Compared with year 2006 and 2005, the Canada's imports from China increased 16.8% while the exports increased 7.8%, and the amount of total imports from China is 34,473 (Millions of Canadian Dollar) in year 2006, which is more than 4.5 times of the amount of total exports to China (7,660 Millions of Canadian Dollar) (chineseinvancouver.com, 2007).

The role that SMEs could play in international trade must be taken into account. As Steiner said in his research (2003), “SMEs play an important role in each economy. Some of them even become market leaders from an international perspective.” But why is the proportion of SMEs with foreign activities still low? (Steiner, 2003) Have the change in business environment eliminated barriers that stop SMEs from international trade? (Steiner, 2003) Nowadays, SMEs are in a position to catch the opportunities offered by internet commerce, in some cases this is not only a choice but also a way of keeping up with competition (Corbitt & Al-Qirim, 2004). There are three main ways that SMEs can use internet to support their international trade operations (Etemad, 2004):

1. As a global market tool, internet gives exporting SMEs an uninterrupted global presence for 24 hours a day in all time zones. And also provide an opportunity for exporter to be local in many markets.
2. As a cost-efficient transaction medium, it provides direct interaction between sellers and buyers, which include ordering procedures, pricing transparency, delivery options, electronic payment methods and security. Websites are an efficient and low-cost way to implement it.
3. As a customer care tool, it provides many opportunities for the SMEs exporters to learn more about the interests of visitors, to collect specific information directly and to involve the visitor in a continuing dialogue.

The example of Canada is instructive. As data from Industry Canada (2008) shows, 98% of employer businesses have fewer than 100 employees, which means 98% of employer businesses are SMEs and 6.6 million Canadian worked for SMEs, which was over 55% of total private labor force (Industry Canada, 2006). Canada’s small businesses were responsible for 20 percent of the total value of exports and medium-sized businesses accounted for 15 percent of the total value of exports in year 2002, it’s clear that Canada’s SMEs made a significant contribution to Canadian export (Industry Canada, 2008).

In China, SMEs are important to today's Chinese economic growth (Jiang & al, 2005). In 2007 there are 42 million SMEs in China; they absorbed 75% of China's urban employed population, represent almost 60% of China's GDP, and also represent 68% of China's total exports (State Council Information Office of China, 2007; Ministry of Industry and Information Technology of China, 2007; CESifo Forum, 2007).

As showed above by the data, SMEs are important for China's economy, especially for their exports. What we want to know whether SMEs working well with today's exports process or there are problems or barriers existing that could baffle them or even stop them in doing their international trade business. All these issues will be addressed in this research.

Today's international trade is a complicated process, and this situation has worsened following the events of 11th September 2001 (Ferrand & Aggan, 2005). This process carries lot information and actions, and is not easy for companies, especially for SMEs, to deal with (Ferrand & Aggan, 2005). It becomes a barrier for SMEs to get involved into international trade business (Aggan & Ferrand, 2005). If SMEs have problems to deal with the international trade process, it brings another series of problems such as financial risk, over stock, customer relationship, and market reaction problems (Ferrand & Aggan, 2005).

Recent e-Marketplace websites want to use internet high technology to support international trade activities for exporting SMEs and help them to avoid their shortages. They provide different services to their customers; give exporting SMEs an opportunity to optimize their limited resources. We need to identify whether these services really meet their needs, or there is any other problem exporting SMEs deal with. All these issues are the key targets of this research.

1.1 Problem Statement

Internet is an essential tool for SMEs. SMEs' internet commerce is defined as "the use of Internet technology and applications to support business activities of a small firm" (Poon, 1999). The open standards of the Internet bring internet commerce to even the smallest firms and help them to reduce the gap between them and the large firms (Kalakota & Whinston, 1996; MOC, 1998).

Internet commerce can help SMEs to reduce costs, increase efficiency, and ensure better customer and supplier management (Al-Qirim, 2004). Internet commerce is becoming more and more essential as a business tool for SMEs in particular, to gain competitive advantage and to access global markets (Poon & Swatman, 1995). The online economy introduces unique opportunities to SMEs for open and free international trade because it lessens the impact of geographical distances and time, which can separate SMEs from potential opportunity (Abell & Lim, 1996; MOC, 1998; Peters & Paynter, 1999).

E-Marketplace as an internet commerce tool can support SMEs in international business (Abell & Lim, 1996). The power of e-Marketplaces to increase demand visibility, operational efficiencies, and customer segmentation, while simultaneously decreasing procurement costs, replenishment time, and geographical barriers has dramatically changed the nature of the supply chain management. Also for SMEs in particular, an e-Marketplace that aggregates its customers' purchasing power could be of interest. Through such an e-Marketplace it is possible to achieve a much better deal with a supplier (Popvic, 2002).

In this thesis we will develop the following arguments:

1. The exporting SMEs are experiencing difficulties to gather the resources they need to do exportation.

2. Since exporting SMEs have to face more and more complex processes especially after 9.11, they are looking for the right way to be helped.
3. E-Marketplace could be a tool to support SMEs' export process.

Our research question then reads as following:

To what extent existing e-Marketplaces in China are able to respond to problems perceived by Chinese exporting SMEs' executives?

This issue allows us to specify our research objectives.

1.2 Objectives of the Research

This thesis addresses the problems of existing and potential contributions of e-Marketplaces in China to support the export process of Chinese exporting SMEs. During the last 10 years, e-Marketplaces have been created in China, but no assessment was made to determine whether they supported the export process of SMEs, nor how they could possibly do better. As a result, this thesis is not only considering the existing e-Marketplaces but also looking for what could be done by e-Marketplace to support all problems perceived by exporting SMEs' executives. Consequently, the following questions will be answered in this research:

1. What are potential problems Chinese SMEs could face during their export process?
2. What problems are perceived by Chinese SMEs' executives, regarding their export process?
3. On what aspect and to what extend is an e-Marketplace perceived as an instrument which could help Chinese SMEs solve their exporting problems?
4. To what extent existing Chinese e-Marketplaces respond to problems perceived by Chinese SMEs' executives, regarding to their export process?

Answering these questions constitute our research objectives.

1.3 Research Contributions

This thesis has six major contributions.

First, the growing importance of international trade for China is stressed, and the existing and potential roles of SMEs in international trade are specified.

Second, the exports process of China is discussed in detail and how this process has to be managed this process for exporting SMEs is explored.

Third, the potential problems for Chinese SMEs in their international trade business are identified. A scenario method is used to make the identification systematically.

Fourth, an overview of the problems of Chinese SMEs in their international trade business as perceived by their executives is made. Field research method is used to collect the problems perceived by the Chinese exporting SMEs' executives. A questionnaire has been developed based on the potential problems we find in problem scenarios. The goal of this questionnaire is to evaluate what are the perceived problems in SMEs' international trade business and in which way e-Marketplace will provide valuable solutions for them in order to deal with the complicated international trade process. This research is dealing with the exports business managers, who have rich experience in international trade business and process, and know what are the problems for them in their day-to-day business.

Fifth, China's existing e-Marketplaces able to host international trade transactions are

valued. The research method is to first identify the criteria for evaluation. Second, each e-Marketplace is compared on the basis of these criteria; a comparative analysis allows them to circumscribe the relative strengths and weakness of each Chinese e-Marketplace. Each existing Chinese e-Marketplaces is faced with perceived problems to establish to what extent it is likely to resolve them.

Sixth, a business plan of the e-Marketplace with the services able to address the problems that Chinese exporting SMEs need to solve is presented.

1.4 Thesis Outline

This thesis is organized into 7 chapters. Introduction (Chapter 1) presents the research problem and the objectives of the thesis. In Chapter 2, we cover the background information including data of Chinese international trade and the status of its SMEs. In Chapter 3 export process for Chinese enterprises is discussed. In Chapter 4 the potential problems of SMEs in their export business are identified. In Chapter 5 a field research is conducted to outline the problems perceived by Chinese exporting SMEs' executives. Nvivo is used to make analysis of all the data from the field research. The perceived problems are named based on the results of the analysis. In Chapter 6 a comparative research of China's existing e-Marketplaces is made. Lots of criteria and analysis of Chinese existing e-Marketplaces are discovered in this chapter. Chapter 7 concludes with guideline for a business plan in order to define what should e-Marketplace do to help Chinese SMEs solve their problems for exporting.

Chapter 2

Chinese International Trade

Countries engage in international trade because it assists them to get things that they cannot feasibly produce on their own while disposing of their own surpluses. Countries can specialize in areas where they have competitive advantage, and ensure that they will be able to exchange their products or expertise for whatever they lack. In the late 20th century, international demand for resource-based products declined because resource-poor countries worked extremely hard to minimize their dependence on the resources that they lacked. They reduced excessive dependence on resources by emphasizing the second factor in international competitiveness – the knowledge base. Some countries have resources and others have knowledge. Some have emerged as a manufacturing base because of low wages or other favorable conditions, like China (FITT[a], 2006).

Today, whether or not China has become the “world factory”, "China-made" products have penetrated into every corner of the world (Zhang, 2006). In 2001 alone, the volume of China's export commodities reached US\$266 billion, of which 90 percent belonged to industrial manufactured products. At the same time, 80 percent of the top 500 transnational world enterprises have entered China, 390,000 foreign-funded enterprises have been operating in China. China has become to the second place in the world in the absorption of foreign direct investment (People's Daily Online, 2002). Based on the newest statistic in year 2007 from January to November only 11 months, the total export volume of China reached US\$1103.6 billion (Ministry of Commerce the People's Republic of China, 2008).

In the following pages, we present a brief China, the state of its international trade, Chinese SMEs and their role in export.

2.1 China

China is the largest developing country in the world which also has the largest population of 1,321,851,888 (July 2007 est.) in the world. The Gross Domestic Product (purchasing power parity) \$7.043 trillion (2007 est.) of China is the 4th of the world but the Gross Domestic Product per capital \$5,300 (2007 est.) is only the 131st. After the economic reform in 1978, China has focused on market-oriented economic development and by the year 2000 China's output had quadrupled (Central Intelligence Agency [b], 2008).

Measured on a purchasing power parity (PPP) basis, China in 2007 stood as the second-largest economy in the world after the US, although in per capita terms the country is still lower middle-income. Annual inflows of foreign direct investment in 2007 rose to \$75 billion. By the end of 2007, more than 5,000 domestic Chinese enterprises had established direct investments in 172 countries and regions around the world (Central Intelligence Agency [b], 2008). Its export represents one-quarter of its Gross Domestic Product, five times more than it was in year 1978 when China's economic reform began to open its gates to the world. In the year 2003, China went to the third place in the World Trade Organization's (WTO) ranking of the global import with 5.3%, behind Germany (7.7%) and the United States (16.8%). At the same time, China also went to the fourth place in global exports with a 5.9% share, behind only Japan (6.3%), United States (9.7%) and Germany (10.0%) (Roy [b], 2004). In the year of 2007, Chinese total export volume increased to \$1.221 trillion (f.o.b.), this is the 3rd of the world only behind Germany and European Union; and Chinese total import volume increase to \$917.4 billion (f.o.b.), this is the 4th of the world only behind USA, European Union, and Germany (Central Intelligence Agency [b], 2008). Now China is not only a country with great population but also a country with great economic

power.

2.2 Today's China's International Trade

Since China started its economic reform in the 1978, it has become more and more important to the global economy (Zhang, 2006). China's growth rate averaged close to 10 percent annually in the 1980s and more than 12 percent in the early 1990s. China has more than doubled its per capita GNP and substantially improved the living standards of the Chinese people in the last decade (Government of Canada, 2003). Since it started economic reforms in 1978, China has been the most dynamic trading nation in the world. In 2004, China's trade has surged to 75 percent of its GDP (Zhang, 2006). And as Table 2.1 shows, its trade volume increased by almost 56 times in 26 years, from US\$ 20.64 billion to 1,154.74 billion in 2004. China has become the third largest trading nation in the world, and it's certain that it will become more important in the future (Zhang, 2006).

Year	Total trade		
	Value(US\$ billion)	Index (1978=100)	Growth rate(%)
1978	20.640	100	39.40
1979	38.136	185	30.02
1980	69.602	337	29.98
1985	115.437	559	3.37
1990	280.863	1,361	18.70
1995	474.308	2,298	31.52
2001	509.760	2,470	7.47
2002	620.790	3,008	21.78
2003	851.210	4,124	37.12
2004	1,154.740	5,595	35.70
Average growth rate in 1978-2004	16.74		

Table 2.1 China's trade, 1978-2004 (Zhang, 2006)

In the following part, China's export status and its importance to China's economy will be discussed.

2.3 China's Export

As Table 2.2 shows, China's exports increased by almost 61 times, from US\$ 9.75 to US\$ 593.370, with a growth rate of 17 percent from 1978 to 2004. During the same period, China's international trade increased by almost 56 times only (Zhang, 2006). And in 2007, Chinese total export volume increase to \$1.221 trillion (f.o.b.), this is the 3rd of the world only behind Germany and European Union (Central Intelligence Agency [b], 2008). And many analysts predict that China will become the second largest exporting nation in the world, making it the world factory (Zhang, 2006).

Year	Total trade		
	Value(US\$ billion)	Index (1978=100)	Growth rate(%)
1978	9.750	100	28.40
1979	18.119	186	32.64
1980	27.350	281	4.63
1985	62.091	637	18.18
1990	148.780	1,526	22.95
1995	249.211	2,556	27.85
2001	266.150	2,730	6.80
2002	325.570	3,339	22.33
2003	438.370	4,496	34.65
2004	593.370	6,086	35.40
Average growth rate in 1978-2004	17.12		

Table 2.2 China's exports, 1978-2004 (Zhang, 2006)

As it's shown in Table 2.3, China's exports share of the world exports was only 0.6

percents in 1977, ranked 34th. By 2004, China had its exports share as 6.5 percent of the world exports, which was ranked as the third largest exporting nation in the world (Zhang, 2006). As an example, the recent research shows that China's exports to Canada are speeding up, the total volume of China's exports to Canada in 2006 was 34,473 (Millions of Canadian Dollar), which increased 16.8% of total import from China in 2005 (chineseinvancover.com, 2007).

Year	World exports	China exports	China's share(%)	Ranking
1977	1,126.9	7.6	0.6	34
1978	1,241.8	9.8	0.8	32
1980	1,990.6	18.1	0.9	26
1985	1,927.7	27.4	1.4	17
1990	3,470.0	62.1	1.8	15
1995	5,020.0	148.8	3.0	11
2000	6,358.0	249.2	3.9	7
2001	6,031.1	266.2	4.4	6
2002	6,384.3	325.6	5.1	5
2003	7,503.0	438.4	5.8	4
2004	8,703.5	593.4	6.5	3
Growth Rate (%) 1977-2004	7.87	17.52		

Table 2.3 China's exports share and ranking in the world, 1978-2004 (Zhang, 2006)

As shown in Table 2.4 above, China exports to many different countries and regions and the exports to these countries and regions are all increasing significantly. As an example, its exports to Canada increased 44.9% from 2003.

Rank	Country (Region)	Increase from 2003 (%)	Share (%)	Change in share from 2003 (%)
	Total	35.4	100.0	0.0
1	US	35.1	21.1	0.0
2	EU	36.9	18.1	0.2
3	Hong Kong	32.3	17.0	-0.4
4	Japan	23.7	12.4	-1.2
5	ASEAN	38.7	7.2	0.1
6	Korea	38.4	4.7	0.1
7	Taiwan	50.4	2.3	0.2
8	Russia	51.0	1.5	0.1
9	Australia	41.1	1.5	0.1
10	Canada	44.9	1.4	0.1

Table 2.4 China's export by country, 2004 (Roy [b], 2004)

2.4 Small and Medium Enterprises in China

As said in Steiner's research (2003) "SMEs play an important role in each economy. Some of them even become market leaders from an international perspective." In China, SMEs are also important to today's Chinese economic growth (Jiang and al, 2005). The next sector will focus on the Chinese SMEs, to see their status in the current Chinese business world.

SME is the abbreviation of the small and medium enterprise. There are many standards to define SME, for example, by the annual gross or net revenue, by the size of its assets or the number of its employees, or by the value of its annual sales or shipments. In February 19th 2003, China National Economy and Commerce Committee, China National Project Committee, China Ministry of Finance, and Statistics China gave the new definition of Chinese SMEs, which is shown in Table 2.5.

Vocation	Guide Line	SMEs
Industry	Number of Employee	Less than 300
	Sale	Less than 30 Million RMB
	Assets	Less than 40 Million RMB
Architectural Industry	Number of Employee	Less than 600
	Sale	Less than 30 Million RMB
	Assets	Less than 40 Million RMB
Wholesale	Number of Employee	Less than 100
	Sale	Less than 30 Million RMB
Retail	Number of Employee	Less than 100
	Sale	Less than 10 Million RMB
Transportation and Distribution	Number of Employee	Less than 500
	Sale	Less than 30 Million RMB
Postal Industry	Number of Employee	Less than 400
	Sale	Less than 30 Million RMB
Hotel and Restaurant	Number of Employee	Less than 400
	Sale	Less than 30 Million RMB

(RMB is the abbreviation of Chinese currency Ren Min Bi. Today's exchange rate to USD is almost 6.84:1)

Table 2.5 Definition of Chinese SMEs (Jiang & al, 2005)

China defines its SMEs in seven main vocations, industry, architectural industry, wholesale, retail, transportation and distribution, postal industry, and hotel and restaurant. Each SME must accord with all the guide lines shown in Table 2.5, which are number of employee, sale, and assets (for industry and architectural industry).

Based on this definition, Statistics China reported that in 2002 there were 29.3 million SMEs in China. All SMEs had 174 million employees. In order to analyze today's Chinese SMEs' situation, hereinafter will choose Industry as a sample, all enterprises in this part will be defined as industry enterprises.

Area	All enterprises	Large-size enterprises		SMEs	
	Number	Number	Percentage	Number	Percentage
China	196,222	1,984	1.01%	194,238	98.99%
East of China	135,109	1,177	0.87%	133,932	99.13%
Middle of China	37,002	454	1.23%	36,548	98.77%
West of China	24,111	353	1.46%	23,758	98.54%

Table 2.6 Distributing of China's SMEs (Jiang & al, 2005)

As shown in Table 2.6, in 2003, there were 196,222 enterprises in total in China. Large size enterprises were 1984, which was 1.01 per cent of total. SMEs were 194,238, which was 98.99 per cent of total. In the most developed part, east of China, SMEs were almost 99.13 per cent of all enterprises (Jiang & al, 2005). Any individual SME comparing with large-size enterprise has shortages in many areas like human resources, finance, and so forth. But all SMEs as whole are in an important position in the national economy. According to statistics of China national information centre, now China's SMEs are 99% of all Chinese enterprises; China's SMEs' gross industrial output value (GIOV) was over 60% of total China's GIOV, sale was 57% of total, and profit payments and tax turnover was 40% of total. Chinese SMEs also providing almost 75% of urban employment. Exports are important to today's Chinese economy. In 2005, almost 60 percent of China's gross exports are from SMEs (Jiang & al, 2005). In order to show Chinese SMEs' synthetical strength in 2003 next will provide Table 2.7 with number of enterprises, gross industrial output value (GIOV), employment, sale, and gross export value.

Guide Line	All enterprises	Large-size enterprises	SMEs
Number of enterprises	196,222	1,984	194,238
Percentage (%)	100	1.01	98.99
Gross industrial output value (billions RMB)	12,871.63	4,336.35	8,535.27
Percentage (%)	100	33.69	66.31
Employment (thousands)	57,485.7	13,066.8	44,418.9
Percentage (%)	100	22.73	77.27
Sale (billions RMB)	14,317.15	5,255.229	9,061.924
Percentage (%)	100	36.71	63.29
Gross export value (billions RMB)	2,694.175	856.706	1,837.469
Percentage (%)	100	31.8	68.2

Table 2.7 Importance of SMEs in China (Jiang & al, 2005)

The year 2002 was the first year of China's membership in the World Trade Organization (WTO), and this year became the year of harvest in the development of China's international trade (Fung, Pei & Zhang, 2006). It gave new meaning and opportunities to China's SMEs to get into the world market but also gave challenges along the way.

2.5 Role of Chinese Exporting SMEs

Based on the research about China's international trade and its exports, we know that China has become an important international trade force in today's world, especially in exports (Zhang, 2006). And as we learned from the research about the Chinese SMEs, these enterprises are important to China's economy, employment, and also international trade. Although SMEs have their problems in finance, human resource

and others, they still perform an important job in today's international business world. We can expect when SMEs can get help to solve these problems, they can perform better. When the Internet was first opened up to carry commercial traffic, and a new class of domain names ending with .com were created, many predicted it would transform the business sector. Some compared it to Gutenberg's experiment in printing in the 15th Century. Others thought this was the dawn of the "new economy". It has almost been a decade since the first .com domain name was registered, and the world has embraced the time of '.com' and disowned it as the time of 'dot-gones'. It is the time to think about what impact internet commerce has had on SMEs and what the future may bring forth for SMEs in the context of internet commerce (Al-Qirim, 2004).

Chapter 3

Managing China's Export Process

As we noted previously, China's exports volume increased 60 times in 26 years since the economic reform in late 1970s. Export becomes an important part of China's economy. China's SMEs' have the 68.2 percent of China's total gross export value in year 2003 and the large-size enterprises have only 31.8 percent (Jiang & al, 2005), which means Chinese SMEs are already the important force of China's exports. But today's international trade is a complicated process, and this situation has worsened following the events of 11th September 2001 (Ferrand & Aggan, 2005). It requires lot information and actions, and is not easy for companies, especially for SMEs, to deal with. It becomes a barrier for SMEs to get involve into international trade business. If SMEs have problems to deal with the international trade process, these problems will bring another series of problems such as financial risk, over stock, customer relationship, and market reaction problem (Ferrand & Aggan, 2005) (Aggan & Ferrand, 2005).

In such environment, it is possible to ask whether Chinese SMEs are facing particular problems regarding the export process. In order to answer such a question, understanding of China's export process is needed. In this chapter a research of today China's international trade permission system and export process will be made to provide for the future research.

3.1 China's International Trade Permission System

At the present time, the Chinese government prescribes that Chinese businesses cannot do international trade directly by themselves unless they have the international trade permission. If a Chinese business wants to do export but does not have permission to do so, it has to entrust other international trade businesses which have permission to do it (Huang, 2005). China's international trade permission system is an examine and approve system. Any business that wants to do international trade has to apply for the international trade permission from the government. Based on the different types of businesses, there are different standards for applying for the international permission. Basically there are five types of business as follows:

- a. If the business is invested by the foreign business or person, then the business can follow the relational prescript to do the export about their manufacture, and import about the equipment, fittings, raw and processed materials.
- b. If the business is register in a special economic district (Shenzhen, Zhuhai, Shantou, Xiamen & Hainan special economic district), it can get the international trade permission at the foreign trade department of the special economic district, and it has five conditions (Appendix I).
- c. There are three conditions for a state business to apply the international trade permission (Appendix II).
- d. There are two conditions for the business belongs to state scientific research organization, to apply the international trade permission (Appendix III)
- e. There are three conditions for the private manufacture business or scientific research organization, to apply the international trade permission:
 1. Business has to have no less than 8,500,000RMB (almost 1.08 million USD) both registered capital and net asset;
 2. Business has to have two continuous years' annual sales over 50,000,000 (almost 635 million USD); plus the annual exports should be over 1 million USD;

3. Business has to have its own licensed career man to do the international trade. (China Council for the Promotion of International Trade, 2001)

Since most Chinese SMEs are private businesses, they have to follow the (e) condition. Nevertheless, the definition of Chinese SMEs (industry) is having less than 30,000,000 RMB annual sales, which can not measure up the (e) condition. Constantly, to get the international trade permission and do international trade directly by SME itself could be very difficult.

3.2 China's Exports Process

Because the problems for Chinese exporting SMEs generally come from the multiple small steps involved in the exporting process, we will outline in the details the Chinese exporting process in order to identify the potential problems in the Chinese system.

In this part China's exports process will be shown using several flow charts to explain the typical export process. We will underline what is special in China.

3.2.1 Export Process Part 1-Negotiation from Offer to Payment Modes

There are four processes before signing an export contract, which are inquiries, offer, counteroffer, and acceptance (Figure 3.1).

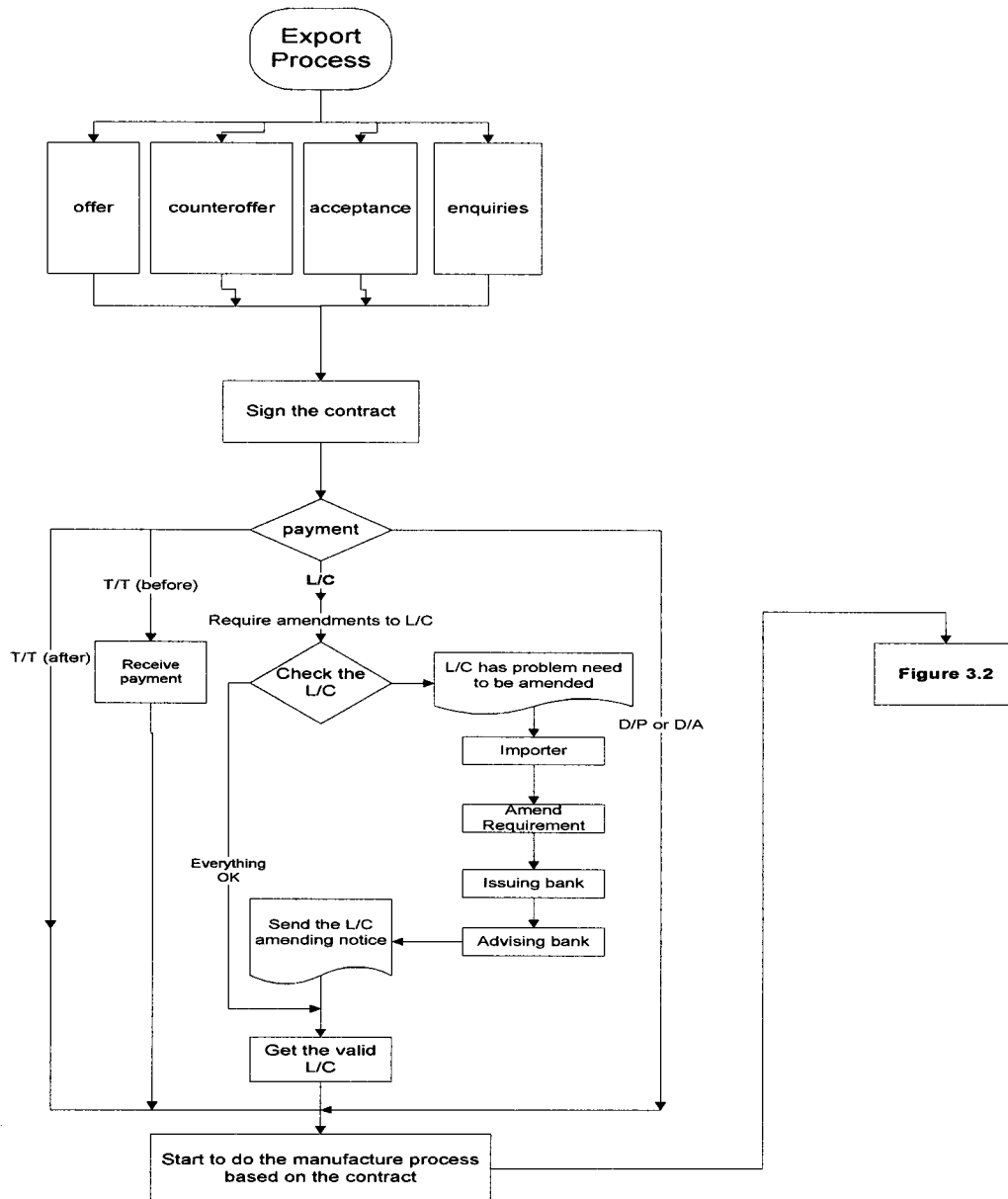


Figure 3.1 Export Process Part 1- negotiations from offer to payment modes
(Huang, 2005)

There are some abbreviations in Figure 3.1, which are T/T, abbreviation of Telegraphic Transfer; D/P, abbreviation of Document against Payment; D/A, abbreviation of Document against Acceptance; L/C, abbreviation of letters of credit (Huang, 2005). From Figure 3.1 we can see, there are three types of payment, which

are payment in advance (T/T), documentary collections (D/P or D/A), and documentary of letters of credit (L/C).

Inquiry is an action for asking the trade conditions, showing the receive party the will of trade. It is always sent by sellers (General Knowledge of Trade, 2005).

“Offer is a specific proposal to enter into an agreement with another. An offer is essential to the formation of an enforceable contract. An offer and acceptance of the offer creates the contract” (The Free Dictionary, 2008). Here offer is a proposal about selling or buying, once the seller or the buyer accepts the offer within the period of validity, it will become a contract (General Knowledge of Trade, 2005).

“Counter-offer is an offer made in response to a previous offer by the other party during negotiations for a final contract. Making a counter-offer automatically rejects the prior offer, and requires an acceptance under the terms of the counter offer or there is no contract” (The Free Dictionary, 2008).

Acceptances means offer receiver unconditioned accept the offer, and agree to make the deal following the offer (General Knowledge of Trade, 2005).

From Figure 3.1 we can see, there are three types of payment, which are payment in advance, documentary collections, and documentary of letters of credit. Consider the different methods of payment (payment in advance, documentary collection and letter of credit).

a. Payment in Advance:

“Payment in advance terms requires the importer to pay for the goods in part or in whole before they are shipped and before documents are received” (FITTT[b], 2006). The exporter has no credit risk because he/she could receive the payment before title to the goods is relinquished. And, payment in advance

terms also can become a source of financing, which can provide the exporter with the capital to purchase goods that are not already in stock. The protection for a buyer is he/she can require the seller supply a bank guarantee, and under this guarantee, the buyer can get the money back if the seller does not perform as called for in the contract (FITT[b], 2006).

Since payment is received before the goods are shipped, the exporter can avoid the risks associated with selling abroad on credit, and they reduce financing requirements, by prepayment terms. Under such payment arrangements, the risk transfer to the importer. Once payment has been made, the importer will only has little control over the timing of the shipment, the quality of the goods, and the receipt of documentation. “Consequently, it is unlikely that the importer will accept prepayment terms unless they are necessary to offset a poor credit rating or severe country risks, or because the importer has no other suppliers to choose from” (FITT[b], 2006).

b. Documentary Collection

“In a collection, the exporter ships goods to an importer and mails the shipping documents to a collecting bank, which obtains payment from the importer in exchange for the documents. By using a bank as an intermediary, the exporter keeps title to the goods until payment is received (or the importer issues a formalized promise to pay, such as a term draft). On the other hand, the exporter must still rely on the importer to proceed with the transaction and is exposed to possible losses from the time the goods are shipped until payment is received. Under collection terms the exporter is also required to finance the shipment at least until the importer receives the goods (sight draft) and sometimes longer (term draft)” (FITT[b], 2006).

There are two major types of collections (FITT[b], 2006):

1. Clean collection: There are only financial documents such as bills of

exchange, promissory notes, checks, payment receipts or other similar instruments used to obtain payment in a clean collection.

2. Documentary collection: Documentary collection is using commercial documents such as invoices, shipping documents or documents of title to obtain payment. The documentary collection is more secure because the bank requires either payment or the importer's promise to pay (e.g. acceptance of a term draft) before the goods are released.

c. Letter of Credit (L/C)

“A letter of credit (L/C) is a written instrument issued by a bank at the request of its customer, the importer (applicant), whereby the bank promises to pay the exporter (beneficiary) for goods or services provided that exporter presents all documents called for, exactly as stipulated in the letter of credit, and meets all other terms and conditions set out in the letter of credit. A letter of credit is also commonly referred to as a documentary credit” (FITT[b], 2006).

“A letter of credit is a secure method of payment in international trade” (FITT[b], 2006). The process is the importer let its bank send a document (the L/C) to the exporter's bank, making that bank to pay the exporter upon presentation of specified documentation (usually shipping documents). Because of the presentation of documentation, the importer can be sure that the exporter will not be paid until the terms of their commercial contract are met. And at the same time the exporter can ship the goods without worry because he/she knows the payment will be made when the documents are presented. By using L/C, both the importer and the exporter can rely on their banks to protect their interests in processing the payment (FITT[b], 2006).

3.2.2 Export Process Part 2-Packing and Marking

Once the importer and the exporter finish the discussion of the offer and the payment method, they will sign the contract and the export process will go to the next step (Figure 3.2).

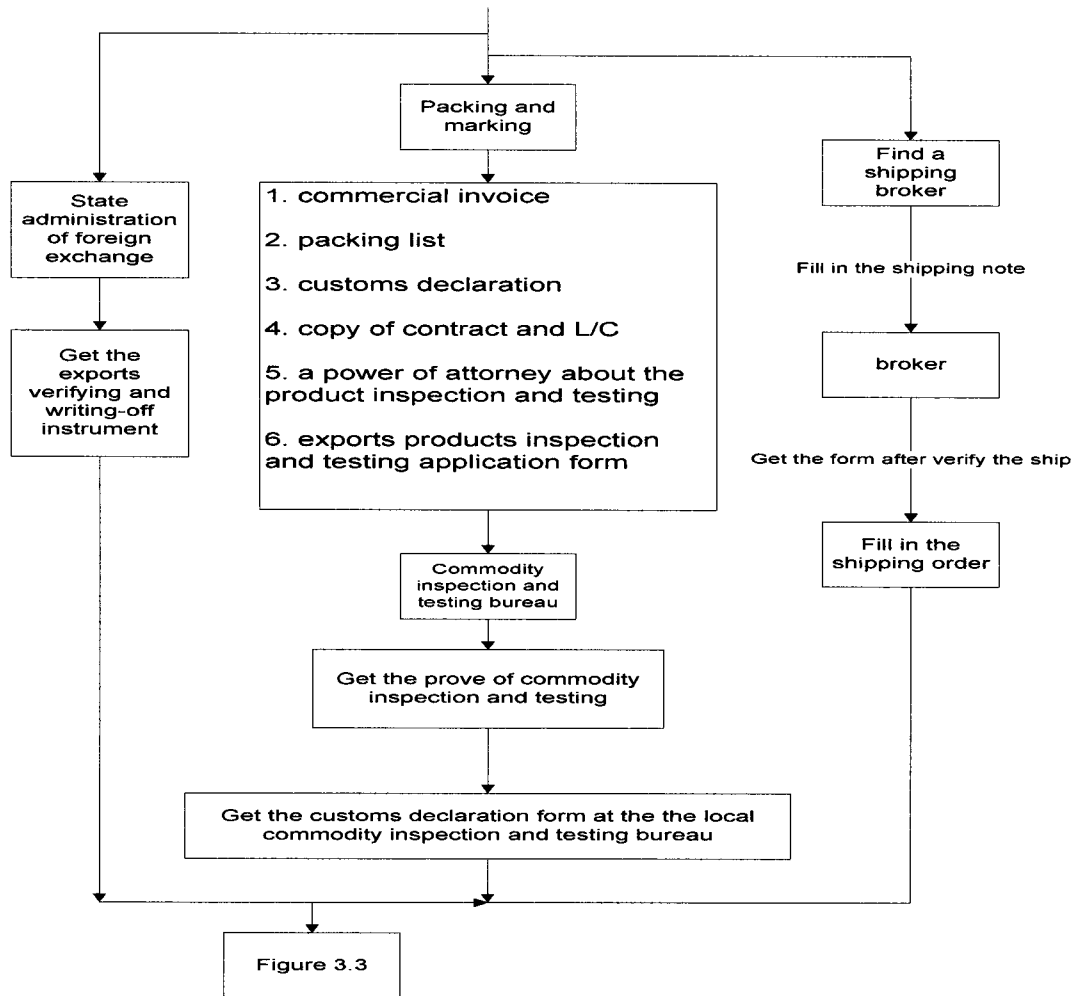


Figure 3.2 Export process part 2-packing and marking (Huang, 2005)

First, the exporter has to make the packing and marking. Most countries have regulations governing how products are to be packaged, what information should be included on the label as well as the required language(s) on the label, and how shipments of the product are to be packed. Packaging and packing are often used

interchangeably but they refer to specific activities. When exporter determines what type of materials to cover and protect the product during shipping (cartons, boxes, wrapping) you are referring to the packaging. Packing refers to the manner in which your packaged goods are prepared for shipment. For example, they may be placed in shipping crates, loaded onto a pallet, or put into containers.

“The labels that the exporter uses for domestic shipments may not be suitable for export purposes. In some cases, the importer may provide you with relevant information for compliance with local laws” (Minister of Public Works and Government Services Canada, 2005). As an example, in Canada a good point of departure is to ensure that the following information is on the labels. (Minister of Public Works and Government Services Canada, 2005):

- Product identity or product name;
- Quantity in appropriate metric measurement (mass or volume) or by count (number of units);
- Your contact information as the exporter;
- Country of origin; and
- Relevant language for the target market in addition to English and/or French.

After the packing and marking, the exporter should provide some documentation to the Chinese Commodity Inspection and Testing Bureau, which include commercial invoice, packing list, customs declaration, copy of contract and L/C (if has), a power of attorney about the product inspection and testing, and exports products inspection and testing application form. When they get proof of commodity inspection and testing, exporter will get the customs declaration form at the local Commodity Inspection and Testing Bureau.

At the same time exporters doing the packing and marking, they can start to prepare the Logistics and Distribution. “Under most international trade transactions, the

exporter has an obligation to deliver the specified goods or services to a designated place. At that precise moment, the exporter will be deemed to have fulfilled his or her contractual obligations and will therefore rightfully claim payment. The importer then assumes all risks and responsibility for the goods or services received and has the obligation to pay under the terms of the contract” (FITT[a], 2006). It’s good to start planning for logistics and distribution by developing an understanding of the trade process. And the good way of developing this is to study the meaning and application of Incoterms (FITT[a], 2006). “Incoterms are standard trade definitions most commonly-used in international sales contracts. Incoterms also represent international rules governing the interpretation of the most commonly-used terms in international trade: rules that are accepted by governments, legal authorities and trade practitioners worldwide” (FITT[c], 2006).

“Each Incoterm is referred to by a three-letter abbreviation. Among the best known of the 13 Incoterms are EXW (EXWorks), FOB (free on board), CIF (cost, insurance and freight), DDU (delivered duty unpaid), and CPT (carriage paid to)” (FITT[c], 2006).

“The negotiated terms relating to the shipping of goods internationally are extremely imported, as the often represented substantial cost factor” (FITT[c], 2006).

There are 13 Incoterms related to export packing cost, inland transportation, export documentation and clearance, vessel or plane loading, main transport cost, cargo insurance, customs duties, and risk of loss or damage in transit, define the responsibilities of both buyer and seller (FITT[c], 2006). Appendix (IV) shows the summary and descriptions of 13 Incoterms.

The relatively large number of Incoterms available is due to the different and often unique situations in which sellers and buyers can find themselves when negotiating a commercial sale. Which term is selected may be a function of the following (FITT[c], 2006):

- the relative commercial power between seller and buyer;
- the policy on control of the transport function by seller and/or buyer which may reflect which party has better transport rates due to larger volumes;
- the relative sophistication (and cost) of the access to transport and insurance services by seller or buyer;
- the common sense of the parties as to which party is best suited to effect the arrangements. For example, it is usually preferable for the buyer to arrange final local truck delivery of the product.

After verifying which Incoterm will be used, the exporter can go and find a shipping broker, fill in the shipping note get back to the broker, and get it back after verify the ship, then set up the shipping order.

There is a special process in China for the international trade financing. The exporter has to go to the State Administration of Foreign Exchange to get the exports verification and writing-off instrument.

After the processes in Figure 3.2 above, now we can move to the 3rd part of China's exports process (Figure 3.3).

3.2.3 Export Process Part 3-Customs and Shipping

There are some abbreviations in Figure 3.3, which are M B/L, abbreviation of master bill of lading; H B/L, abbreviation of house bill of lading (Huang, 2005).

Master B/L is “a bill of lading issued by the actual transporter of the cargo showing the shipper to be a freight forwarder or consolidator (acting as an Non-Vessel Operating Common Carrier), when the Non-Vessel Operating Common Carrier issues

its House B/L to the shipper” (Association of Marine Underwater of San Francisco, 2006).

House B/L is “a B/L issued by a freight forwarder or consolidator (acting as a Non-Vessel Operating Common Carrier) to the shipper, when the actual transporter of the cargo issues its "Master B/L" to the Non-Vessel Operating Common Carrier to the shipper” (Association of Marine Underwater of San Francisco, 2006).

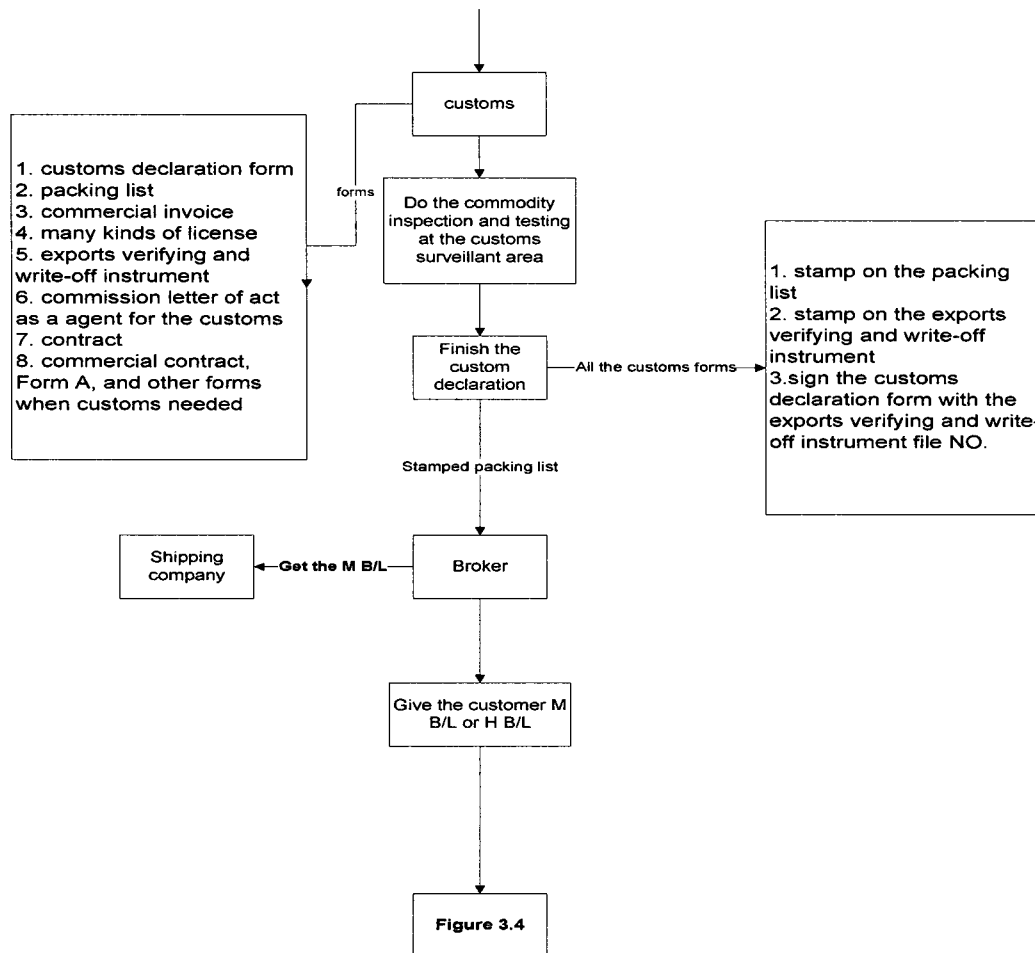


Figure 3.3 Export Process Part 3-Customs and shipping (Huang, 2005)

At this stage, the exporter needs to go to the custom with some documents (Figure 3.3), which include: customs declaration form, packing list, commercial invoice,

exports verification and writing-off instrument, commission letter of act as agent for the customs, commercial contract, different licenses, certification of original, and other forms customs may need. Once the exporter provides all documents required, they will do the commodity inspection and testing at the customs surveillance area. When they finished the customs declaration, they will stamp on the packing list and exports verification and writing-off instrument, and will sign the customs declaration with the exports verification and writing-off instrument file number.

After obtaining the documents from customs, the exporter sends the stamped packing list to the broker and let the broker send the M B/L to the shipping company. And then, the broker can send the M B/L or H B/L to the importer (customer).

3.2.4 Export Process Part 4-Payments

In part 1, exporter and importer discuss about what payment mode they will use and this part is about the in which way these payment methods work (Figure 3.4).

As noted previously, there are three payment methods: payment in advance (T/T), documentary collections (D/P or D/A), and documentary of letters of credit (L/C), whose procedures have to be described in detail at this stage (Figure 3.4).

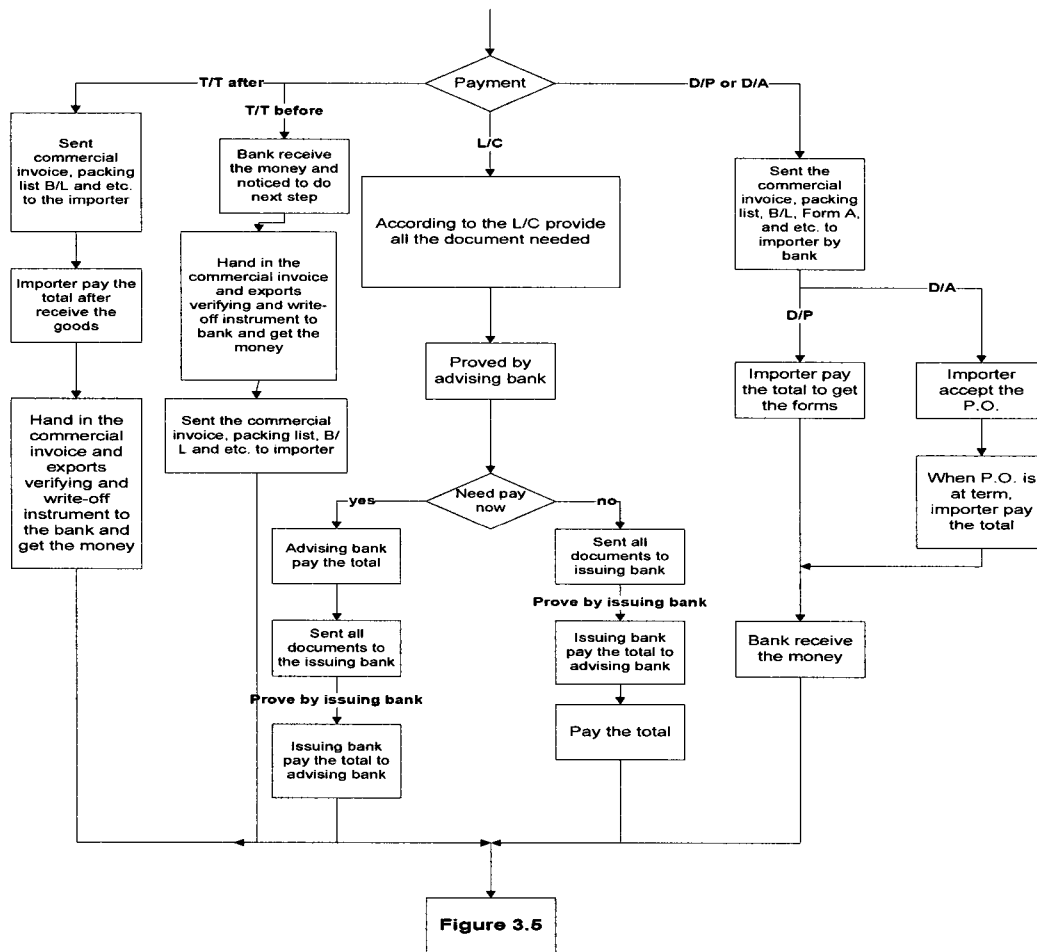


Figure 3.4 Export process part 4-payments (Huang, 2005)

a. T/T after and T/T before (Payment in Advance):

1. T/T after mode: the exporter needs to send documents like commercial invoice, packing list, B/L, and etc. to the importer. After receiving all the documents, he/she needs the importer to pay the total payment to the bank. Then the exporter can hand in the commercial invoice, the exports verification and writing-off instrument to the bank in order to get the payment (Huang, 2005).
2. T/T before: the importer pays the payment to the bank in the beginning, then the bank notifies the exporter about following steps to take. Once the exporter hands in the documents such as the commercial invoice, the exports

verification and writing-off instrument to the bank, they will release the payment to the exporter. Finally, the exporter needs to send the commercial invoice, packing list, B/L, and other required documents to the importer (Huang, 2005).

- b. If exporter and importer choose Letter of Credit as payment mode, the exporter needs to provide all the documents needed according to the content of the Letter of Credit. There will be two modes after advising bank prove all those documents (Letter of Credit) (Huang, 2005):
 1. Need advising bank to pay first: In this mode, the advising bank will pay the payment to the exporter first, and then send all the documents to issuing bank. After issuing bank proves all those documents, it will pay the all payment to the advising bank.
 2. Do not need advising bank to pay first: In this mode, the exporter needs to send all the required documents to issuing bank at first. When issuing bank proves all those documents, it will pay the payment to the advising bank. The exporter will get the payment from the advising bank after that.

- c. When exporter and importer choose documentary collections as the payment mode, the exporter needs to send commercial invoice, packing list, Form A, B/L, and any other documents required to the importer by bank. After that, there are D/P and D/A to choose as following (Documentary Collections) (Huang, 2005):
 1. If it is D/A, the importer needs to accept the purchase order (P.O.), and when P.O. is at term the importer needs to pay the total payment to the bank.
 2. If it is D/P, the importer needs to pay the total payment to the bank in order to get all those documents.

3.2.5 Export Process Part 5-Receive Payment and Drawback

After the bank receives the payment from the importer, the exporter can get it from the bank. But here now in China has a foreign currency control system, which means in China all the exporters cannot receive the foreign exchange by themselves, all the foreign exchange need to be sold to the bank and exchange to RMB under the government's control (Figure 3.5).

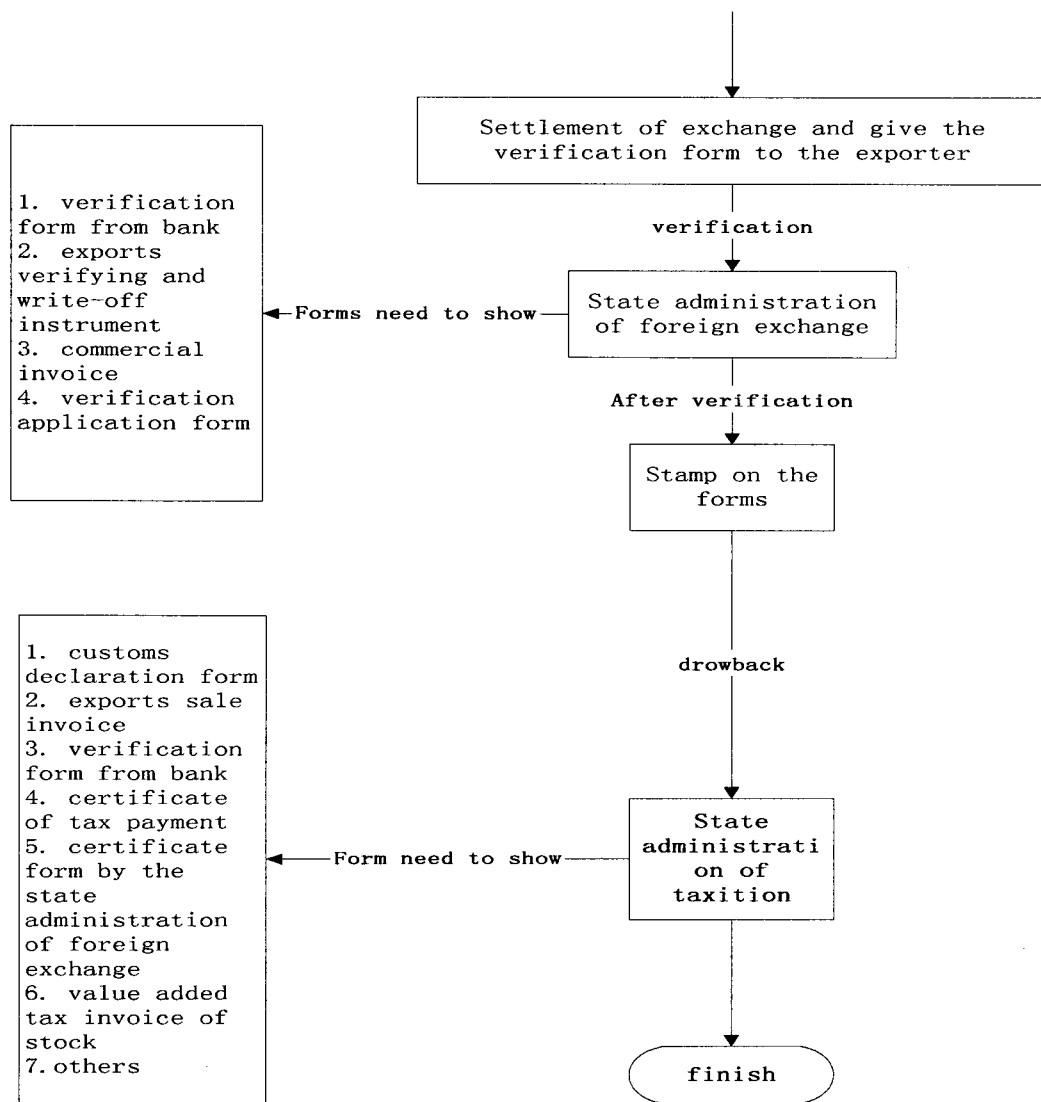


Figure 3.5 Export process part 5-receive payment and drawback (Huang, 2005)

Importer's payment will go to the bank as the final step (Figure 3.5). At this stage, the bank should provide the settlement of exchange and give the verification form to the exporter to do the verification at the state administration of foreign exchange. The exporter needs to show the verification form from the bank, the exports verification and writing-off instrument, the commercial invoice, and verification application form. When the state administration of foreign exchange proves all the documents, they will stamp on the exports verification and writing-off instrument (for drawback) and the verification form from the bank. If the export products can get drawbacks, the exporter can go to the state administration of taxation; otherwise they can get the payment (that has been exchange to RMB) now from the bank. To get the drawback, the exporter needs to show some documentation to the state administration of taxation which include custom declaration form, export sale invoice, the verification form from the bank, certificate of tax payment, certificate form by the state administration of foreign exchange, value added tax invoice of stock, and a number of other documents.

From now, we have discussed China's export process, which gives us the knowledge to research on the potential problems may exist in SMEs' export process. In next chapter, scenarios of today China's export process will be made to find out those potential problems.

Chapter 4

Potential Problems Encountered in Export Process by

Chinese SMEs

The traditional export process in China is no longer suited to the needs of today's international trade requirements, especially for Chinese exporting SMEs. Currently, the whole export process involves the preparation of over 20 types of documents and the obligation to contact over 7 different departments. For SMEs, this process can become exceedingly complicated and tedious. Chinese exporting SMEs have to face many problems: ultimately having to spend more time, money, and human resource than typically necessary in the local business process.

In this chapter, scenarios of Chinese export process are made to find out what are the potential problems Chinese exporting SMEs may have to struggle with. Some solutions based on such questions as to how SMEs could break away from those complicated processes or how they could more clearly monitor the export process are suggested.

To identify potential problems in the export process we examine sequentially and in detail the processes involved in conducting international transactions by Chinese SMEs, using the scenario method.

4.1 Export Process Part 1-Negotiation from Offer to Payment

Modes

During process one, the exporter meets and negotiates with the importer. The negotiation includes offer, counter offer, enquiry and acceptance. The negotiation also includes the type of payment, with four types of payment modes that the exporter and importer have to choose from and agree upon (Huang, 2005) (Figure 3.1).

At this stage we identify three major potential problems, regarding the part 1 of the export process. We call the first one collecting relevant information, second one communication, and third, Trust.

4.1.1 Potential Problems in Collecting Relevant Information

The first step in Export Process Part 1 is called negotiation. However an important step before negotiation that can be a problem to most China's exporting SMEs is how to collect relevant information. We now live in an increasingly complex world, one characterized by Alvin Toffler as "future shock." Toffler states, "By future shock I mean the disorientation and decision overload produced by high-speed change ... [which] sometimes leads to a breakdown of our capacity for rational decision making (Barabba & Zaltman, 1991)." Millions of men and women are now in the situation predicted by Toffler. "The decisions they face have to be made faster and faster. And more than ever before, the decisions are being made to affect more people, money, land, and resources. In a competitive domestic and international marketplace where traditional boundaries are becoming blurred, there are often fewer available strategies or actions than in the past. Managers have vast amounts of information that are not very relevant, timely, or useful. Although technically portrayed, the data may be addressing the wrong problem, or may be in a form that makes their translation into

difficult actions” (Barabba & Zaltman, 1991).

Research shows that dealing with rapid change seems to be problematic in China, The limited scope of information sharing may also be an inhibitor, and act as a brake against rapid changes. Without immediate and correct information, it is impossible to deal effectively with changes, or even to detect the changes (Tan, Tyler & Manica, 2007).

For a manager of a SME, collecting accurate and relevant information is the precondition of a good international trade. However, it is not easy to get the right information especially for SMEs. Because of restrictions of finances and human resources, SMEs have a major way to get the information they need, which is the Internet. This poses as a problem because there is too much information on the Internet and not all are reliable. As presented in Chapter 2, there were 194,238 small and medium enterprises in 2003 at China, let’s presume there are only half of them had presented their information on the Internet, the number of the enterprises’ information on the Internet will be more around 100 thousand. Although the internet search space can be reduced selecting by specific trade vocations, we can imagine that there would still be an immense amount of information remaining. Within these thousands of information, some of them are relevant some of them are not, and how to distinguish the grain from the chaff becomes the new problem.

4.1.2 Potential Problems in Communication

Within the negotiation process, communication poses a difficulty in many aspects.

First and most problematic is the language barrier. In China the official language is Chinese. Although there are millions of Chinese learning English, misunderstanding

or even not comprehending is a problem for exporting SMEs. The SMEs may either spend more money and human resources on translation or to entirely stop doing business with companies that they cannot communicate with.

Let's assume that the manager of a Chinese SME can speak English. There are still other communication problems. For instance, there are 12 hours (13 hours in the summer) between Beijing and Ottawa, which means when we go to work at 9 AM here in Ottawa, the time in Beijing is 9 PM (or 10 PM during the summer). If there was an emergency, the time differential can be a problem for both countries' SMEs to communicate.

Communicate mode is another problem. Nowadays, SMEs can communicate by overseas long distance phone call, fax, mail, express, and internet services such as e-mail. For each mode, there are advantages and disadvantages; the problem is identifying which mode is the best mode for the SMEs.

Overseas long distance phone calls can be a good instrument for communication only if the language problem can be solved. The two sides that can frequently talk to each other and leading to a more cordial relationship like face to face communication. But the cost by using regular phone line can amount to huge sums for some SMEs.

Faxing has the same problem as the use of phone calls. The cost is high and most SMEs can only afford to fax important files, documents in an emergency situation or when the files have limited number of pages, such as bill of lading and commercial contracts.

Regular mail is slow for today's business world. Although the cost is low, most businesses will not use regular mail to send any urgent and important files.

Express is a tool for businesses to deliver the important and emergency files, but the

cost for express delivery of documents between from China will be a problem for most Chinese exporting SMEs.

Internet service is now the business tool for most SMEs in business use. E-mail has several advantages such as being faster than traditional mail or even express, has abundant capability, and can carry vast amounts of information with at a very low cost. Also, people now can make internet phone calls (like VoIP services), conferences and so forth. However there are also some problems with internet services like the rest, such as securing commercial confidential information and the availability of technical support services.

4.1.3 Potential Problems in Trust

Before any discussion or negotiation, the exporter and the importer should know who they will be talking to; they should know the exporter's (manufacturer's) or importer's information such as name, address, contact information, business history, product introduction, and so on. But merely knowing these are not enough. The two sides of trade have to trust each other.

The Chinese have a long tradition of distrust, due to the hostile social psychological and sociological environment over millennia, and the distrust is not only widespread, but also exists within institutions and businesses, which exhibit an unwillingness to share information, both internally and externally (Tan, Tyler & Manica, 2007).

Trust is an important part of a trade and it is the precondition of trade especially international trade. In order to show the importance of trust in China, we have to know what "Guanxi" is. The Chinese phrase "guan-xi" consists of two characters; the character "guan" means a gate or a hurdle, and "xi" refers to a tie, a relationship, or a

connection. Literally, “Guanxi” means “relationships”, in the Chinese business world it is also defined as the network of relationships among various parties that cooperate together and support one another. In China, by getting the “right Guanxi”, the business can minimize the risks, frustrations, and disappointments. Based on the “Guanxi” culture, Chinese prefer to deal with people they know and trust. For international trade, it means that the foreign buyers have to themselves known to the Chinese before any business can take place (Chinese Business Culture, 2008; So & Walker, 2005; Anderson & Lee, 2008).

No Chinese SME executive wants to take risk to deal with an unknown business on the other side of the earth. For example, importers are worried about quality, and exporters are worried about payment. Usually product quality and timely payment are the most two difficult parts in trust building at the beginning. Since most SMEs have limited budget and human resources, they cannot just send their manager across the ocean to meet each other, the only solution is to listen to each other and use your own judgment.

4.2 Export Process Part 2 & 3-From Packing and Marking to Customs and Shipping

During Export Process Part 2 and 3 (Figure 3.2) (Figure 3.3), the exporter has to prepare all the packing and marking work to be done, and provide a series of documents to the commodity inspection and testing bureau in order to get the proof of commodity inspection and testing. At the same time, the exporter also has to get the exports verification and writing-off instrument from the state administration of foreign exchange, and to find a shipping broker to book the shipment. After all these procedures and processes, the exporter has to go to customs with all the documents that were obtained previously and have the commodity inspection and testing at the

custom surveillance area and then finish the custom declaration with a stamped packing list, stamped exports verification and write-off instrument and signed customs declaration form with the exports verification and write-off instrument file number. After the custom process, the exporter can then go back to the broker with a stamped packing list to continue with the shipping process (Huang, 2005).

Next, we identify the potential problems in shipping delay.

4.2.1 Potential Problems in Shipping Delay

Many Chinese export SMEs are members of a global supply chain. These SMEs are more and more involved in the global business network, participating in many multi-enterprise supply chains (Lambert & Cooper, 2000; Hvolby & Trienekens, 2002). As consequence, the global supply chain membership increases the pressure regarding shipping delays.

A scenario will be used to explain the importance of some shipping delay problems existing in today's global supply chain, especially for SMEs.

4.2.2 Typical Delay Scenario

We assume there are two SMEs and a retailer within our global supply chain, a Canadian SME which we call Company A, and a Chinese SME which we call Company C, and the retailer Company R. Company A signed a contract with Company C to import 100,000 piece fittings, which company A will use to manufacture its product X. The period for company C to manufacture these 100,000 pieces of fittings are 30 days and the shipping line notifies that the period from door

to door delivery is usually 30 days. Actually there is no shipping line that can guarantee an exact shipment arrival date. Based on the manufacturing period and shipping period, Company C notifies Company A that the fittings will arrive at Company A's door within 60 days. After Company A receives the fittings they need 20 days to machine these 100,000 fittings and assemble into 100,000 products X. The retailer Company R wants to buy 100,000 products X from company A, based on the calculation about the manufacturing period and shipping period, Company A signs a contract with retailer Company R, which accepts that company A will provide 100,000 product X to Company R within 85 days ($30+30+20=80$, 5 days as support). Everything looks like perfect, but any change or mistake happening during the process will create big problems to companies A, C, and R. For example, if Company C failed to manufacture 100,000 fittings in 30 days, and even though it may be only 2 or 3 days late, there are only two ships per week to go to Canada from most Chinese ports. If the shipment can't catch these two ships, it means the shipment needs to be deferred at least 7 days. Although Company C might be able to send the shipment on time, there still is a risk to deliver the order on time.

If Company C can report the delay immediately to Company A, Company A may have enough time to rearrange the plan. In order to provide 100,000 products X to Company R on time, Company A need to start the manufacture process at least 20 days before the deadline. Because of the delay of the shipment, Company A will not get the fittings on time and so Company A could either order some fittings from other companies to start manufacture at once or can discuss with Company R to defer the consignment. But if Company C did not report to company A about the delay, after 60 days Company A will have no fittings to start to manufacture products X, and thus would not be able to provide 100,000 products X to Company R on time. The result will be that Company R will claim for compensation from Company A; Company A will put in claim for compensation from Company C, and both Companies A and C will lose their order and credit standing in the market. Basically as a SME, both Companies A and C can't afford the loss. If these two SMEs could do better in

information sharing, coordination, and joint planning, they could change their plan quickly at the very beginning in order to minimize the cost, and reduce the risk.

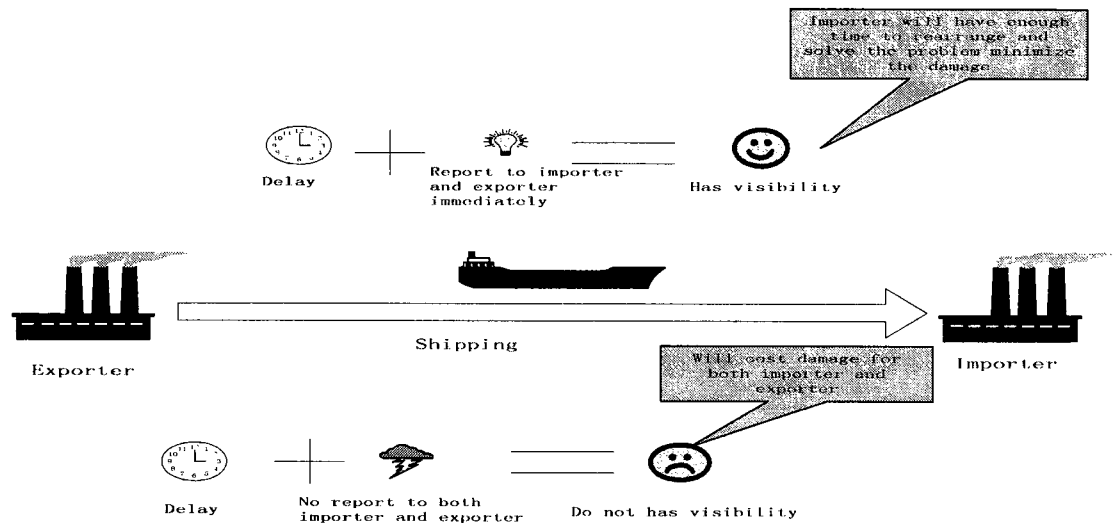


Figure 4.1 Shipping delay with and without end-to-end visibility

4.2.3 Real Delay Case Study

One might believe that as long as an exporter can deliver their product on board on time, everything will run smoothly, but unfortunately this is not always the case. A real-life story of my business will explain this situation.

I have a business named Jason's Pads, which conducts business by importing goods from China to Canada. The main product of my company is furniture moving pads. In 2005, a moving supply company in Toronto, called Farrell Enterprise, ordered two containers of furniture moving pads from me, and we agreed to provide the products to Farrell's warehouse within 65 days.

Usually the factory in China requires three weeks to manufacture the pads, and thankfully, during this particular time the factory pulled through and managed to complete the order on time as specified. They delivered the two containers of moving pads to the port and sent them to the shipping line 23 days after I received the order.

Everything looked as if it was in place, but neither the factory nor I knew that our containers did not catch the ship within that week; they left the port on the 29th day after the order. Also, we did not know that the ship was scheduled to go to the port of Yokohama (Japan) first, and all containers that were destined for Canada was required to be transferred to another ship. Now everything was out of control. For some unknown reasons, my containers were not transferred to the ship that was to go to Canada. So, the shipment had to stay in Yokohama for another week but I had not been contacted about the new developments of my shipment.

After 56 days, I still did not receive any information from the shipping broker. When I contacted them to inquire about my shipment, they just told me that my containers were still in transit. When I asked them why my shipment was taking such a long period of time, their answer was quite humorous: “We do not know either”. I was so aghast, there were only 9 days remaining until the consignment date but the products still had not arrived at the port yet. Even, if they were to arrive the following day, I still could not finish all the custom work and deliver them from the Vancouver port to the Toronto’s warehouse within only 8 days. In reality, neither I nor the shipping broker knew what had happened to my containers during the shipping. I got an explanation from the broker the next day, because the shipping line found out the delay in China and Yokohama, and relied to me that the containers should be arriving in the Vancouver in 7 days. I contacted my customer and informed them of the situation hoping for understanding. Finally, my containers arrived in the customer’s warehouse 6 days after the consignment date. I was lucky that the delay did not cost large damages for my customer but it still badly hurt my company’s credit. Furthermore, it cost me an extra 1,000 US dollars as penalty.

If this was the only incident within my business, we could safely say that was just an unusual situation and that would not happen again. But just a few months after that situation, I faced a similar situation. I knew it was not just a one-time shipping problem for my business. At that time I had a container that had to be delivered to one

of my customer's warehouse in Montreal. I Incoterm FOB, which means I as an importer should take all the risk and cost, after the exporter has put the container on board the ship. The cost included gate duty, GST, and also the shipping cost. Because of the previous experience, I was so worried about the shipping time so I called the broker every week to make sure that everything was okay. When the container arrived in Vancouver right on time and had been put on the rail I did believe that this time would be fine. Unfortunately my nightmare had just begun. My container arrived in Montreal on a Friday afternoon, the broker informed me that they could not finish the customs paperwork that day and would have to try to finish it the following Monday. Because my business was new and small, the broker required me to pay the full amount of the gate duty, GST, and shipping cost before they would complete customs. So I followed their rule and paid the whole thing. After that I called my customer and told them the container could be delivered to them either on Monday or Tuesday. But when I called the broker on Tuesday they told me they had not finish the custom yet and I had to wait. On Wednesday afternoon they called me and said that they had just finished the customs and needed me to pay another 1,800 dollars so that they could arrange the delivery. They said my shipment only provided 2 days of storage in Montreal, which were Saturday and Sunday, and that I had to pay the extra storage cost for Monday, Tuesday and Wednesday. When I went to the Ottawa office of the broker, there was no explanation of why they did not finish the customs on Monday or on Tuesday. Even worse they even did not have the receipt for the 1,800 dollars charge. I was very angry, but I had no choice. They told me that I could not have my container delivered if I did not pay that fee.

I believed that these bad experiences are not isolated incidents affecting just my business but probably have also created problems for many other SMEs. All these are major problems that are detrimental for Canada and China's SMEs' international trade business. If SMEs could have some tool similar to an information marketplace, which can provide end-to-end visibility of the whole supply chain, we can probably reduce SMEs' risk to the lowest level, and help more SMEs get involved in international

trade business.

4.3 Export Process Part 4 & 5-From Payment to Drawback

During the Export Process Part 4 and 5 (Figure 3.4) (Figure 3.5), the exporter and importer should follow the payment approach as negotiated in process 1, ensuring that importer pays and exporter receives the payment on time. After that, the exporter has to provide a series of documents to the state administration of foreign exchange to get proof before going to the state administration of taxation for drawback (Huang, 2005).

At this stage, we will identify the problems of complicated procedure and large numbers of documents. “On average, a global supply chain transaction involves up to 30 different trading partners who handle more than 40 separate documents comprised of over 200 data elements of which 60 to 70% are repeated and re-keyed several times. In this complex network, end-to-end performance is what matters” (Ferrand & Aggan, 2005) (Aggan & Ferrand, 2005).

4.3.1 Potential Problems in Complicated Procedures

As presented in Chapter 3, the export procedure in today’s China is complicated for SMEs. According to the China exports process part 1,2,3,4 and 5; we can see that to do a simple export a Chinese exporter has to go through at least 4 different government departments, which are State Administration of Taxation, State Administration of Foreign Exchange, China Customs, and Commodity Inspection and Testing Bureau. Also the exporter needs to deal with shipping brokers, banks, and their customer at the same time.

A typical government export procedure scenario is made to identify the potential

problems in this procedure.

4.3.2 Typical Government Export Procedure Scenario

Company A, a Chinese SME, is going to export a container of shirts to a customer in Canada. After completing all the negotiation and manufacture process, company A has to go to the state administration of foreign exchange to get the exports verification and a write-off instrument. Company A also has to go to the Commodity Inspection and Testing Bureau to get proof of commodity inspection and testing. After that, the company has to bring a series of documents include customs declaration form, packing list, commercial invoice, licenses, exports verification and write-off instrument, commission letter as agent for the customs, commercial contract, form A and other forms as requested by customs.

When Company A's customer sends the payment back to China, Company A has to go back to the state administration of foreign exchange to show a series of documents: verification form from the bank, exports verification and write-off instrument, commercial invoice and verification application form to get the verification. Furthermore, Company A has to bring a series of documents including customs declaration form, exports sale invoice, verification form from the bank, certificate form by the State Administration of Foreign Exchange, value added tax invoice of stock, and other documents that might be needed, to state administration of taxation to get a drawback.

To a SME, the export procedure above is complicated. SMEs have to spend lots of time and resources, and this complicated export procedure could be a barrier for Chinese SMEs to extend their export business too.

4.3.3 Potential Problems of Substantive Number of Documents

An exporter has to have his/her own licensed career man to deal with different departments (as explained in Chapter 3) and during the export process he/she has to compose with at least 22 different documents t (Table 4.1).

For SMEs, today's export documents are hard to work with. Because SMEs' financial and human resources are limited, in order to maintain their export business they are forced to put money and time on the export procedure and documents.

Documents in China's export process	
1	Commercial Invoice
2	Packing List
3	Customs Declaration Form
4	Commercial Contract
5	Letter of Credit
6	A Power of Attorney about the Product Inspection and Testing
7	Exports Products Inspection and Testing Application Form
8	Shipping Note
9	Shipping Order
10	Exports Verifying and Writing-off Instrument
11	Many Kinds of License
12	Commission Letter of Act as A Agent for the Customs
13	Form A
14	Other Forms Customs need
15	M B/L
16	H B/L
17	Verification Form from Bank
18	Verification Application Form
19	Exports Sale Invoice
20	Certificate of Tax Payment
21	Certificate Form by the State Administration of Foreign Exchange
22	Value Added Tax Invoice of Stock

Table 4.1 Documents in China's export process (Huang, 2005)

4.4 Synopsis View of Potential Problems

After examining the Chinese export process model we identify six major potential problems for Chinese SMEs: (1) collecting relevant information, (2) communication barriers, (3) trust between exporter and importer, (4) shipping delay (can cause other problems like financial problem, over stock, and delay of market reaction), (5) complicated export procedure and (6) substantive number of documents. All these problems are barriers to Chinese SMEs' exports business.

Internet commerce is becoming more and more essential as a business tool for SMEs, such as International Trade e-Marketplace, to gain competitive advantage and to access global markets (Poon & Swatman, 1995). The internet introduces unique opportunities to SMEs (Abell & Lim, 1996; MOC, 1998; Peters & Paynter, 1999).

Small Business Internet Commerce is defined as “the use of Internet technology and applications to support business activities of a small firm” (Poon, 1999).

In context of Internet, e-Marketplaces could be the tool to support SMEs in their export business. But to what extent are existing e-Marketplaces in China able to respond to problems Chinese exporting SMEs are facing today? In order to answer this question we should know in which way these potential problems are experienced by Chinese exporting SMEs' executives. And what kind of solutions they are ready to adopt to face the export problems they perceived.

In discussing China's export process, we have defined some of the major potential problems which SMEs could confront. In the next chapter we develop a field research to circumscribe the problems perceived by Chinese exporting SMEs' executives.

Chapter 5

International Trade Problems Perceived by Chinese SMEs'

Executives

In this chapter, based on potential problems identified, a qualitative questionnaire was developed. Interviews were conducted with Chinese exporting SMEs' managers and owners in order to get their perception of the relative importance and the impact of the facts on their business. An analysis was made using Nvivo, based on data collected from the interviews. Because in this chapter we followed qualitative research as the research method, and the sample is not large enough so we will not implement systematic univariate or bivariate statistical analysis. Through analysis of the interviews, the problems perceived by Chinese SMEs' executives were developed and compared with the potential problems identified in Chapter 4. Also SMEs' own experiences and suggestions of how to solve these problems were presented.

5.1 Survey Methodology

The investigation method of this research includes five steps. The first step is to develop a questionnaire. The second step is to bring the questionnaire to China. The third step is of sample definition. The fourth step is to find Chinese exporting SMEs' managers or owners to complete the interview, and the fifth step is to analyze collected data using Nvivo.

5.1.1 Questionnaire

The aim of the questionnaire is to establish in which way the problems perceived by Chinese SMEs match the potential problems as conceptualized, the affect of their perceived problems, and the relative importance that Chinese SMEs attribute to their perceived problems.

The questionnaire (Appendix V) was built in order to collect information in as rich form as possible. Open-ended questions were developed from potential problems. Because all questions are focused on Chinese exporting SMEs, Chinese exporting SME managers and owners were chosen as the interviewees. The selection criteria for sampling interviewees include their depth of knowledge of the exporting field experience of export business and processes based on number of years in the business.

The questionnaire includes three parts, Section I: Personal Information, Section II: Information of business, and section III: Perceived Problems.

Chinese mandarin is the language used to conduct the interview and the answers were then translated from Chinese to English (Chinese vision of the questionnaire is in Appendix VI)

The questionnaire was first developed in English and was then after translated into Chinese. The Chinese version of the questionnaire was reviewed by the general manager of Shenzhen Xinke Electronic Ltd., Mr. Yang Yong, export department manager of Qingdao Sanhe industrial products co., Ltd., Mr. Shi Lei, and general manager of Shenzhen Xingde High Tech Ltd., Mr. Liu Daxiong. All of them are bilingual and agreed that each question of the questionnaire is clear and the translation is appropriate.

5.1.2 Sample

The key selection criteria of the sample companies were (a) exporting business, (b) the variety of industries. The sample consisted of 28 interviewees in three major export port cities of China (Shenzhen, Qingdao, and Tianjin).

The following characteristics of the sample were considered: location, interviewees' gender, interviewees' age, company size, and type of industry. The distribution of location is showing in Figure 5.1.

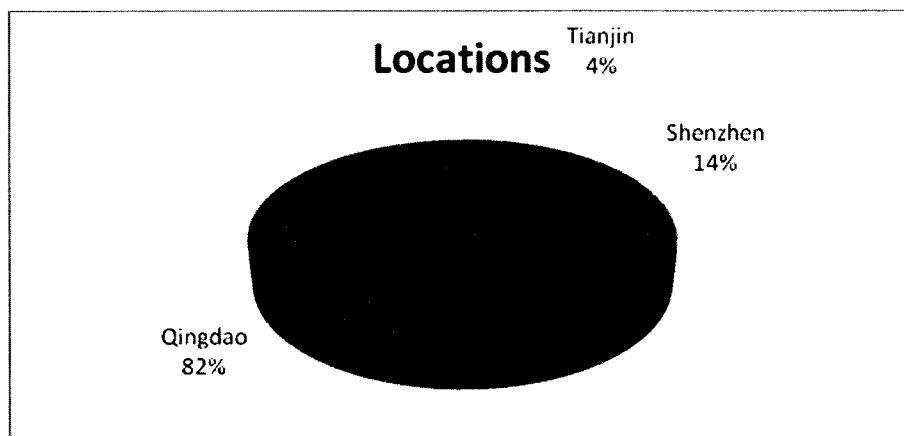


Figure 5.1 Locations

The attribution of interviewees' gender shows in Figure 5.2, there are 9 female interviewees and 19 male interviewees making a total of 28 interviewees.

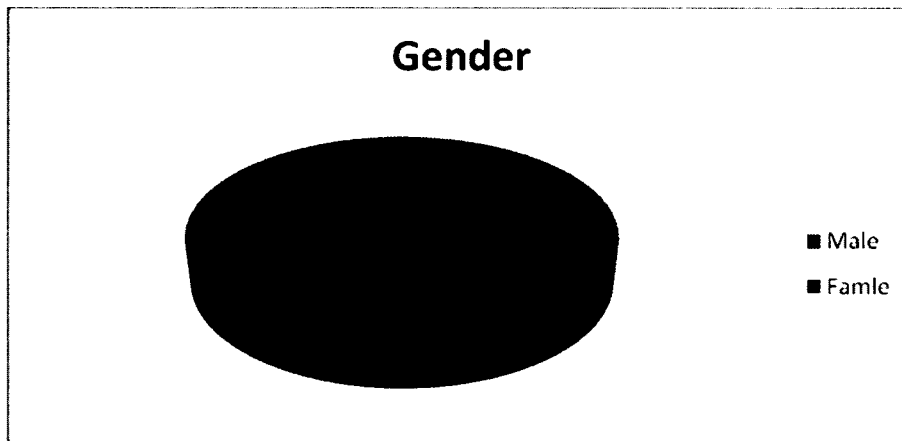


Figure 5.2 Gender

The interviewees' age attribution is shown in Figure 5.3 as following:

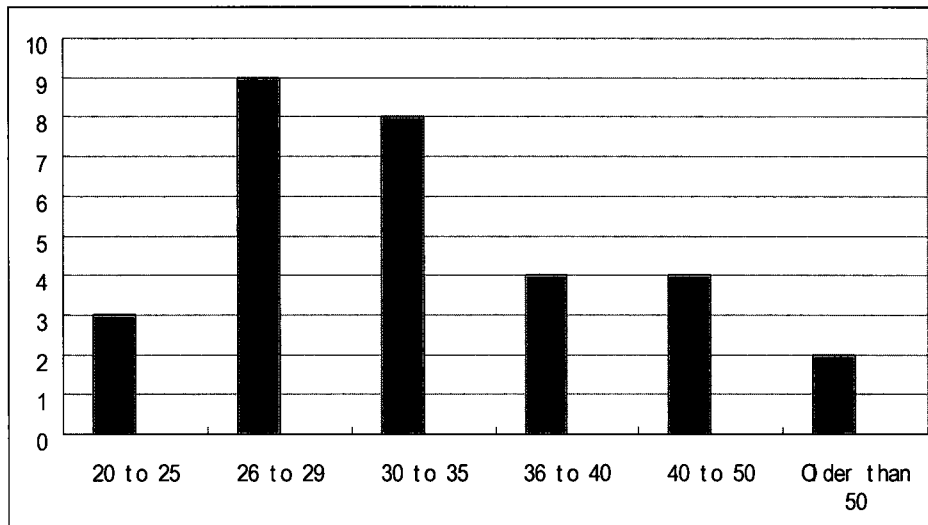


Figure 5.3 Age groups of interviewees

There are 17 interviewees' ages are from 26 to 35, which are 60.71% of all interviewees. This group of people was born from year 1973 to year 1982, which means they grew up after the Chinese economic reform. This result is consistent with the fact that the new generation is becoming the major force of Chinese SMEs' export

business. They are more open and easier to get involved with new technology than the older generation.

The company size is shown in Figure 5.4. There are 14 interviewees' companies (50%) that have less than 100 employees, 12 interviewees' companies (42.86%) have employees between 100 to 200 and only 2 interviewees' companies (7.14%) have employees between 200 to 299. It means all interviewees' companies are SMEs and most of them are small enterprises.

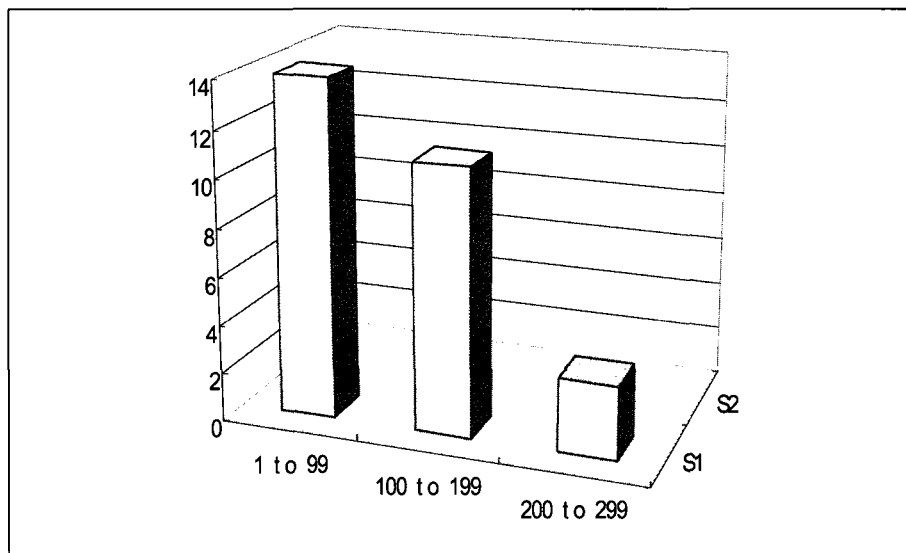


Figure 5.4 Distribution of interviewees' business by number of employees

The interviewees' business can be distinguished as 8 different industries shown in Figure 5.5.

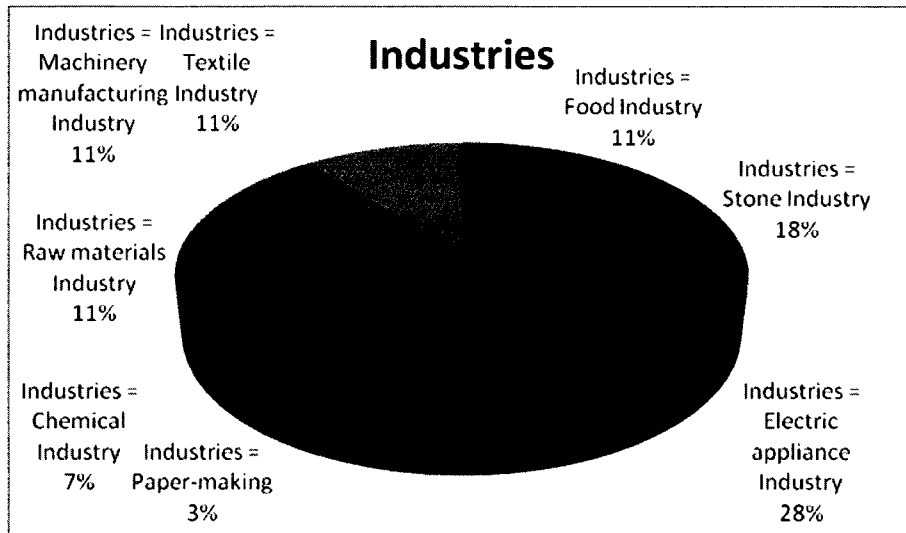


Figure 5.5 Variety of industries

As shown above, the sample includes a wide variety of industries. There are 8 industries which are paper-making, food, chemical, raw materials, stone, electric appliances and machinery manufacturing.

As Figure 5.6 shows, within the total 28 interviewees, 3 of them graduated from high school, 12 of them graduated from college, and 13 of them have a bachelor degree.

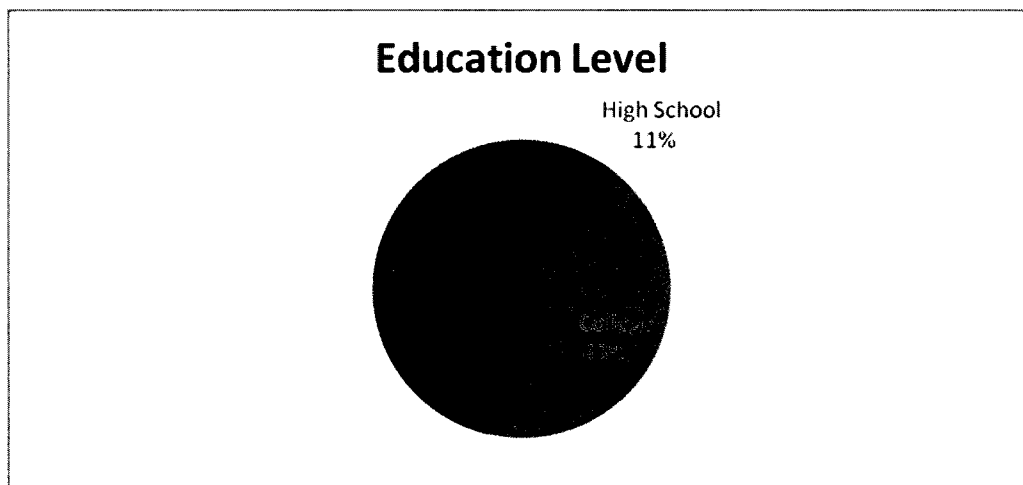


Figure 5.6 Distribution of education level

5.2 Perceived Problems by Chinese SMEs' Executives

As was stated in Chapter 4, there are six potential problems were developed from the review of today's export process for SMEs. In this part, the perceived problems of Chinese SMEs' executive's are analyzed according to their relative importance and the impact. The order of presentation is the same as that of the six potential problems.

NVivo was used to analysis the collected data from the interviews with Chinese SMEs' managers and owners. We use interviewee's name as the ID to build up the data base and input the data from interviewee's questionnaire under the ID. We proceeded to statistic analysis for the questions we were interested. The results of the statistic analysis can be shown as tables with questions, number of answers, example of answers, and authors.

5.2.1 Collecting Relevant Information

As we discussed in chapter 4, SMEs' may have difficulty to collect relevant information so in this part, we look successively with getting new foreign customers, the role of the internet, internet search, getting relevant information, evaluating the validity of information and evaluating information to find out the perception of SMEs' executives.

5.2.1.1 Finding New Foreign Customers

The first question concerned the different ways to find foreign customers. Analysis of question 1 (Q1) gives the Chinese SMEs' experience of different ways to find foreign customer, results are shown in Table 5.1.

Node	Answers (out of 28)	Example	Author
Internet service	18	“Second way is internet advertisement; we have put our product information on large international trade web site like Alibaba.com to present ourselves to our potential customer.”	Mr. Guo Hao
International trade fairs	17	“I think the major way for us to find new oversea customer is to attend international trade fairs. We attend many this kind of fairs every year. For example, the largest fair in China is China international trade fair, which we called Canton fair.”	Mrs. Li Na
Old customer or friend introduce	11	“Our old customers can bring new customers’ information to us” and “friends’ introduction is another important way for us to find oversea customers.”	Mrs Kim Yingyu and Mr. Zhang Zhijie
Visit customer	1	“Usually I go to Korea contact new customers by myself.”	Mr. Li Qingyun

(Interviewees can choose more than one answers for this question)

Table 5.1 Ways to find new foreign customers

There are 18 interviewees (62.29%) who chose internet service, 16 interviewees (57.14%) chose international trade fairs, 11 interviewees (39.29) chose the method of being introduced by old customers or friends, 4 interviewees (14.29) chose business agent, and only 1 interviewee (0.36%) chose to visit customers as the way to find new foreign customers. As the data shows, internet is now popular amongst SMEs in their business, but also there are many traditional ways that are still important for their information collecting, such as international trade fairs and the method of using old customers or friends to introduce a business agent.

By crossing the data on ways to find new foreign customers with the group of age, we get the following results (Table 5.2)

	Business Agents	International trade fairs	Internet service	Old customer and friends introduce	Visit new customer
Age = 20 to 25	1	1	3	1	0
Age = 26 to 29	1	7	6	0	0
Age = 30 to 35	0	6	7	3	0
Age = 36 to 40	0	0	1	2	0
Age = 40 to 50	1	2	1	3	0
Age = more than 50	1	1	0	2	1

Table 5.2 Distribution by age groups

Table 5.2 shows that within the 18 interviewees who chose internet service, there are 17 interviewees' ages under 40 (94.4%), 16 interviewees' ages under 35 (88.9), and 9 of them under 30 years old (50%). There was only 1 interviewee who chose internet service, whose age were between 40 to 50, and no one more than 50 years old chose internet service as their way to find new foreign customers. This indicates that internet service now is more used by younger people and older people do have barriers in using it.

For other traditional ways like international trade fairs, within the 17 answers there are 13 interviewees' ages between 26 to 35 (76.5%) and 16 interviewees' ages between 26 to more than 50 (94.1%). For the method of using old customer or friend to introduce, within 11 answers there are 10 interviewees' ages between 30 to more than 50 (90.9%), and in these 10 interviewees half of them are older than 40. This means that the older generation is more likely to use traditional methods to get relevant information other than the new high tech method.

We can now examine whether the level of education has an influence by crossing the data on the level of education with there on the ways to find new foreign customers. (Table 5.3)

	Education = High school	Education = College	Education = Bachelor
Business Agents	1	2	1
Visit new customer	0	1	0
Old customer or friends introduce	1	7	3
Internet service	0	6	12
International trade fairs	1	7	9

(Interviewees can choose more than one answer for this question)

Table 5.3 Result distinguished by education

In Table 5.3, we find out that there is no interviewee with high school education level who chose internet service as their method to find new foreigners, 6 out of 12 (50%) interviewees with college education level chose internet service, and 12 of 13 interviewees with bachelor degree chose internet service as their method of choice in acquiring new foreign customers. This indicates that internet service is becoming an important and essential method for SMEs to find the valuable information they need, especially for the managers with higher education level and younger age.

There are 10 out of 18 (55.6%) interviewees who specifically mentioned business to business web site (B2B) as their method to find new foreign customers, as is shown in Table 5.4. This as a result means B2B web site (e-marketplace) now is becoming an important source for SMEs using internet service to collect valuable information. But within 10 of the total 28 interviews, only 35.7% of interviewees chose B2B web as one of their method to collect information, and other 64.3% don't even use it now.

	B2B web site	Example	Author
Internet service	10	“We registered at E-marketplace such as Alibaba, put our major information on the web, and hope potential customers can find us.”	Mr. Wu yuzheng

Table 5.4 B2B Website as way to find new foreign customer

5.2.1.2 Role of Internet

Question 2 is concerned with the role of Internet namely, questioning whether Internet is /is not the major way to find new foreign customer (Q2) (Table 5.5).

Node	Answers	Example	Author
Internet is not major way to find new foreign customer	14	“No, internet search is not the major way for our company to find new customer. As I said attend fair is the major way, and we feel satisfied with it.”	Mrs. Li Na
Internet is the major way to find new foreign customer	14	“Yes, internet is becoming more and more important for us now. We not only search online but also provide our information on some international trade web to do advertising.”	Mr. Wu Haodong

Table 5.5 Internet is /is not the major way to find new foreign customer

It’s interesting to note that there is a 50 and 50 distribution of this question, although internet is becoming important for today’s Chinese SMEs, there is still a large number of SMEs that do not consider internet as their major way to obtain information. In Table 5.6, we cross the data on the role of Internet with (a) education level, and (b) export business experience. Compared with education level and export business experience, interviewees with higher education levels are more likely to use internet as their major way to get customer information. Export business experience does not seem to have major impact.

	Education = High school	Education = College	Education = Bachelor	Years in export business = 1 to 2 years	Years in export business = 3 to 5 years	Years in export business = 6 to 10 years
Internet is the major way to find new foreign customer	0	5	9	6	7	1
Internet is not major way to find new foreign customer	3	7	4	4	9	1

Table 5.6 Perceived role of internet vs education and export experience

Based on the analysis results of find foreign customer (Q1), education level represent an important factor that affect SMEs' manager in choosing their way to get relevant information. In light of these results, it appears that it will be difficult for service providers like e-Marketplaces to join SME Chinese exporters not having a high level of education.

There are also other problems. As Mrs. Lu Zhenzhu said "actually we take fairs as our major way to find customers, because its success ratio is much higher than internet search". She isn't satisfied with the success ratio by using internet to find new customers. Also, Mr. Xu Houlian has similar comments "although internet is a way to find new customers, I don't think internet is important to my business. There is too much information on the internet, and much of it is not easy to differentiate, real or not. In my mind, using internet to search for new customer usually does not have good successful ratio". It shows that the quality of the information is the key of a successful internet service, but not the quantity. The following data relate to using internet to search for new customers (Q3) shines some light on this aspect.

5.2.1.3 Internet Search

In question 3 we asked the interviewees to describe their opinions of using internet search to get new foreign customer. Here we cross the analysis results by age and education level in order to describe the importance of age and education level in using internet service (Table 5.7).

	Education = High school	Education = College	Education = Bachelor	Age = 20 to 25	Age = 26 to 29	Age = 30 to 35	Age = 36 to 40	Age = 40 to 50	Age = more than 50
Opinion of internet searching = Very easy	0	0	1	0	0	1	0	0	0
Opinion of internet searching = Easy	0	2	1	2	1	0	0	0	0
Opinion of internet searching = Normal	2	5	9	1	6	6	0	2	1
Opinion of internet searching = Hard	1	3	2	0	1	1	2	2	0
Opinion of internet searching = Very hard	0	2	0	0	1	0	0	0	1

Table 5.7 Opinion of using internet search new customers

There are only 4 interviewees (14.29%) who considered internet searching as “easy” or “very easy”, 16 interviewees (57.14%) considered it as “normal”, and 8 interviewees (28.57%) considered it as “hard” or “very hard”. And within the 8 “hard” and “very hard” interviews, only one interviewee has high school education and rest of them are college and bachelor. For the age, within the 8 “hard” and “very hard” interviews, 5 of them are more than 36 years old (62.5%), and no one is under 25 years old, so we can say younger exporters could accept the new technology faster and easier than older. Education seems not a determining factor, but the total 4 interviewees that choose “easy” or “very easy” are all between 20 to 35 years old, which means younger people with higher education level could accept the new

technology faster and easier. So how to provide simpler service to involve those older and lower education level exporters is the key for future internet service. In fact, two contingency tables are embedded into the table 5.7 allowing assessing the influence of the education of the interviewees (EDU) and the influence of the experience of the interviewees (EXP) on the opinion of executives about internet as a major way (IMW) to find new foreign customers. The findings of the analysis of the two contingency tables nested into the table 5.7 are first, the relationship between EDU and IMW is statistically significant (χ^2 is $\leq 5\%$). The more the respondents are educated (EDU) the more they are thinking that internet is a major way to find new foreign customers (IMW). The relationship between EXP and IMW is not statistically significant (χ^2 is not $\leq 5\%$).

5.2.1.4 Getting Relevant Information

Question 4 is about whether Internet is/isn't the only way to get relevant information. Interviewees gave their answers to this question and also gave their idea of other ways to get relevant information. The analysis of this question results is shown in Table 5.8 and Table 5.9.

Node	Answers	Example	Author
Internet as the only way to get valuable information	1	"Actually my job is to search new customer online and try to get touch with them. As I know we don't have other better way to do it so far."	Mrs. Ji Lin
Internet is not the only way to get valuable information	27	"Of cause, there are many ways to get valuable information, like international trade fairs and sometimes our customer can bring valuable information to us too."	Mrs. Li Na

Table 5.8 Internet is/isn't the only way to get relevant information

	Business agents	Direct communication	Fairs	Friend and customer
Other ways to get relevant information	4	1	15	13
Example	“Yes, our intermediary agents always give us relevant information we need.”	“We more like to do direct communication with our foreign customers; I think it is the best way to get relevant information we need.”	“So far we believe fairs are the way to find relevant information, because on the fair we can meet customer directly, and get customer information by ourselves. We also can get deep contact during or after the fair. I think information from the fair is the relevant information we can get now.”	“I said before our old customers and friends can bring us new customers’ information, and most the time these information are valuable.”
Author	Mr. Zhang Ruishan	Mr. Ding Gaofeng	Mr. Shi Lei	Mr. Kim Yingyun

(Interviewees can choose more than one answers for this question)

Table 5.9 Other ways to get relevant information

It is shown in Table 5.8 and 5.9, only 1 interviewee considered internet as their only resource of relevant information and all others had business agent, old customer or friend introduction, international trade fairs, and direct communication as their way to get relevant information.

Within these 27 interviewees, 15 of them (55.56%) chose international trade fairs as their way to get relevant information, and 5 of them gave the reason why they chose fairs but not internet. As Mr. Shi Lei said (Table 5.9), “So far we believe fairs are the way to find relevant information, because at the fair we can meet customer directly, and get customer information by ourselves. We also can get deep contact during or after the fair. I think information from the fair is the relevant information we can get now”. And Mr. Wang Haodong said “Yes, as I said before we attend international trade fairs, during the fairs we can meet customers and friends to get relevant information. I think

on the fair the information we get is more direct and valuable”. From their words we can see, they want to get information directly, and they believe that information provide on the internet is not as valuable as they get in international trade fairs by themselves, which means they are not satisfied with today’s internet information, even though attending international trade fairs will cost a lot of money for SMEs.

There are also 13 interviewees (48.15%) who chose old customer or friends’ introductions as their way to get relevant information. As Mr. Kim Yingyun said (Table 5.10) “I said before our old customers and friends can bring us new customers’ information, and most the time these information are valuable”. And Mr. Xu Houlian said “Friend introduction is a very good way to find relevant information. As my factory, most business is from friend introduced, it has a very high successful ratio which is very suited for SMEs”. It seems that information from old customers or friends could have more success ratio than other ways, but this resource is very limited. If SMEs want to extend their business fast only respect from old customers or friends introductions will not be a good solution.

5.2.1.5 Validity of Information

Question 5 is about in which way interviewees can prove the information they found is relevant (Q5). The interviewees gave their experience of different ways they are using to validity the information (Table 5.10).

	How to prove information is valuable or not	Example	Author
By experience	7	“To myself, I evaluate the information is valuable or not by my personal experience. And I think most my friends rely on their experience too.”	Mr. Xiao Yunkai
Credit standing of information provider	2	“I think information is valuable or not depend on which channel we get this information from. If the channel is authoritative and believable, probably the information is valuable. On the other hand, if the channel is not authoritative and not believable, ninety percent the information is invaluable.”	Mr. Zhang Xuesheng
Further communication	13	“We would like to get a customer’s contact information and try to contact them by phone call or e-mail in order to find out if the information we got is right or not.”	Mrs. Wu Yan
Search from other channel	13	“It’s very hard, I have thought about it for a long time. For us, if it’s possible we would like to go to the customer’s country to meet them, so we can know them well. Or for developed countries, we can find the government web site to check business information, e.g. Canada has Industry Canada. But the information we can find is too simple.”	Mr. Liu Daxiong

(Interviewees can choose more than one answers for this question)

Table 5.10 How to prove information is valuable or not

There are 7 interviewees (25%) evaluating by their experience, because they think they don’t have any other choice. 13 interviewees (46.43%) wanted to search from other channels but they found it to be too difficult. 13 interviewees (46.43%) chose further communication but it will take a long period. Two interviewees gave us a very interesting answer, which is to find out the credit standing of the information provider. They believe if the provider has good credit standing, their information has more chance to be valuable. This idea could be valuable to many internet information providers, such as B2B website.

5.2.1.6 Evaluating Information

Question 6 is about the interviewees' opinion of how to prove information is relevant or not (Q6). For this question we did a cross analysis with the age and education level (Table 5.11).

	Age = 20 to 25	Age = 26 to 29	Age = 30 to 35	Age = 36 to 40	Age = 40 to 50	Age = more than 50	Education = High school	Education = College	Education = Bachelor
Opinion of relevant information = Very easy	0	0	1	0	0	0	0	0	1
Opinion of relevant information = Easy	1	1	1	0	0	0	0	2	1
Opinion of relevant information = Normal	1	6	2	1	2	0	2	4	6
Opinion of relevant information = Hard	0	1	2	1	2	1	1	4	2
Opinion of relevant information = Very hard	1	1	2	0	0	1	0	2	3

Table 5.11 Opinion of proving information is relevant or not

Only 4 interviewees (14.29%) considered it easy or very easy to prove information is relevant or not. And 12 interviewees (42.86%) considered it is hard or very hard to prove. So to most of them to prove information they have got is relevant or not is hard or very hard.

5.2.2 Communication Barriers

Not only in the negotiation step but also in the whole process, SMEs have to face the difficulty in communication. In order to identify the perceived problems of communication, in this part we look successively at barriers to find foreign customers, problem of communication, solutions for barriers of finding foreign customers, language problem, solutions for language problems, time differential difficulty and expectation on new communication mode.

5.2.2.1 Barriers to Find Foreign Customer

In question 7 we asked what they think are the major barriers for them to find good customers overseas. Table 5.12 shows the SMEs' executives' opinions of the major barriers for SMEs to find foreign customer.

	Major barriers for SMEs to find foreign customer	Example	Author
Bad communication	20	"I think the major barrier is communication. We need better channel to present ourselves to foreign customer, and we need to have more opportunities to contact with potential customer."	Mr. Yan Lei
Financial problem	2	"In my opinion, most SMEs do not have good financial support to extend their business. Most of them don't have enough money to improve productivity or to develop new products. It makes SMEs hard to survive in today's globalized business."	Mr. Xiao Yunkai
Lack of talented employee	3	"Manager's knowledge level, language level, and thinking are barriers. Most SMEs' managers are not well educated; this situation is really not good for them to extend their business especially outside their country."	Mr. Xu Houlian
Management of SMEs	1	"I think major barriers are first most SMEs' subjective consciousness is too obsolete and they are content with the status quo, they don't want change because they don't even understand the difficult situation they are in now."	Mr. Guo Hao
Problem of product	3	"I think the major barrier for us now is the product quality. The quality is the life of a supplier. Since we are just a small business, we need to use limited resource to keep our product quality at a high level."	Mrs. Jin Yingyu
Trust problem	6	"Trust is also an important barrier. In my mind payment and product proof-test procedure is the causation of this barrier."	Mr. Yang Yong

(Interviewees can choose more than one answers for this question)

Table 5.12 Major barriers for Chinese SMEs to find foreign customer

There is only 1 interviewee who thought there is no barrier for Chinese SMEs to find new foreign customer, and 27 interviewees gave their answer as in Table 5.12.

It's seems that communication is important for today's Chinese SMEs. 20 interviewees (71.43%) chose it as the major barrier to find foreign customers. And some of them gave the detail information in Table 5.13.

5.2.2.2 Problems of Communication

Also from question 7 we can get the executive's opinion of what are the communication problems they are facing now. The results of this question are shown in Table 5.13.

	Bad communication	Example	Author
Culture problem	3	"In my opinion, the difference of the culture is the major barrier for us now."	Mr. Zhang Xuesheng
Language problem	6	"The first barrier is language."	Mr. Zhang Ruishan
Need better channel	8	"I think the major barrier is to choose which way to find oversea customers. We need to put our limit resource into fairs, internet, or both of them; this is the problem we need to solve. Fair is very direct but need us spend a lot of money, internet is much cheaper than fair but we need to finger out if the information we get is valuable or not, and this problem is the biggest one I am facing now."	Mr. Yu Futang

Table 5.13 Problems of communication

Table 5.13 shows that different cultures, different languages, and lack of good communication channels are major communication problems for Chinese SMEs now. As Mr. Yu Futong said "I think the major barrier is to choose which way to find oversea customers. We need to put our limit resource into fairs, internet, or both of them; this is the problem we need to solve. Fairs are very direct but require us to spend a lot of money. Internet is much cheaper than fair but we need to figure out if the information we get is valuable or not, and this problem is the biggest one I am facing now" and Mrs. Yu Shengnan said "In my opinion, there are not enough good comprehensive B2B e-Marketplace. We wish to know more about foreign markets, foreign customers, and also let foreign customers know more about us. But today's web site is not good enough. We need better service". They like to use internet because it's cheaper than others, but in their opinion today's internet service, such as comprehensive B2B web

site is not good enough. As Mrs. Zhang Wenxia said “I think the major barrier is we didn’t use the internet resource very well. There is too many information online, we still try to find a best way to be more efficient”. It seems a better developed B2B e-Marketplace should increase their information quality and find an efficient way lead its users to get relevant information they need.

5.2.2.3 Solutions for Barriers of Finding Foreign Customers

In question 8 we asked executive’s ideas about the solutions for the barriers of finding foreign customers. The analysis results in Table 5.14 gives us the different ideas that Chinese SMEs’ managers or owners suggest to solve the barriers.

	Changes or innovations for current barriers in Q7	Example	Author
Communicate more and more	5	“I think we need to improve ourselves first, and try to get more communication with our customers in order to avoid the conflict and the distrust caused by different thinking mode and different languages.”	Mr. Wang Haodong
Find better information channel	9	“I think if here is a good information space that collects valuable information together which we can easily browse and pick up information we need. We hope information on this space can be formulated and verified.”	Mr. Shi Lei
Get more financial support	3	“I think we need more investment in developing new products and core technologies, but as we are small business, we need strong financial support to make it. I hope government can do loan or other support for small business is like us.”	Mr. Kim Yingyun
Improve SME itself	11	“For the barrier in Q7 I think SMEs need to improve their own competitive power. For instance, SMEs need to improve their product quality, support more on post-sale service, keep good relationship with their customer.”	Mrs. Jiang Qing
Language translate system	1	“For the first barrier I said in Q7, I think if we can have an automatic language translation system, it will help us a lot, because to learn a language well is not an easy thing especially for people in my age.”	Mr. Zhang Ruishan
No idea	1	“Never thought about this.”	Mrs. Lu Zhenzhu

(Interviewees can choose more than one answers for this question)

Table 5.14 Solutions for barriers of finding foreign customers

11 of 28 interviewees (39.29%) chose to improve themselves, such as to improve their manager's language skill, improve product quality; increase administration level. 9 interviewees (32.14%) are hoping to find better information channels. 5 interviewees (17.86%) want to communicate more with customers. And there is one interviewee who thought out a new idea of Language translation system, which can automatically translate. Mr. Zhang Ruishan (44 years old) hopes this system can help people in or older than his age to conquer the language barrier.

5.2.2.4 Language Problem

Question 9 is about the executive's opinion of the affection of the language problem. The analysis results of this question are shown in Table 5.15.

	Language problem	Example	Author
Not a problem	8	"Language is not a big problem for my company. As we are small company, direct contact with customers (like phone call) is not very usual. Most times we contact our customers by e-mail or fax. There are two reasons to use e-mail and fax, first is to avoid language barrier, and second is to make communication more accurate because we will have time to use dictionary or other tools."	Mr. Li Kunfeng
Important	20	"I think many Chinese managers know language is a big problem; it makes us hard to communicate with our customer. And in my opinion the interpreter is not that trustable, especially oversea customer's interpreter."	Mrs. Li Xin

Table 5.15 Opinion of language problem

As it shows, language problem is still an important problem for Chinese to communicate with foreign customers. 20 interviewees (71.43%) think language is an important problem in their international trade business.

5.2.2.5 Solutions for Language Problem

We tried to get executives' ideas about the solutions for language problems from question 10. The analysis results of question 10 are shown in Table 5.16.

	Change or innovation for language problem	Example	Author
Auto translate system	1	"As I suggest in Q8, I hope someone can invent an automatic language translation system that can help me deal with the language problem."	Mr. Zhang Ruishan
Don't need change	3	"To me, English is not a problem."	Mr. Guo Hao
Hair interpreter	6	"I don't know, maybe we can hire someone with good English skill, especially speaking."	Mr. Wang Haodong
Improve language level and communicate more	17	"I think as an international trade business, the manager should learn the target country's language very well and need to be very careful with leading to misunderstanding situations."	Mrs. Jin Yingyu
Use tools	3	"Because speaking is the barrier to me, I always use e-mail and fax instead. Writing e-mail and fax is not too difficult to me, because business words are not too hard to study and I can use dictionary or other tools any time I need. So I think e-mail and fax can solve this problem well."	Mr. Shi Lei

(Interviewees can choose more than one answers for this question)

Table 5.16 Solutions for language problem

As shown in Table 5.16, 17 interviewers (60.71%) chose to improve their language level and communicate more by themselves, which means most interviewees' try to solve language problem by themselves.

5.2.2.6 Time Differential Effect

Time differential effect is the major target of question 11. We want to know if the impact of time differential is an important barrier for SMEs in their international business or not. And in question 12, we want to find out executives' solutions for time differential problems. The analysis results of question 11 and 12 are shown in Table 5.17 and Table 5.18.

	Years in export business = 1 to 2 years	Years in export business = 3 to 5 years	Years in export business = 6 to 10 years
Affect of time differential = Rarely	0	5	1
Affect of time differential = Sometimes	3	5	0
Affect of time differential = Normal	4	3	1
Affect of time differential = Often	2	2	0
Affect of time differential = Very often	1	1	0

Table 5.17 Time differential effect

	Change or innovation for time differential problem in Q11	Example	Author
Be more efficiency	1	"I will suggest to increase our working efficiency"	Mrs. Wu Yan
change work and rest time	20	"Time difference is a big problem to us. Since we have customer in Africa, Europe, North American, we have to have special employee take care of special region. And for emergent situation I will change my work and rest time."	Mr. Liu Daxiong
discuss a schedule with customer	4	"I will communicate with customer to find a best time for both of us and then change my work or rest time."	Mr. Ding Gaofeng
No idea	3	"Since most my foreign customers are from Asia, time differential is not a big problem to me."	Mr. Guo Hao
Use internet service	4	"We can use e-mail to communicate."	Mr. Wu Yuzheng

(Interviewees can choose more than one answers for this question)

Table 5.18 Solutions for time differential problem

It is shown in these two tables that only 6 interviewees (21.43%) consider the affect of time differential as "often" or "very often", and most of interviewees do not have better ideas than changing their work and rest time (20 interviewees, 71.43%) or discuss a schedule with customer (4 interviewees, 14.29%). It seems time differential is not a determining factor.

5.2.2.7 Expectation of New Communication Mode

In question 16 we asked executives about their expectation on new communication mode. The analysis results of this question are shown in Table 5.19.

	Expectation on new communication mode	Example	Author
Direct	1	"I hope new mode can do real-time video negotiation, instead of face to face business. And the new mode should be more directly, timely, and more economic."	Mr. Zhao Wenbo
Easy to handle	2	"I hope the new communication mode could be faster, cheaper, and easier to handle."	Mr. Yan Lei
Economic	4	"I hope the new communication mode can be more economic, and don't need us to spend more on hardware."	Mr. Wu Yuzheng
None	10	"No I think so far communication modes are good enough."	Mrs. Lu Zhenzhu
Security	14	"Right now, e-mail is the best one for us to communicate with our oversea customer. But e-mail also has its disadvantages, like sometimes e-mail can be filtered so customer can't receive it, and sometimes e-mail can be delayed by the system. So we hope the new communication mode can solve these problem, make sure our customer can see our message as soon as possible."	Mrs. Jiang Qing
Timely	12	"I hope the new e-mail system can be faster than today's. What I know is today's e-mail can be delayed for a long time or even got lost."	Mr. Zhang Wenxia

(Interviewees can choose more than one answers for this question)

Table 5.19 Expectation on new communication mode

The rank of the expectations of the new mode can be made as first security (14 interviewees, 50%), second timely (12 interviewees, 42.85%), third economic (4 interviewees, 14.29%), fourth easy to handle (2 interviewees, 7.14%), and fifth direct (1 interviewees, 3.6%). And 10 interviewees (35.71%) don't have any expectation on new communication mode.

The analysis results show that communication is an important part of a successful international trade business. How to help SMEs to solve their communication problems and provide better communication service for them will be the key for a successful e-Marketplace.

5.2.3 Trust between Exporter and Importer

Trust is an important part of a trade and it is the precondition of trade especially international trade. No SME wants to take a huge risk to deal with an unknown business on the other side of the earth. We look successively at experience of loss of business, barriers and solutions for Chinese SMEs, barriers and solutions for foreign customers, business records, experience in trust problems, opinions related to collaboration and solutions for trust problems.

5.2.3.1 Experience of Loss Business

In question 15 we asked the executives about their experiences of loss of business related to trust problem. The analysis gives us the results of this question which are shown in Table 5.20.

	Experience of loss business by trust problem	Example	Author
No	18	“Since my previous customers all agree to pay deposit at beginning, I never meet this kind of situation.” And “No, I never meet this kind of situation.”	Mrs. Jiang Qing and Mr. Zhang Xuesheng
Yes	10	“We do have this experience. The major problem is payment issue. In order to protect ourselves we want customer pay at least 30% deposit at beginning but some customer cannot accept this. I think they just want to protect themselves. But since we haven’t done any business with the new customer before, we cannot take the risk to deal them with no deposit.”	Mrs. Kim Yingyun

Table 5.20 Experience of loss business

There are 18 interviewees (64.29%) who think they don’t have the experience of loss

business by trust problem, but as Mrs. Jiang Qing said “Since my previous customers all agree to pay deposit at beginning, I never meet this kind of situation” it seems that if a customer doesn’t agree to pay deposit at the beginning, she will not accept the business. In another word, deposit is the base of the trust.

There are 10 interviewees (35.71%) who have the experience of loss business, and gave the detail in Table 5.21.

	Yes	Example	Author
Payment (deposit) issue	8	“The major problem is the payment method. For example customers don’t know if they will get the right product at the end so they don’t want to pay any money before they get their product. For us, we do know if they will pay us after they receive their product so we need customer to pay at least 30% deposit at beginning.”	Mrs. Lu Zhenzhu
Communication problem	3	“Yes, we have this kind of experience. And the major problems are <ul style="list-style-type: none"> • customer don’t want to follow our payment procedure • factory can’t finish the order in time • communication not well • currency exchange problem” 	Mr. Zhao Wenbo

(Interviewees can choose more than one answers for this question)

Table 5.21 Detail reasons of trust problem

Eight interviewees believe that payment method is the key of the trust problem, the only thing they want to do is to protect themselves at first, so the deposit becomes the base of trust at the beginning. These results indicate that payment method represent an important factor.

5.2.3.2 Barriers and Solutions for Chinese SMEs about Trust Problem

In question 16, we try to find out what are the barriers for Chinese SMEs to build up trust with new foreign customers. The analysis results of the barriers to build up trust

with foreign customer are shown in Table 5.22.

	Barriers to build trust with foreign customer	Example	Author
Communication problem	15	“Because we never meet the new customer face to face and don’t have cooperation before, so the trust barrier is more about how we could know our customer at the very beginning.”	Mrs. Ji Lin
No barrier	2	“I don’t think there is any barrier to build up trust with my customer. Because normally we meet our customers on the fair, we can meet them directly and get to deep contact if we like. Finally we will know if we should trust them or not.”	Mr. Shi Lei
Payment issue & Credit standing	12	“For myself, I believe that trust is not a real thing; we need to protect ourselves first. So deposit is required, and most the time total payment needs to be paid right after product delivered out of the factory.”	Mr. Liu Daxiong

(Interviewees can choose more than one answers for this question)

Table 5.22 Barriers to build up trust with foreign customers

There are 15 interviewees (53.57%) who believe the major barrier for them is to build up trust with new foreign customer due to communication problem. 12 interviewees (42.86%) chose payment issues and credit standing as their major barrier. Mr. Liu Daxiong’s words in this table are representative the payment issue they asked becomes the protection of their business.

In question 17, we try to ask the executives what are the solutions for Chinese SMEs to build up trust with new foreign customer. The analysis results of this question are shown in Table 5.23.

	Changes & innovation	Example	Author
Check customer's credit standing	3	“For this question, I think the foreign customer need to prove to us that they have good credit standing, or we will need long time communication to know each other and build up the trust during the business.”	Mr. Yan Lei
Deposit or letter of credit	5	“We always ask our customers to pay deposit at beginning or let them pay the total payment before we send out the product they ordered. And also if we can receive the money on time we will send the product out right the way.”	Mr. Yang Yong
Enhance communication level	15	“We can change the physical distance but we can use technology to shorten the distance between us and customers. We communicate a lot with customers by phone, e-mail, and internet chat. I believe communication is the solution of trust problems.”	Mr. Guo Hao
No idea	6	“I haven’t had a good idea yet.”	Mr. Daxiong
Third party take care of payment and deliver	1	“I think maybe there can be a well known business or organization can assure the payment or a business can deliver product for supplier and collect the payment on behalf of supplier.”	Mr. Zhang Ruishan

(Interviewees can choose more than one answers for this question)

Table 5.23 Solutions for Chinese SMEs

There are 15 interviewees (53.57%) who want to enhance their communication level with their foreign customers, which mean they want to know more about foreign customers before they make their decision. Also some interviewees want to protect themselves at first. Three interviewees (10.71%) want to check customer’s credit standing and 4 interviewees (14.29%) want to get deposit or letter of credit before they send out products. And there is one interviewee (Mr. Zhang Ruishan) who gave us an idea of a third party assured payment and delivery system for both Chinese SMEs and their foreign customers, which could be a new service for today’s international trade service provider.

5.2.3.3 Barriers and Solutions for Foreign Customer about Trust Problems

In question 18, we try to find out what are the barriers for foreign customers to build up trust with Chinese SMEs. The analysis results of the barriers to build up trust with Chinese SMEs are shown in Table 5.24.

	Barriers for foreign customer build trust with Chinese SMEs	Example	Author
Communication problem	7	"I think different languages are also the barrier for us to build up trust with foreign customers. Because don't know language means can't communicate well with the customer, if we can't communicate with the customer how could we trust each other?"	Mrs. Jin Yingyu
Credit standing	5	"I think foreign customer has the same problem as we have; they also worry about Chinese companies' credit standing. They always worry about if they can get good quality products right on time."	Mr. Zhang Xuesheng
Government policy	1	"I think the major barrier for the foreign customers is they worry about if Chinese government will change its policy continually"	Mrs. Kim Yingyun
Hard to visit China	5	"I think the major barrier for foreign customer is they can't visit our factory and check our product by themselves."	Mrs. Ji Lin
Lack of legal protection	1	"I think in China, there is not enough legal protection for the foreign company, so they always need to worry about how to protect them in China."	Mr. Li Qingyun
Product quality & after sale service	16	"In my opinion, most foreign customer worried about product quality and exporter's strength. Maybe you know, there are some bad companies and factories manufacture bad quality product but present good quality samples to customers. If foreign customers deal with these companies or factories they will be in big trouble."	Mr. Yang Yong

(Interviewees can choose more than one answers for this question)

Table 5.24 Barriers for foreign customer to build up trust with Chinese SMEs

Sixteen interviewees (57.14%) agree that the product quality and after sale service is the major barrier for foreign customers to build up trust with Chinese SMEs. As Mr. Yang Yong said in this table, if foreign customers accept the payment issue we talked in Table 5.23 they will take huge risk, because they may receive bad quality product after the total payment is made. And the barriers like “hard to visit China”, “Credit standing”, and “Lack of legal protection”, have the similar meaning. So how to solve this problem will be the key point for trust problem.

In question 19, we try to find out what are the solutions for foreign customers to build up trust with Chinese SMEs. The analysis results of this question are showing in Table 5.25.

For the solutions for foreign customers to build up trust with Chinese SMEs, interviewees gave different perspectives. 10 interviewees (35.71%) want foreign customers to know more about China and Chinese SMEs. They believe the understanding of the country and its business culture could help them to build up trust between each other. Nine interviewees (32.14%) want to prove their product quality to their foreign customers in order to clear up their worry of the product quality. In this part, Mr. Yu Futang made a suggestion of using internet technology to show his factory and product directly to his foreign customers, (Table 5.25). It seems Mr. Yu’s idea can be an aid if it can be implemented by a B2B e-Marketplace.

In Table 5.25, 4 interviewees talked about credit standing platform as the solution of the trust problem, as Mr. Zhang Xuesheng said in his interview “I think we do need an authoritative credit standing platform, on this platform we can check customer’s credit standing, so we will not need to worry about the trust problem anymore”. It also can be a service of a B2Be-Marketplace. In order to prove this, Table 5.26 provides data based on the question about the importance of business record in today’s international business for Chinese SMEs.

	Changes & innovation	Example	Author
Credit standing platform	4	“The best way I think is from now start to create our business’ credit standing, do everything to follow the contract, and try to let our customer and potential customer know it.”	Mr. Zhang Wenbo
Government legislation	1	“I think the Chinese government needs to consummate the legislation and try to protect foreign company’s right in China.”	Mr. Li Qingyun
Improve communication skill	3	“I think we need to have good English skill and can communicate well with foreign customer. Also we need to be ready to solve any possible situation.”	Mrs. Yu Shengnan
Let foreign customer know more about Chinese SMEs	10	“The best way I think is let customers come to China and visit the factory by themselves. If they can come we can send detail information about our product or even a sample to them. And also a good business contract can be a protection for both customer and us.”	Mr. Guo Hao
Letter of credit	1	“As I said in Q17, letter of credit could be a good solution for this problem. But SMEs need to be very careful about the articles of the L/C.”	Mrs. Wu Yan
No idea	3	“So far I don’t have any idea.”	Mrs. Ji Lin
Prove product quality to foreign customer	9	“Maybe we can use network video frequently, and other long-distance multimedia methods to show our product or even our factory to our customer.”	Mr. Yu Futang
Third party assure	1	“I think maybe there can be a well known business or organization can assure the payment or a business can deliver product for supplier and collect the payment on behalf of supplier.”	Mr. Zhang Ruishan

(Interviewees can choose more than one answers for this question)

Table 5.25 Solutions for foreign customer

5.2.3.4 Business Record

In question 20, we want to find out what are executives’ opinions about the affect of knowing customer’s business record in today’s international business. The analysis of

results of this question is shown in Table 5.26.

	Business record	Example	Author
No idea	1	"I have no opinion on this."	Mrs. Li Xin
No need	1	"No, I don't think it will help a lot."	Mr. Yan Lei
only reference	9	"I think there are no perfect buyer and supplier all over the world, so we need to put long-term the judgment. I think we can't rely on other suppliers' feedback or other business record; we need to know more about the history of the customer."	Mr. Zhang Wenbo
Very important	17	"In my opinion, business record can be very important during the business. I would like to know any customers' business record before I deal with them."	Mrs. Jin Yingyu

Table 5.26 Opinion of business record in today's international business

Seventeen interviewees (60.71%) show that knowing a customer's business record is very important for their decision making. Nine interviewees (32.14%) consider business record as only the starting reference. They will not make decision based only on it. As Mrs. Li Na said in her interview "In my experience, I will exercise more respect on our own practice than business record. As you know everyone would like to show their best part to others and hide the bad part behind. So the business record could be a reference but we will not make our decision based on it". She was worrying about the veracity of the business record she got. So it seems an authoritative source of business record may be needed for this kind of managers.

As shown previously in Table 5.13, some Chinese managers evaluated the information they received are valuable or not based on their experience. Table 5.27 summarizes the importance of experience in trust problems.

5.2.3.5 Experience in Trust Problem

In question 21, we try to find out in which way experience play an important role to build up trust with foreign customers. The analysis results of this question are shown in Table 5.27.

	Experience in trust problem	Example	Author
No idea	1	“So far I don’t have any idea.”	Mrs. Ji Lin
Not important	1	“I don’t think experience is very important, because I believe only sincerity is the base of trust.”	Mr. Xu Houlian
Very important	26	“Yes, this is a good question. Right now we judge if our customer is credible or not by experience. Because we really don’t have many other choices to do this kind of evaluation.”	Mrs. Wu Yan

Table 5.27 Importance of experience in trust problem

There are 26 interviewees (92.86%) who believe experience is playing a very important role to build up trust with their foreign customers. Mrs. Wu Yan’s interview gave us the reason why experience is that important for Chinese SMEs now. When Chinese SMEs’ executives don’t have other resources or channels to build up trust or “guanxi” with their foreign customers, the only thing they can expect is their experience and that is why experience seems such important for Chinese SMEs’ executives. This result shows that Chinese export SMEs need to have more resources to solve trust problem other than only based on their experience.

5.2.3.6 Collaboration Opinion

In question 22, we ask interviewees if they are willing to collaborate with foreign customers or not. And in question 23, we asked interviewees about what kind of

collaboration contract they would like to have with their foreign customer. The analysis results of question 22 and 23 are shown in Table 5.28 and Table 5.29.

	Collaborate with foreign customer	Example	Author
No	3	“Normally I don’t want to share our information with new customer, we need time to work together to see if he/she worth us to do it.”	Mr. Shi Lei
Yes	21	“Yes, of course.”	Mr. Sun Xueguang
Yes, but not strongly	1	“Well, ok, but not strongly.”	Mrs. Lu Zhenzhu
Yes, with condition	3	“Yes, we would like to, but the precondition is the collaboration cannot influence our regular business activity”	Mr. Yu Futang

Table 5.28 Collaborate with foreign customers

	Yes	Yes, but not strongly	Yes, with condition
Like to share every thing	4	0	0
Not business secret	10	0	0
Basic information	5	0	0
Depend on detail	1	0	0
Not harmful to business	1	0	0
Need to be reciprocal for both supplier and buyer	0	1	0
show good part to customer	0	0	1
Only when collaboration can increase business	0	0	2

Table 5.29 Collaboration standard

There are 21 (75%) interviewees who strongly agree to share their information with foreign customers, there are only 4 interviewees who like to share everything needed while the remaining only like to share basic information (5 interviewees, 17.86%), without business secret (10 interviewees, 35.71%), or with other conditions. It seems

how to develop the collaboration contract to satisfy both buyer and supplier can be the key factor.

5.2.3.7 Solutions for Trust Problem

Question 24 is about the solutions for trust problem. The analysis results of this question are shown in Table 5.30.

The trust problem is difficult for many interviewees. Ten of them (35.71%) don't have any idea about how to solve it. There are 5 interviewees (17.86%) who suggested to have a third party evaluation system and 1 interviewee (3.6%) who wanted to have valuable certification by authoritative institution, which is close to the third party idea. And this third party they want should be similar to the definition proposed by Mr. Yu Futang: "an authoritative third party who provides credit appraisal or increases direct and indirect visits and exchanges" and "is fair and authoritative, and most important is the third party needs to be totally individual". There are another 2 interviewees who suggested government providing the evaluation service for both buyer and supplier, which is another kind of third party evaluation system.

According to interviewees' proposition we can identify the third party system as follow. To achieve trust, a possible solution is to develop a third party (Ferrin, Dirks & Shah, 2006). If there is a third party that can provide a database to SMEs (Figure 5.7), the third party can record importers and exporters recent business activities and enter the results in a database. Importers can check exporters' product quality reports and customer feedback; exporters can check importers' payment records and business actions. Based on the data collected by an adiaborous party, the ability to build up the trust between importers and exporters will be easier in the future than what SMEs endure at the present time.

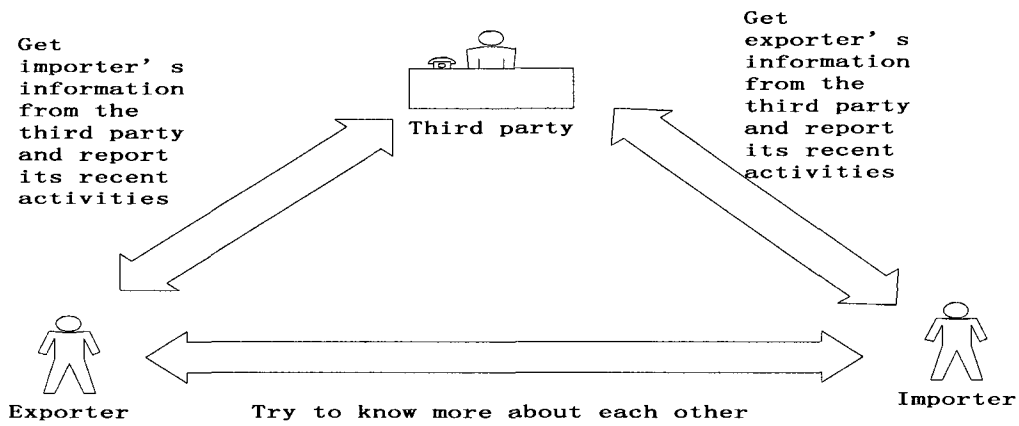


Figure 5.7 Third party between importers and exporters

The trust problem is an important problem to SMEs, but it is also a difficult problem for them to solve. As it shows in Table 5.30, there are 10 interviewees (35.71%) do not have any idea about how to do.

	Solutions for trust problem	Example	Author
Better contact channel and better communication	5	“I think communication is the best solution for the trust problem. Only communication can make different companies in different countries know each other. But now we badly need channels and opportunities to communicate with foreign customers.”	Mrs. Jin Yingyu
Collaboration	1	“I think maybe share information together can aid.”	Mrs. Ji Lin
Government evaluation	2	“In my opinion, I think if government can evaluate business’ credit standing and show it to the public; we will not need to worry about trust problem.”	Mr. Yan Lei
Guaranteed payment and deliver method	2	“Supply chain is the point. The precondition is supply chain need to be guaranteed, for example payment method and deliver need to be guaranteed and on time. As PayPal I think could be a good payment method to most SMEs.”	Mr. Yang Yong
Government legal protection	1	“I think government needs to formulate the corresponding legal regime to protect foreign customer’s right in China. And also we need to build better communication channel to provide our information to foreign customer.”	Mrs. Zhang Wenxia
Nimble mechanism	1	“In my opinion, I think a nimble enterprise mechanism is a solution for this problem. We need to deal with special details in special way.”	Mrs. Li Na
No idea	10	“So far I don’t have good idea.”	Mr. Guo Hao
Third party evaluation system	5	“In my opinion, I would suggest an authoritative third party provide credit appraisal or increase direct and indirect visit and exchange. The third party I said here need to be fair and authoritative, and most important the third party needs to be totally individual.”	Mr. Yu Futang
Valuable certification by authoritative institution	1	“I think a valuable certification provided by authoritative institution could help to solve trust problem.”	Mr. Wu Yuzheng
Visit each other	1	“I think we can take foreign customer to China to our factory, or we can go out to their country do deep communication to increase the trust level.”	Mr. Sun Xuguang

Table 5.30 Solutions for trust problem

5.2.4 Shipping Delays

Shipping delays is one of potential problems in SMEs' export business. If it happened it could create damage. In this part we look successively at frequency of shipping delays, impact of shipping delays, efficiency of delay reports, route of delay information, implementation of visibility on supply chain and solutions for delay problems.

5.2.4.1 Frequency of Shipping Delays

Question 25 is about the frequency of shipping delays. It will show us if shipping delays occur frequently. The analysis results of this question are shown in Table 5.31.

	Employee working on export procedure = Yes	Employee working on export procedure = No	Number of employees = 1 to 99	Number of employees = 100 to 199	Number of employees = 200 to 299
Frequency of delay = Rarely	6	1	2	3	2
Frequency of delay = Seldom	13	0	7	5	1
Frequency of delay = Normal	2	2	3	1	0
Frequency of delay = Often	2	1	2	1	0
Frequency of delay = Very often	1	0	0	1	0

Table 5.31 Frequency of shipping delays

There are 20 interviewees (71.43%) who consider the frequency of shipping delay as “rarely” or “seldom”, and 4 interviewees (14.29%) think it’s normal, only 4 of 28 (14.29%) interviewees consider the frequency of shipping delay as “often” or “very often”.

By crossing the data on the frequency of shipping delay with that in the attribution of industries, we get the Table 5.32.

	Frequency of shipping delay = Rarely	Frequency of shipping delay = Seldom	Frequency of shipping delay = Normal	Frequency of shipping delay = Often	Frequency of shipping delay = Very often
Industries = Food Industry	0	2	0	1	0
Industries = Stone Industry	3	0	0	2	0
Industries = Electric appliance Industry	2	4	2	0	0
Industries = Paper-making	0	0	0	0	1
Industries = Chemical Industry	1	1	0	0	0
Industries = Row material Industry	1	2	0	0	0
Industries = Textile Industry	0	2	1	0	0
Industries = Machinery manufacturing Industry	0	2	1	0	0

Table 5.32 Frequency of shipping delay vs. different industries

In Table 5.32 we can see, the different industries do not affect the opinion of the frequency of shipping delay.

5.2.4.2 Impact of Shipping Delay

In question 26, we try to find out what are impacts of shipping delay to Chinese SMEs. The analysis results of this question are shown in Table 5.33.

	Cost	Customer relationship	Financial risk	Market reaction	Over stock
Impact of delay	7	12	5	2	2

Table 5.33 Impact of shipping delay

There are 12 interviewees (42.9%) who chose “customer relationship” as the biggest impact to them which is caused by delay, 7 interviewees (25%) chose “extra cost”, 3 interviewees (10.7%) chose “financial risk”, 2 interviewees (7.2%) chose “market reaction”, and 2 interviewees (7.2%) chose “over stock”. This result indicates the most important impact by shipping delay is “customer relationship”, and “extra cost”.

5.2.4.3 Efficiency of Delay Report

In question 27, we focus on the efficiency of delay report. We want to figure out if the efficiency of delay report is good enough for Chinese SMEs or not. The analysis results of this question are shown in Table 5.34.

	Employee working on export procedure = Yes	Employee working on export procedure = No
The efficiency of delay report = Very fast	5	0
The efficiency of delay report = Fast	5	1
The efficiency of delay report = At time	10	3
The efficiency of delay report = Late	3	0
The efficiency of delay report = Very late	1	0

Table 5.34 Efficiency of delay report

There are 11 interviewees who consider the efficiency of delay report as “very fast” or “fast”, 13 interviewees consider the efficiency of delay report as “at time”, only 4 interviewees consider the efficiency of delay report as “late” or “very late”. This means most interviewees believed so far the efficiency of delay report is good, and doesn’t affect their business very much. But there are still some interviewees who gave their experiences about shipping delay, which shows us the impact of shipping delay. Mr. Liu Daxiong said in his interview “I have a very bad experience about delay. Its last year, one time the ship was delayed in the port, but the agent didn’t notice us. After deliver date, we received a call from our customer; they want us to explain why they still hadn’t received their product. We were scared. When we got in touch with the agent, they found out the reason and gave us a new deliver date, acted like nothing is special. We were lucky it didn’t create any damage, but this thing let us know we should never trust an agent we need to take care by ourselves, so now we always contact the agent and want them give us the newest information of our shipping”. It seems that today shipping delays are not that frequent, but if it happened the impact also could be harmful to SMEs.

5.2.4.4 Route of Delay Information

Question 28 is about the ways in which the Chinese SMEs receive delay information. We want to figure out if the route of the delay information is good or not by this question. The analysis results are shown in Table 5.35 as following.

	Way receive delay information	Example	Author
From customer	7	“Most the time I got the delay information from customers, because they did not receive their product on time. Then I will ask the shipping agent about the delay and get the report from them; but usually they will not give me the reason of the delay. Most the time they just report the delay that I had already known and give me a new date. It’s not very often that shipping agent would voluntary report the shipping delay information to me.”	Mr. Yang Yong
From freight agent	22	“Most delay information we got are from shipping company or freight agent.”	Mrs. Wu Yan

(Interviewees can choose more than one answers for this question)

Table 5.35 Route of delay information

There are 22 (78.57%) interviewees who get their shipping delay information from their freight agent, and 7 (25%) interviewees who get the delay information from their customers. This indicates the efficiency of the delay report is more dependent on their freight agent or customer’s reaction. SMEs do not have any control over this.

5.2.4.5 Implementation of Visibility on Global Supply Chain

In order to see Chinese SMEs’ opinion about making the global supply chain visibility, we asked question 30 to interviewees. The analysis results of this question are shown in Table 5.36.

	Visibility on global supply chain	Example	Author
Don't know	6	"Actually, I don't know much about supply chain process, so I do not know the impact of visibility to the supply chain."	Mrs. Lu Zhenzhu
negative	7	"I think implement visibility on whole supply chain is too difficult to make. How to integrate deferent part of the whole supply chain together could be a mission impossible."	Mr. Li Kunfeng
Positive	15	"In my opinion, to implement visibility on whole supply chain is good. If it can be implemented we will notice delay immediately, so we can do changes and let our customer know it as early as possible. The damage of delay will be reduced to minimum."	Mr. Wang Wenbo

Table 5.36 Implementation of visibility on global supply chain

There are 6 interviewees (21.43%) who don't know about the impact of visibility on global supply chain, and 7 interviewees (25%) don't think the visibility on global supply chain can be implemented now; even though most of them think visibility can help them to avoid the damage of delay. Just like Mrs. Jiang Qing said in her interview "in my opinion the visibility of the whole supply chain combines the customer's need and supplier's supply together. If it can be true, I think it will be a revolution for today's international trade. But I have to say it is still Utopia. I don't know if today's technology can implement it and what the cost will be". The rest of the 15 interviewees (53.57%) gave positive comments on implementing visibility on global supply chain.

5.2.4.6 Solutions for Shipping Delay Problems

In order to get interviewees' own ideas about how to solve shipping delay problems, we asked question 31 to interviewees. The analysis results are shown in Table 5.37.

	Change or innovation for delay problem	Example	Author
Don't know	8	"I never thought about it before."	Mr. Ding Gaofeng
Good communication with customer	3	"There are many reasons causing delay, and some of them are irresistible, so I think the only thing we can do is to communicate with customers right after the delay happens in order to reduce the damage to the minimum."	Mrs. Jiang Qing
Good freight agent	5	"I think the best way now is to find a good agent to take it over"	Mr. Wang Wenbo
New mechanism to report delay ASAP	1	"Build up a good mechanism in order to report delay ASAP, reduce the damage to the lowest level."	Mrs. Lu Zhenzhu
Nothing we can do	1	"I understand that most delay is not because of exporters themselves, and usually SMEs as my company can do nothing about it."	Mr. Li Kunfeng
Sufficient time for deliver	2	"I think the best idea is to give sufficient time for deliver when we sign the contact with customer."	Mr. Sun Xuguang
Track product and have backup plan	1	"Always track your product, and prepare backup plan to deal with the thunderbolt."	Mr. Xiao Yunkai
Visibility	7	"Real-time monitoring could be a way to solve delay problem. As I said in Q30, if we can clearly see the process of any point on the supply chain, we can see the situation or problem at the first time, so we can have enough time to recover, and minimize the damage."	Mrs. Wu Yan

Table 5.37 Solutions for delay problem

The analysis shows that interviewees' suggestion is not focused on one solution. Eight of them don't have any idea about this question. Seven interviewees get the idea from Q30; they think perhaps the visibility can be a key to reduce the damage of delay. Five interviewees hope that good freight agents can help them, and 3 interviewees believe good communication with customers can help too. Two interviewees hope customer can give sufficient time for deliver. And 1 interviewee choose a new delay report

mechanism, 1 interviewee choose track product and have backup plan as their solution. One interviewee believed there is no way to solve delay problem.

5.2.5 Export Procedure

In this part we look successively with China's export procedure and solutions for the export procedure.

5.2.5.1 Opinion of China's Export Procedure

Export procedure is an important part of the export business. We try to use question 33 and 34 to get interviewees' opinion of today's Chinese export procedure. The analysis results are shown in Table 5.38.

There is only 1 interviewee who considered today's Chinese export procedure as "simple" or "very simple", 12 interviewees consider it as "ordinary", and 15 interviewees consider the export procedure as "complicated" or very complicated". Also as we can see the opinion is not affected by the business export experience. Even if a business has 6 to 10 years export experience there are also 5 of them think the export procedure is "complicated" more compare with 4 interviewees (similar export experience) consider it to be "ordinary".

	Business export years = 1 to 2 years	Business export years = 3 to 5 years	Business export years = 6 to 10 years	Business export years = more than 10 years
Opinion of export procedure = Very complicated	0	2	0	0
Opinion of export procedure = Complicated	2	5	5	1
Opinion of export procedure = Ordinary	3	3	4	2
Opinion of export procedure = Simple	0	0	0	0
Opinion of export procedure = Very simple	0	1	0	0

Table 5.38 China's export procedure

Here, by crossing the data on the opinion of export procedure with there on the attribution of different industries, we get the result as shown in Table 5.39.

More interviewers from the same industries think the exports procedure is “complicated” or “very complicated” than think it is “ordinary”, “simple” or “very simple”, except interviewers from electric appliance Industry. Five interviewers believe that the exports procedure is ordinary and 1 interviewer believes the procedure is very simple. There are 8 interviewers are from electric appliance Industry, which means 75% of them do not have trouble with the exports procedure. Since managers from Electric appliance Industry could have more opportunities to get in touch with

the internet, e-Marketplace websites or other high technology resources, they may have better opportunity to deal with the exports procedures than others.

	Export procedure Very complicated	Export procedure Complicated	Export procedure Ordinary	Export procedure Simple	Export procedure Very simple
Industries = Food Industry	0	3	0	0	0
Industries = Stone Industry	0	3	2	0	0
Industries = Electric appliance Industry	1	1	5	0	1
Industries = Paper-making Industry	0	1	0	0	0
Industries = Chemical Industry	1	0	1	0	0
Industries = Raw material Industry	0	2	1	0	0
Industries = Textile Industry	0	2	1	0	0
Industries = Machinery manufacturing Industry	0	1	2	0	0

Table 5.39 Opinion of exports procedure vs. different industries

5.2.5.2 Solutions for the Export Procedure

We prepared question 36 in order to get interviewees' ideas about how to solve the export procedure problems. The analysis results are shown in Table 5.40.

	Change and innovation for complicated export procedure	Example	Author
Don't know	2	"Never think about this."	Mrs. Kim Yingyun
Government need to change	14	"I wish government can integrate some department together in order to simplify the export procedure"	Mrs. Li Xin
It's good so far	3	"I feel ok with today's procedure."	Mr. Yan Lei
Online export	1	"I heard in USA, SMEs can do export procedure online, I think maybe it's better than the procedure we using now."	Mr. Zhang Ruishan
sent to broker	8	"Brokers will take care of everything for me."	Mr. Li Kunfeng

Table 5.40 Solutions for the export procedure

Fourteen interviewees hope government can make change of today's export procedure to simplify it. Eight interviewees think sending the work to broker is the solution. Three interviewees think the export procedure doesn't need to change, and 2 interviewees don't know how to. One interviewee thinks online export procedure could be the solution to simplify the complicated export procedure.

5.2.6 Export Documents

This part includes interviewees' opinion about export documents and solutions for the export documents.

5.2.6.1 Export Documents Opinion

Question 37 is about interviewees' opinion of China's export documentation. The analysis of this question gives results as shown in Table 5.41.

Opinion of export documents = A great many	3
Opinion of export documents = Many	12
Opinion of export documents = Normal	13
Opinion of export documents = Few	0
Opinion of export documents = Very few	0

Table 5.41 Export documentation opinion

There is no one who thinks today's export documents are "few" or "very few", 13 interviewees (46.43%) think the export documents are just "normal", and 15 interviewees (53.57%) consider today China's export documents are "many" or "a great many" to Chinese SMEs.

By crossing the data on the opinion of export documentary opinion with there on the attribution of different industries, we get the result as showing in Table 5.42.

There is no different between different industries for their opinion on the exports documentary. No one thinks the exports documentary is "few" or "very few".

	Export documents A great many	Export documents Many	Export documents Normal	Export documents Few	Export documents Very few
Food Industry	0	3	0	0	0
Stone Industry	0	4	1	0	0
Electric appliance Industry	2	1	5	0	0
Paper-making	0	0	1	0	0
Chemical Industry	1	0	1	0	0
Raw material Industry	0	2	1	0	0
Textile Industry	0	1	2	0	0
Machinery manufacturing Industry	0	1	2	0	0

Table 5.42 Opinion of exports documentation vs. different industries

5.2.6.2 Solutions for Export Documents

In question 38, we try to find out interviewees' solutions for export document problems. The analysis results are shown in Table 5.43.

As shown, 10 interviewees (35.72%) hope government can reduce the quantity of the export documents, and 2 interviewees (7.14%) hope government can implement the electronic document system. Eight interviewees (28.57%) like to send the works to

brokers, and 8 (28.57%) interviewees don't have any idea about his question. Since over 57.14% interviewers have no idea or just sent the job the broker, and another 35.72% interviewers hope government change can help them, the exports documents seems a difficult problem for SMEs to solve.

	Change and innovation for export document	Example	Author
Electronic document system	2	"I hope government can make the export document electronically, so we can do the change any time anywhere and we will not need to go to different departments to hand in or receive."	Mr. Xiao Yunkai
Government change	10	"Government needs to simplify the document types, and cancel all the repetitive documents too."	Mrs. Jiang Qing
No idea	8	"I never thought about this."	Mr. Shi Lei
Send to broker	8	"Send the job to brokers."	Mrs. Wang Yan

Table 5.43 Solutions for export documents

5.3 Synopsis of Perceived Problems

In Chapter 4, we had identified potential problems for SMEs in their export process, based on the analysis of the process for exporting. A ground qualitative analysis has enabled us to evaluate the relation of these problems as perceived by SMEs' executives. We are now able to present a synopsis of the obtained results. Table 5.44 including both general problems and aspects of the problems is developed to remain our findings.

General Problems	Aspects of the Problems	Finding
Collecting Relevant Information	New foreign customer	Internet is important for SMEs to find new foreign customer. Lower education level and older people have barrier to use internet than others like international trade fairs.
	Role of Internet	Although many SMEs chose internet as their major way to find new foreign customer, but there still a number of SMEs' managers chose other way as their major way to find new customers.
		Internet service now is more used by younger people, and older people do have barriers in using it.
		Older people are more likely to used traditional methods to get relevant information other than the new high tech method.
	Internet Search	Education level and age are also the key problem for internet search.
		Export business experience does not seem to have major impact.
		How to provide simpler service to involve older exporters is the key for future internet service.
	Getting Relevant Information	Internet is not the only way for Chinese exporting SMEs to get relevant information.
		Information from older customers or friends could have more success ratio than other ways, but these resources are very limited.
		If the information provider has good credit standing, the information has more chance to be valuable.
	Validity of Information	Validity information is important for SMEs, but it's hard for them too.
Some SMEs' executives validate the information just by their experience.		
Evaluating Information	Most of interviewees believe it is hard for SMEs to evaluating information.	
Communication Barriers	Barriers to find foreign customer	Communication is still an important problem for SMEs' international trade.

	Major problems and barriers of Communication	The major communication problems are communication channels, language problem and culture problem. B2B e-Marketplace should increase information quality and find an efficient way lead its users to get relevant information. Communication is an important part of a successful international trade business.
	Language problem	Language is still an important problem for Chinese SMEs.
	Time differential difficulty	It is no longer a determining factor for communication.
	Expectation on new communication mode	Security, timely and economic are three major expectations for the new communication mode.
	Trust between Exporter and Importer	Experience of loss business
	Barriers for Chinese SMEs	Communication and payment issue are the two major barriers for Chinese SMEs SMEs executives want to know more about foreign customers before they make their decision. Payment issue they asked becomes the protection of their business.
	Barriers for foreign customers	Product quality, after sale service, communication and credit standing are the major barriers for foreign customers
	Business record	Business record is important for Chinese exporter to evaluate a business.
	Experience in trust problem	Experience is an important part in trust problem. SMEs need to have other resources to solve trust problem other than only based on their experience.
	Collaboration opinion	Most interviewees like to do collaboration with foreign customers. But most of interviewees just want very limited collaboration. Develop the collaboration contract to satisfy both buyer and supplier can be the key factor.

Shipping Delays	Frequency of delay	Delay is not happen very frequently.
		The different industries do not affect the opinion of the frequency of shipping delay.
	Impact of delay	The impact of delay is in many different ways. The most important impacts are customer relationship, cost and financial risk.
		Even shipping delay happens not frequently but if it happened the impact also can be harmful to SMEs.
	Efficiency of delay report	The efficiency of delay report is accessible, only a few interviewees think it's late or very late.
		The efficiency of the delay report is more dependent on their freight agent or customer's reaction.
		SMEs do not have any control of efficiency of the delay report.
Route of delay information	Interviewees do not have efficient way to get delay information by themselves.	
Implementation of visibility on supply chain	Most interviewees have positive opinion of implementation of visibility on supply chain.	
Export procedure and documents	China's export procedure	Most interviewees think today's China's export procedure is complicated or very complicated.
		More interviewees from electric appliance industry think the exports procedure is less complicated than interviewees from other industry.
	Export documents opinion	The large number of export documents is a barrier.
The different industries do not affect the opinion of the exports documentary.		

Table 5.44 Synopsis of perceived problems

As it discussed above, most findings are simply confirm that the potential problems we identified in Chapter 4. But there are also some findings give the new ideas perceived by SMEs executives, such as:

1. Older people are more likely to used traditional methods to get relevant

information other than the new high tech method;

2. Delay is not happen very frequently;
3. Time differential difficulty is no longer a determining factor for communication;
4. The different industries do not affect the opinion of the frequency of shipping delay;
5. Education level and age are also the key factor related to internet search;
6. A few problems such as time difficulty affection, the frequency of delay and the efficiency of delay report are not the same as we assumed before;
7. Payment method represents an important factor of trust problem;
8. Most interviewees have positive opinions of implementation of visibility on supply chain, and
9. More interviewers from electric appliance industry think the exports procedure is less complicated than interviewers from other industry

There are also some solutions suggested by the SMEs executives for some potential problems. Such solutions focus on finding foreign customer, language problems, trust problems, delay problems, export procedures and export documentary. All these solutions could give us help in solving the perceived problems and also could give us better image about how these problems impact the SMEs executives. (Table 5.45)

General Problems	Aspects of the Problems	Solutions
Collecting Relevant Information	Solutions for finding foreign customer	Better communication is the key solution for finding foreign customer.
	Solutions for language problem	Improve language level and communicate more, hire interpreter, use tools and auto translate system are the solutions interviewees suggested.
Trust between Exporter and Importer	Solutions for Chinese SMEs	Enhance communication level; check customer's credit standing, deposit and letter of credit are the solutions that interviewees suggested.
	Solutions for foreign customers	Most interviewees hope to let foreign customer know more about Chinese SMEs and prove Chinese SMEs' product quality to foreign customers. Some interviewees even think use credit standing platform to evaluate business.
	Solutions for trust problem	Better contact channel, third party evaluation system are two major suggestions.
Shipping Delays	Solutions for delay problem	The solutions are not concentrated, and a number of interviewees do not have their idea about this problems. The major solutions are good freight agent, better communication and implementation of visibility on supply chain.
Export procedure and documents	Solutions for export procedure	Most interviewees hope government can make the procedure simpler or they will send the work to brokers.
	Solutions for export documentary	There are not many solutions about this problem, interviewees hope government can do changes or they will send the works to brokers.

Table 5.45 Synopsis of solutions

Since we confirmed most of the potential problems and obtained more perceived problems from the field research and also obtained SMEs' executives' idea about the solutions for some of them, we are able to define what kind of help or services are

needed by the SMEs. In next chapter, we are going to use the knowledge we learned in this chapter to define criteria to evaluate the China's existing e-Marketplaces to see if their services can help SMEs solving their problems.

Chapter 6

Comparative Analysis of the Capacity of Chinese International Trade E-Marketplaces to Support SMEs

The definition of e-Marketplace in BNET business dictionary is “an Internet-based environment that brings together business-to-business buyers and sellers so that they can trade more efficiently online” (BNET, 2008). So the International Trade e-Marketplace (ITeM) must be an Internet-based environment that brings international trade business-to-business buyers and sellers together so that they can do their international trade more efficiently online. International trade e-Marketplace can help SMEs’ solve the problems they perceived in their day-to-day international trade business. To what extent are the existing e-Marketplaces able to respond to identified perceived problems? To this end, today’s China’s major International Trade e-Marketplace will be evaluated and compared and an analysis will be conducted to determine the extent of their response.

In a user-centered or criteria-based approach, comparative analysis metrics are generally drawn up and tested for relevance by respondents’ representative of a group. Such an approach ensures that the criteria developed and the grading of organizations based on those criteria have both validity and reliability.

This study does not follow these approaches, but refers to an approach by expert(s). Due to limited access to appropriately skilled and knowledgeable respondents, the criteria for comparison of organizations were developed through research of the literature. Primary source were Oppenheim and Ward (2005) and Gonzalez and

Palacios (2004). Subsequently, the scoring of the organizations using the criteria drawn from the literature was undertaken solely by the author, based on his experience with both the industry and the dynamics of doing business in China. This represents a clear limitation of the study (please refer to Section 7.3 for a full review of limitations). The scoring is thought to be representative of reality in a Chinese environment. The opportunity to test the validity of the scoring put forward as part of this chapter represents a great opportunity for future research in this area.

A series of criteria will be developed in order to evaluate the websites of today's China' International Trade e-Marketplaces (CITeM) in order to determine how these e-Marketplaces could or could not help SMEs to solve the indentified perceived problems. Results of this analysis must, in conclusion, lead to the definition of a business plan, which can solve the perceived problems that today's international trade e-Marketplace cannot solve.

In this part, the criteria to compare e-Marketplaces will be divided into groups which are website content, website presentation and website access. In each group, we choose the most appropriate dimensions to assess the capability of websites to respond to various aspects of perceived problems. Content criterion is focused on the services that the e-Marketplace is offering now, like daily news highlight, online ordering, communicational contents, and others. Access criterion considers the services e-Marketplaces provide to their membership holders and also the cost of the membership. Presentation criterion is focused on how the e-Marketplace implements the service they offer, like graphics usage, color usage, presentation of information, and others.

In this thesis, we refer to the following structure of concepts, showing in Figure 6.1, to expose the components of a criterion. This structure is consistent with that of Gonzalez and Palacios (2004).

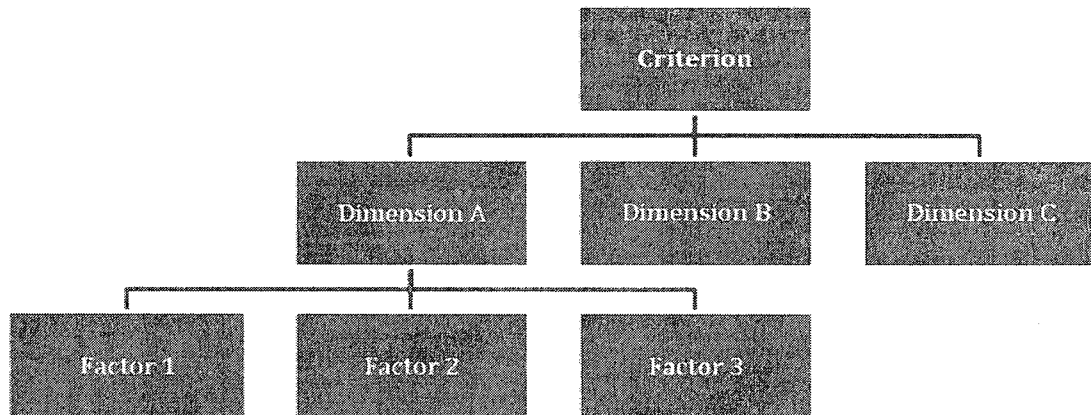


Figure 6.1 Components of a criterion

6.1 Website Content Criterion

According to Cunningham (2000): “Content is what will determine long-term Internet profitability. To focus on technology without content is like building a hospital without nurses and doctors”. If the content of the website is of no interest to its visitors, and the visitor cannot locate the relevant information necessary to make a decision regarding whether or not to go deep into the communication, then this web site will lose the vast majority of its potential business (Oppenheim & Ward, 2006). Gonzalez and Palacios (2004) stated in their International Journal of Information Management “The content quality of the web site will be measured assessing the presence of relevant information to the users”. It means a website must have content that can satisfy its users’ requirements and the content information should be maintained and updated at least every month. “Within the website the important information should be immediately accessible by its users. The basic contact information should be on the main menu page and related information should be

grouped together rather than scattered in different sections of the site” (Gonzalez & Palacios, 2004).

There are dimensions of content criterion selected based on site contents identified in studies, practitioner journals and the researchers’ experience in teaching electronic commerce (Gonzalez & Palacios, 2004). Five dimensions will be considered to assess the content of a website as information, transaction, security, privacy and authority, and navigation and communication. When a dimension includes different aspects, there are different factors related to the dimension (Gonzalez & Palacios, 2004). The structure was shown in Figure 6.2.

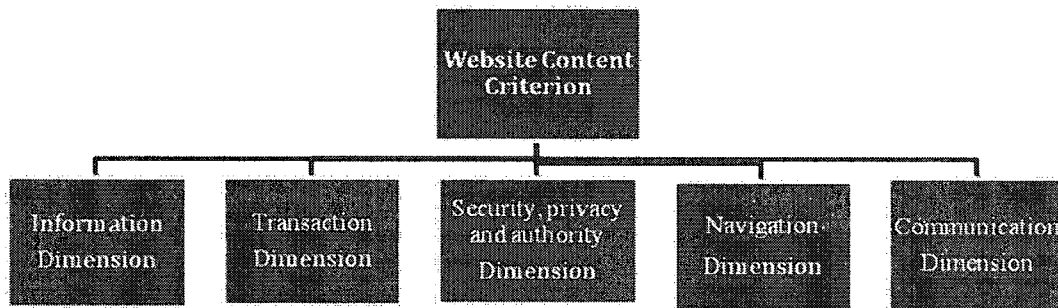


Figure 6.2 Structure of website content criterion

6.1.1 Information Dimension

The international trade e-Marketplace is largely informational providing commercial and non-commercial information about both buyers and suppliers. It can provide

insight into the business background, business partners, customers, and business policies. It can also provide the product and service description, which include product specifications, photographs, price, payment issue, and others. Since the e-Marketplace should provide information that is useful to its stakeholders, this thesis considers each of those linked to the perceived problems factors (Gonzalez & Palacios, 2004). (Table 6.1)

Website information dimension factors	Related perceived problems
Company background	Collect relevant information
Product/service description	Collect relevant information and trust
Daily news highlights	Collect relevant information
Financial information	Collect relevant information and trust
Business record	Collect relevant information and trust
Link to firm home page	Collect relevant information and communication
Search for dealers, agents, stores, etc.	Collect relevant information, and complicated export procedure
Check order/shipment status	Delay
External links	Collect relevant information, communication, complicated export procedure and documents

Table 6.1 Information dimension

As shown above, “company background”, “product/service description”, “daily news highlights”, “financial information”, “link to firm home page”, “business record”, “search for dealers, agents, stores, etc.”, and “external links” relate to its collection of relevant information. A good international trade e-Marketplace should provide relevant information of both buyers and suppliers to its visitors and it is better to have all information valid.

Factors “link to firm home page” and “external links” relate to communication. The links should not only present new ways to communicate but also bring new

opportunities to communicate with potential buyers or suppliers to the visitor.

Factors “product and service description”, “financial information”, and “business record” relate to the trust between Chinese SMEs and foreign customers. As discussed previously, a major barrier for foreign customer is how they worry about the product quality and the post sale service, and the “product and service description” will give foreign customers an opportunity to know more about these. The major barrier for Chinese SMEs in trust problems is the payment issue, which relates to “financial information”. As most SMEs’ managers believe that knowing customer’s business record will help them make their business decision, “business record” is a dimension of content criterion that concerns collection of relevant information and trust.

“Check order and shipment status” relates to delay. It will be used to evaluate the service that websites provide to its customers to check the order or shipment status in order to minimize the damage of shipping delay.

“Search for dealers, agents, stores, etc.” and “external links” relates to complicated export procedure and documents. Agents (brokers) are important to a large group of SMEs (Chapter 5, page 124 to 130) they take care of many SMEs’ export procedure and documents. So providing the agents’ information could be an important service of the website. Also “external links” relates to government official website which could help SMEs get in touch with government and use the internet service that government provide to them.

6.1.2 Transaction Dimension

Transactional dimension consist of whether there are pages for placing orders or conducting online financial transaction (Gonzalez & Palacios, 2004). Pages for placing orders give buyers and suppliers a channel to communicate and present a

procedure to deal with each other. A good online financial transaction mechanism can help SMEs conquer the barrier of trust. It should protect both the buyer and supplier's benefit.

Website transaction dimension factors	Related perceived problems
Online order	Communication and trust
Online financial transaction	Communication and trust

Table 6.2 Transaction dimension

6.1.3 Security, Privacy and Authority Dimension

“Security is a paramount concern for e-business website design. Visitors have more confidence in the security of professional-looking sites” (Badre, 2002). However, Jarvenpaa and Todd (1996) found that although some people worried about security, others thought the risk of e-Business was exaggerated. Nonetheless, it is important for the e-Marketplace website to convey a reliable, trustworthy image to its customers online. “This can be achieved through a high quality brand identity and information about the company that summarizes its pedigree” (Chaffey & al., 2000). Confidence can be improved if company contact details are published on the web site (Zhang & von Dran, 2000; Al-Biqami, 1997; Badre, 2002) (Cited in Oppenheim & Ward, 2006).

Security, privacy and authority are important for the trust and communication and can be defined as several factors as following in Table 6.3

Website security, privacy and authority factors	Related perceived problems
Communication security & privacy	Communication and trust
Information authority	Collect relevant information and trust
Financial services	Communication and trust
Financial information security	Communication and trust

Table 6.3 Security, privacy and authority dimension

6.1.4 Navigation Dimension

“Good navigation is essential” (Ivory, 2003; McGovern and Norton, 2002). A navigation system containing clear links that helps to improve navigation for visitors (Ivory, 2003; Badre, 2002; Misić & Johnson, 1999) and also containing a logical structure with different sections and levels helps provide a rational path for users to take (Van der Merwe & Bekker, 2003) (Cited in Oppenheim & Ward, 2006). Navigation relates to collecting relevant information and can be defined as a variety of factors (Gonzalez & Palacios, 2004; Oppenheim & Ward, 2006) including: site map, content list and index relate to collect relevant information. A site map, content list and index on every page are useful for websites. Landmarks, memorable page titles and history trails can also aid navigation (Oppenheim & Ward, 2006).

Website navigation dimension factors	Related perceived problems
Site map, content list and index	Collect relevant information
Key word search function	Collect relevant information
Help function	Collect relevant information
Suitable named links	Collect relevant information

Table 6.4 Navigation dimension

A search function is also considered as an important factor for a website. “It is important that a search function provided is adequate, as they are very often poorly designed and maintained, despite research indicating that three-quarters of online shoppers use this tool to search for products” (McGovern & Norton, 2002). “If the homepage button appears on more than one page, it should be positioned in the same location throughout the site” (Badre, 2002).

The help function should be easy to use. If people have problems with the site then they may be unable to get services from it, resulting in a loss of customers for the organization. Also, if the service they receive is of a good standard then customers may assume that the level of customer service is of a similar standard and be encouraged to use the company because they perceive the company to be reliable. Trenner (1989) offers useful guidance on the design of the online help system. No “under construction” pages should be present (Van der Merwe & Bekker, 2003, p. 335).

Suitable named links are also important to a website. As it states that “There should be plenty of prominent working links that are suitably named so the user knows what to expect from the destination page. Any misleading or broken links are a result of

bad design. A link to the homepage should be a feature on every page in the site” (Ivory, 2003; Al-Biqami, 1997). “Providing links between related products pages is considered good practice” (Zhang & von Dran, 2000). “For example, once a product has been selected, Amazon displays other products that other people purchased at the same time as the item selected. This is an effective tool that can help to stimulate additional sales, as the user is directed to related products and may be tempted to purchase more than they initially intended” (Cited in Oppenheim & Ward, 2006).

6.1.5 Communication Dimension

Communication is perceived as a major problem for SMEs’ international trade business, so it should be considered as an important service of an international trade website. In order to evaluate the communicational capacity of a web site, we identified whether the site contains the following items in Table 6.5 (Gonzalez & Palacios, 2004).

Website communication dimension factors	Related perceived problems
Contact e-mail	Communication
Contact telephone or address	Collect relevant information and Communication
Receive news by e-mail	Collect relevant information
Free e-mail service	Collect relevant information and Communication
Personalization capacity	Collect relevant information and Communication
Entertainment elements	Collect relevant information and Communication

Table 6.5 Communication dimension

Given that websites are often the entry points to a company and visitors typically want to access information about the company, the contact information of the organization should be shown on the main menu page and therefore easily accessible (Gonzalez & Palacios, 2004).

However, website's visitors often look for entertainment elements such as jokes, cartoons, games, screensavers, and others. Like TV-Commercials, websites must increasingly provide information about product and services and at the same time entertain their web visitors (Gonzalez & Palacios, 2004).

6.16 Synopsis of Content Criterion linked to Perceived Problems

In this part, the synopsis is used to examine the relationship between factors, dimension of content criterion, and related perceived problems. This synopsis will be used to evaluate to what extent different aspects of perceived problems are advised by website of e-Marketplaces. The synopsis presents in Table 6.6 as following.

Related Perceived Problem	Dimension's Factors	Criterion's Dimensions
Collecting relevant information	Company background	Information dimension
	Product/service description	
	Daily news highlights	
	Financial information	
	Link to firm home page	
	Business record	
	Search for dealers, agents, stores, etc.	
	External links	
	Site map, content list and index	Navigation dimension
	Key word search function	
	Help function	
	Suitable named links	
Communication barriers	Link to firm home page	Information dimension
	External links	
	Contact e-mail	Communication dimension
	Contact telephone or address	
	Receive news by e-mail	
	Free e-mail service	
	Personalization capacity	
	Receive news by e-mail	
	Entertainment elements	
	Online order	Transaction dimension
	Online financial transaction	
Trust between exporter and importer	Product and service description	Information dimension
	Financial information	
	Business record	
	Communication security & privacy	Security, Privacy and Authority dimension
	Information authority	
	Financial information security	
	Financial services	
Shipping Delay	Check order and shipment status	Information dimension
Complicated export procedure and documents	Search for dealers, agents, stores, etc.	Information dimension
	External links	

Table 6.6 Synopsis of content criterion linked to perceived problems

Access criterion and presentation criterion is not directly relate to the problems perceived by Chinese SMEs' executives. But if the website's access and presentation is poor, these will create troubles related to the perceived problems or being themselves a problem. In the following part we will discuss website access criterion and website presentation criterion.

6.2 Website Access Criterion

Website access criterion is used to evaluate how the existing e-Marketplaces serve their members and what is the cost for their services. So here we consider the member service plan membership cost of the major e-Marketplaces as a dimension of website access criterion. Those are shown in Table 6.7.

Dimensions	Definition of dimension
Member service plan	Services provided by e-Marketplaces to their paid members
Membership cost	Cost for the services provide for e-Marketplaces' members

Table 6.7 Access criteria

We will compare the services that Chinese existing e-Marketplaces provide to their members and the cost of those services to figure out the better performance-to-price e-Marketplaces.

6.3 Website Presentation Criterion

To proceed to the evaluation of website presentation, we refer to Tan and Tung's

research of “Exploring Website Evaluation Criteria using the Repertory Grid Technique: A Web Designers’ Perspective” (2003) [Note]. Presentation dimensions and their definition for website evaluation were selected by them, as shown in Table 6.8.

Dimensions	Definitions of Dimension
Graphics Usage	Refers to the purpose for which they are used and extent of usage, including the quality of graphics and how they are being organized
Text Usage	Relates to the purpose of using a text based interface
Layout/ Space Usage	How web space is utilized to present the features and functions across the pages within the website
Presentation of information	Concerns the implications of using colors, fonts and display styles to present information
Headlines	Covers the objective and extent of headline usage
Categorization of Information	Refers to ways of grouping information on the pages in order to facilitate reading
Color usage	Concerns the usage and choice of colors used
Visual Appearance	How the website looks and the impact it effects
Advertisements/ Pop-ups/Animation	The purpose and extent of usage of such features
Establishing Website's Identity	Various methods designers use to portray its unique image

Table 6.8 Dimensions of Presentation Criterion and definition (Tan & Tung, 2003: page 67)

[Note: Eleven males and nine female web designers participated in their study. They were mostly between 21-30 years of age and had more than 2 years experience in web design. On average, all participants surf the Internet several times a day for up to 5 hours each time.]

Although presentation criterion is not related to any perceived problem, the level of presentation is an important criterion to evaluate an e-Marketplace. Presentation affects the global usage of the e-Marketplaces. Better presentation could make users feel more comfortable to use their services. Contrarily poor presentation could make users feel uncomfortable to use services, so it is important to have good presentation for an e-Marketplace.

6.4 Criteria Marking Method

We will use the standard scoring method developed by Oppenheim and Ward (2006) to assess the major China International Trade e-Marketplaces (CITeM).

The dimensions and factors will be marked based on this scoring method. The ranging of the scoring method is from -2 to +2. The person evaluating the e-Marketplace then rated the extent to which they agree with each statement. A minus to positive range was used to allow marks to be deducted for very poorly designed features (Oppenheim & Ward, 2006):

-2 represents very poor;

-1 represents poor;

0 represents average;

1 represents good; and

2 represents very good.

6.5 China's International Trade E-Marketplaces (CITeM)

In this part, three of China's international trade business e-Marketplaces will be presented for the evaluation. They are DHgate.com, alibaba.com and made-in-china.com.

6.5.1 DHgate.com

DHgate.com is a business-to-business (B2B) comprehensive trade solution provider offering one-stop trade services to international buyers who are interested in purchasing directly from China. They provide their buyers with an efficient and manageable procurement process covering every phase of the international supply chain and streamlining trade channels. DHgate.com is neither a trading company nor a seller, but rather an online business platform where you can purchase directly from China (DHgate.com, 2008). It distinguishes its missions as following (DHgate.com, 2008):

1. To be a one-stop, customized end-to-end trade solution provider serving international buyers.
2. To establish a round-the clock e-marketplace that is transparent, automatic and collaborative.
3. To offer cost-effective trade services by leveraging the latest e-commerce technologies and integrating trade channels.
4. To maximize our international buyer's profitability and competitiveness.

6.5.2 Alibaba.com

As Alibaba.com website explain the history of the website. “Jack Ma, a former English teacher from the eastern Chinese city of Hangzhou, founded Alibaba.com with 18 other founders in 1999 as a trading platform for smaller manufacturers to sell their wares. Since then Alibaba.com has grown into the premier online marketplace for small and medium companies around the world to identify potential trading partners and interact with each other to conduct business online. Alibaba.com was listed on the Hong Kong Stock Exchange on November 6, 2007 and is the flagship business of the Alibaba Group” (Alibaba.com, 2008).

Alibaba.com, as explained by itself, is the world's leading B2B e-commerce company. They provide an efficient, trusted platform connecting small and medium buyers and suppliers from around the world. Their International Trade e-Marketplace (www.alibaba.com) focuses on global importers and exporters and the China marketplace (www.alibaba.com.cn) focuses on suppliers and buyers trading domestically in China. Together their marketplaces forms a community of close to 30 million registered users from over 240 countries and regions (Alibaba.com, 2008).

6.5.3 Made-in-China.com

As Made-in-China.com explains itself, “Made-in-China.com is developed & operated by Focus Technology Co., Ltd. Focus Technology is a pioneer and leader in the field of electronic business in China. Founded in 1996, with the mission of enabling clients to drive cost down and increase sales and profits with effective web-based solutions, Focus Technology has helped many Chinese small-and-medium-sized enterprises compete in international trade, advance into new markets, and meet the needs of their

clients” (Made-in-China.com, 2008).

The target of Made-in-China.com is explained as follows: “With the continuous growth of China export trade & internet users, Focus Technology decided to launch an online trade platform, Made-in-China.com. Made-in-China.com organizes and provides the most complete, accurate and valid information of China products & China suppliers. Nowadays, Made-in-China.com has already become a leading B2B portal especially in assisting global buyers and Chinese manufacturers to make contact and conduct international trade” (Made-in-China.com, 2008).

6.6 Comparative Analysis of Selected e-Marketplaces

In this part, tables include dimensions of website content criterion (information dimension, transaction dimension, security, privacy and authority dimension, navigation dimension and communication dimension) dimensions of presentation criterion and dimensions of website access criterion will be developed in order to evaluate the three major China’s International Trade e-Marketplaces. We will use the criteria marking method to mark each criterion or dimension. Here we will use the scoring method of Oppenheim & Ward (2006) to mark for these three e-Marketplaces.

In the following part, discussion will be made to evaluate the advantages and disadvantages of selected e-Marketplace in order to distinguish what will be needed for a new international trade e-Marketplace that can better serve international trading SMEs in today’s business field. We will evaluate each e-Marketplace by reviewing the marks of related criteria components for each perceived problem.

6.6.1 Collecting Relevant Information

For collecting relevant information problems we get the marks of the three e-Marketplaces' in Table 6.9.

Website factors	DHgate.com	Alibaba.com	Made-in-China.com
Company background	-2	+2	+1
Product/service description	-1	+1	0
Daily news highlights	-2	+1	-2
Financial information	+1	-1	-2
Link to firm home page	-2	+2	+2
Business record	+2	-2	-2
Search for dealers, agents, stores, etc.	+1	-1	-2
External links	-2	-1	-1
Site map, content list and index	-1	+1	+1
Key word search function	-1	-1	-1
Help function	+1	+1	+1
Suitable named links	-2	+1	+1
Total marks of factors related to collect relevant information	-7	3	-4

Table 6.9 Marks of factors related to collect relevant information

For collecting relevant information Alibaba.com provides information on company background (+2), and also provides links to almost all its member's home page (+2). The product/service description (+1) is not presented differently, especially the service description. There is no business record (-2) provided by Alibaba.com. Alibaba.com also provides services on site map, content list and index (+1), help function (+1) and suitable named links (+1). But its key word function (-1) needed to be more detailed.

Dhgate.com and Made-in-China.com received only -7 and -4 points for these factors, meaning their services in this section need to be improved. The DHgate.com website provide services in business record (+2) by collecting customer's every business transaction and giving "Trust score" to them based on it. DHgate.com also provides

some information about financial (+1) and search for dealers, agents, stores, etc (+1). while Alibaba.com and Made-in-China.com do not. But for other criteria of collecting relevant information such as company background (+1), product/service description (0), daily news highlight (-2), link to firm home page (+2), external links (-1), it only provides limited information or does not provide information at all. Made-in-China.com is close to Alibaba.com on many aspects, but does not exceed Alibaba.com. For example, Made-in-China.com uses the same method to provide company background information but the information it provides is not as enough as Alibaba.com provided.

6.6.2 Communication Barriers

We get the marks of communication barriers in Table 6.10.

Website factors	DHgate.com	Alibaba.com	Made-in-China.com
Link to firm home page	-2	+2	+2
External links	-2	-1	-1
Contact e-mail	+2	+2	+2
Contact telephone or address	+2	+2	+2
Receive news by e-mail	+2	+2	+2
Free e-mail service	-2	-2	-2
Personalization capacity	-2	-2	-2
Entertainment elements	-2	-2	-2
Online order	+2	-2	-2
Online financial transaction	+2	-2	-2
Total marks of factors related to Communication	0	-3	-3

Table 6.10 Marks of factors related to communication

For communication, DHgate.com provides services on the transaction part, it provide online order (+2) and online financial (+2) service to its users, but its links to firm

home page (-2) and external links (-2) service are not enough or even non-existent.

The key problem of Alibaba.com is its transaction factor. Alibaba.com doesn't provide any online order (-2) and online financial transaction (-2). It only gives online contact service that users can send inquires or questions to seller. This in return, had a negative impact and earned them 'negative points' for this part. Made-in-China.com is close to Alibaba.com in communication. It provides every service that Alibaba.com provides and thus each does not provide anything significantly different or special.

Also for all three e-Marketplace, they do not provide free e-mail; the personalization capacity and entertainment elements are not enough.

6.6.3 Trust between Exporter and Importer

In this part, we get the marks of trust in Table 6.11.

Website factors	DHgate.com	Alibaba.com	Made-in-China.com
Product and service description	-1	+1	0
Financial information	+1	-1	-2
Business record	+2	-2	-2
Communication security & privacy	0	+2	+2
Information authority	0	+1	+1
Financial information security	+1	-2	-2
Financial services	+1	-2	-2
Total marks of factors related to Trust	4	-3	-5

Table 6.11 Marks of factors related to trust

Alibaba.com and Made-in-China.com do not provide many services on the financial services and business record factors. Even though they provide some Audit services for their pay members, compared with the price and the service we still believe trust is the major problem for them. DHgate.com provides services to solve trust problems such as providing business record, financial information and all these services are free to all its users.

6.6.4 Shipping Delay

We get the marks of shipping delay in Table 6.12 as follow.

Website factor	DHgate.com	Alibaba.com	Made-in-China.com
Check order and shipment status	0	-2	-2
Total mark of factors related to delay	0	-2	-2

Table 6.12 Marks of factor related to delay

There is no service to help buyers or suppliers to solve their delay problems by Alibaba.com and Made-in-China.com. DHgate.com only provides the link of the delivery providers; buyers and suppliers need to check the status on their own on the external site.

6.6.5 Complicated Export Procedure and Documents

The marks of export procedure and documents were shown in Table 6.13.

Website factors	DHgate.com	Alibaba.com	Made-in-China.com
Search for dealers, agents, stores, etc.	+1	-1	-2
External links	-2	-1	-1
Total mark of factors related to complicated export procedure and documents	-1	-2	-3

Table 6.13 Marks of factors related to complicated export procedure and documents

There are just a few external links provided by all three e-Marketplaces and there contains no information about the export procedure and documents. Buyers and suppliers cannot get help they need from all three e-Marketplace.

6.6.6 Presentation

Here we are using the same scoring method (Oppenheim & Ward, 2006) as we mentioned before to mark the presentation criterion. We can get the marks of presentation in Table 6.14.

Dimensions of Presentation Criterion	DHgate.com	Alibaba.com	Made-in-China.com
Graphics Usage	-1	-1	-1
Text Usage	0	+1	0
Layout/ Space Usage	-1	-1	-1
Presentation of information	-1	-1	-1
Headlines	-1	0	-1
Categorization of Information	-1	+1	+1
Color usage	+1	+1	+1
Visual Appearance	0	+1	0
Advertisements/Pop-ups/Animation	-1	0	-1
Establishing Website's Identity	0	+1	0
Total marks of dimension of presentation criterion	-5	+2	-3

Table 6.14 Marks of dimensions of presentation criterion

The overall opinion of all those three International Trade e-Marketplaces (ITeM) is humdrum, similar and doesn't have characteristics. Especially on layout/ space usage, graphics usage and presentation of information, the presentation is bland and does not have the creativity that it needs.

6.6.7 Access Criterion

Each three e-Marketplace offers free membership. But for a better service and credit standing, Alibaba.com offers "Gold suppliers" and "Trustpass" memberships, while Made-in China.com offers "Gold Audited Suppliers" memberships. DHgate.com doesn't have any advance service plan as pay members.

6.6.7.1 Alibaba.com

For the website access criterion alibaba.com get +2. Alibaba.com offers two kinds of paid membership to its users, which are called "Gold suppliers" and "Trustpass". These two kinds of membership will be discussed.

6.6.7.1.1 Alibaba.com Gold Suppliers Membership

Alibaba.com's "Gold Suppliers" are premium suppliers focused on international trade. The services provided are shown in Table 6.15.

The cost of "Gold suppliers" is not presented at Alibaba.com, as alibaba.com Gold supplier member "Spam killer" (2007) said "Gold Supplier is for businesses from China, only. As a Non-Chinese business you can upgrade to TrustPass. You will find a

link in your profile (my alibaba) at the bottom of the navigation. When you click it, it gives you the price. Current price according to my profile for 12 month is 589.00 USD and 24 month 698.00 USD, the 24 month is a special they have until July 20th 2007. Normal price for 24 month is 1,170.00 USD”.

Member Services Plan	Define of the Services
Peace of mind	Avoid dealing with fraudulent or inactive companies by conducting trade with Gold Suppliers, which are verified and authenticated by a third-party credit reporting agency. It assures that when a member contact a Gold Supplier, they are dealing with a legitimate company.
Up-to-date information	Gold Suppliers are reminded on a regular basis to ensure that their profile contains accurate contact details and all their latest product information.
Easy sourcing experience	Gold Supplier profiles show how many years a Supplier has been a Gold Member allowing that the member to gauge the amount of experiences they have interacting with overseas buyers through Alibaba.com.
Pre-establish trust	Finds in-depth information on Gold Suppliers such as management information, standards, certifications and TrustPass details so that the member can know a supplier even before even contacting them.
Tour their facilities	Each Gold Supplier profile includes a virtual tour that takes you through a Supplier's company so you can save the time and expense of actually traveling there.
More products:	Unlike Free members, Gold Suppliers can post an unlimited amount of products online, giving you more products to choose from. Consolidate your orders and save time sourcing by ordering all your products from one place.
Genuine business attitude	Suppliers must pay in order to become listed as a Gold Supplier. That means they truly believe in conducting business on Alibaba.com, and will treat inquiries sent to them seriously.

Table 6.15 Gold supplier services (Alibaba.com, 2008)

We can say, with the services above, the cost of the membership is reasonable. With this membership, the exporting SMEs will have better opportunity then others to extend their exporting business.

6.6.7.1.2 Alibaba.com TrustPass Membership

The cost of a Trustpass member is not presented at Alibaba.com but it shows at Alibaba.com.cn. The prices are 2800 RMB (406 USD) per year for a commercial member and 2300 RMB (333 USD) per year for a personal member.

TrustPass is a certificate issued by Alibaba's third-party credit agency (ACP) that authenticates member's company. This is a real proof to show buyers that the member's company is legally registered in member's country. It also verifies that the member is a legal employee of member's company. It will help business gain immediate trust from Alibaba's buyers and be treated as a serious supplier. As member of TrustPass, a business can contact all of Alibaba buyers without any restriction and get a priority ranking in company or product search results. Also the member can have its own website through Alibaba.com, where a business can post information about its company, products and more to attract more buyers (Alibaba.com, 2008).

TrustPass is the membership alibaba.com provides especially for the trust problems, and the cost for US\$406 or US\$333 is really not a big number.

6.6.7.2 Made-in-China.com

For the website access criterion alibaba.com get 0. Minde-in-China.com offers its users "Gold Audited Suppliers" as their paid membership, the detail of "Gold Audited Suppliers" will be discussed as following.

6.6.7.2.1 Made-in-China.com Gold Audited Suppliers Membership

Gold Audited Suppliers service is provided by Made-in-China.com and SGS to China Suppliers. SGS (www.sgs.com) is said to be the world's leading authoritative inspection institution, which will independently audit suppliers and provide Made-in-China.com and the suppliers with quality reports (Made-in-China.com, 2008).

This service will help global buyers to identify a China supplier's production and trade capability and find qualified suppliers. Member of Audit service can get a self-defined showroom to attract global buyers, have a remarkable icon for buyer's identification. Members also can get a priority ranking in company and product search results and can post more products and other information and enjoy more functions. Members can also get support from customer specialist of Made-in-China.com and make member's products and other information rapidly published in buyer's search results (Made-in-China.com, 2008).

The cost of a Gold Audited Supplier membership is 31100 RMB (4507 USD) per year (Made-in-China.com, 2008).

Although, Made-in-China.com provides many good services such as self-defined showroom for its member and priority ranking in company and product search results, but with the cost of US\$4507 per year, it's too much to the SMEs.

6.6.7.3 DHgate.com

DHgate.com gets -1 for website access criterion, because it does not have any payable membership service plan available for its customers. All the registration is free for everyone and there are no special services like alibaba.com and Made-in-China.com provides for their paid members.

6.7 Key Findings

According to the result of comparative analysis of selected three selected e-Marketplaces, we identified their advantages and disadvantages. The scores of the three e-Marketplaces were shown in Table 6.16 and Table 6.17.

Website Content Criterion			
Perceived Problems	DHgate.com	Alibaba.com	Made-in-China.com
Collecting Relevant Information	-7	+3	-4
Communication Barriers	0	-3	-3
Trust	+4	-3	-5
Shipping Delay	0	-2	-2
Complicated Export Procedure and Documents	-1	-2	-3

Table 6.16 Scores of perceived problems based on website content criterion

	DHgate.com	Alibaba.com	Made-in-China.com
Website Access Criterion	+2	0	-1
Website Presentation Criterion	-5	+2	-3

Table 6.17 Scores of website access criterion & website presentation criterion

DHgate.com is better in communication, trust, delay and solving complicated exports procedure and documents, but weak in collecting relevant information and presentation. For the access criterion, DHgate.com doesn't have any advance service plan as paying members.

Alibaba.com is superior in collecting relevant information, in presentation and in membership services plan, but has weak results regarding trust, delay and membership cost.

Made-in-China.com is inferior to Alibaba.com in collecting relevant information, trust, solving complicated exports procedure and documents and presentation.

Although one e-Marketplace may provide better service in some aspects than others, there is generally no CITeM providing support services for all perceived problems, which means exporting SMEs in China need to offer better services in many aspects in order to make their international trade carry on smoothly.

Since the evaluation of all the websites content criteria, website presentation criteria and website assess criteria have been made, we can define what are the shortages for CITeM, and also what is the service that have not provided yet. So a business plan guideline of a new International Trade e-Marketplace could be developed, which would provide all necessary services for SMEs' perceived problems or help existing

CITeM to consummate itself. All these discussion will be presented next in the conclusion chapter.

Chapter 7

Conclusion

This chapter presents a discussion of the results that were drawn from this research. A business plan is presented to determine the Chinese International Trade e-Marketplace (CITeM) which can help SMEs' solve their perceived problems. In addition, research limitations are specified. Finally, future research plans are outlined.

7.1 Review of Major Contributions

The purpose of this thesis is to determine a typical International Trade e-Marketplace, which can help SMEs' solve the problems they perceived in their day-to-day international trade business. Based on our research of China's exports process and the problem scenarios of this process, we identified the potential problems that may exist in SMEs' day-to-day international trade business.

A questionnaire based on those potential problems was used in field research to interview China's exporting SMEs' executives. 28 SMEs' executives were interviewed in China and the first hand information about their ideas, opinions and suggestions were collected. The Nvivo software was used to analyze all of the questionnaires. Based on the analysis results, we investigate the problems perceived in those SMEs' executives' international trade business.

Based on problems perceived by Chinese exporting SMEs' executives, a comparative analysis to evaluate today China's International Trade e-Marketplaces was made. The

results of this evaluation showed that CITeMs all have their advantages and disadvantages, but none of them provided enough services which could solve all the perceived problems Chinese exporting SMEs had.

The guideline of business plan is developed in order to determine the International Trade e-Marketplace which can help Chinese exporting SMEs' solve their perceived problems. This guideline will define a better way the services that a CITeM should provide to respond to problems perceived by Chinese exporting SMEs.

7.2 Business Plan Guidelines

In order to answer the perceived problems given by SMEs' executives we developed guidelines for a business plan regarding a better supportive International Trade e-Marketplace. Such an e-Marketplace should at least have the following characteristics:

- As collecting relevant information is one of the major problems for Chinese exporting SMEs, the e-Marketplace should provide simpler services to lower education level and older people in order to get them involved.
- The e-Marketplace should increase its information quality and find an efficient way to lead its users to collect relevant information. It also needs to validate the information it provides to increase its users' business success ratio. Audit services like validating information by an authoritative third party could be provided, but the cost of the service should be reasonable.
- The e-Marketplace should not only focus on buyer or suppliers' information but would also need to provide information about dealers, agents and brokers. As an analysis result, dealers, agents and brokers could be helpful for exporting SMEs in collecting relevant information or dealing with the complicated exports procedure. For the same reason links to related government websites should be

provided by this e-Marketplace.

- Since communication is an important part of a successful international trade business, the e-Marketplace should provide communication channels between foreign suppliers and buyers. Services like versions of different languages, auto translate tools, online chat and others should be provided.
- The personalization capacity should be offered by the e-Marketplace in order to give suppliers and buyers a better environment to show themselves. Suppliers and buyers should be able to design their own webpage within the e-Marketplace, so they can emphasize the information which they believe is important.
- Check order and shipment status services should be provided by the e-Marketplace in order to give suppliers and buyers an opportunity to reduce the damage of shipping delay to the minimum. Also for the same reason the link with dealer and freight agent need to be offered by the e-Marketplace too.
- In order to help Chinese exporting SMEs to simplify the export procedure and documents, the download link of electronic export documents should be provided if available.
- The e-Marketplace should have its own characteristics; the presentation should meet the presentation dimension discussed in chapter 6, and in particular offer flexibility and richer content.

As a result, if an International Trade e-Marketplace could provide enough services for each aspect above, then this CITeM would be able to help solve a great part of the perceived problems for SMEs in their international business, and even give SMEs opportunities to extend it.

7.3 Limitations of the Thesis

Despite the exploratory nature of this research, we have noted several limitations.

A first limitation is the fact that we cannot guarantee that we have been exhaustive in identifying potential problems.

The size of the sample in the field research is one of the limitations of this thesis. We interviewed 28 China's exporting SMEs' executives with the questionnaire. More SMEs' executives' respondents could bring more information to us and could make our analysis more instructive.

The restricted outlook to China is another limitation. In this thesis we only interviewed China's SMEs' executives, where outlook from Canada, or another country, would give another complementary point of view.

Another limitation of this thesis is that we interviewed Chinese exporting SMEs' executives only from three major export cities of China, which are Tianjin, Shenzhen and Qingdao. Chinese exporting SMEs' executives' respondents covering more parts of China could make the research more instructive.

The objectivity of the marks given to the criteria in the comparative analysis of CITeMs represents another limitation. In the study, the marks for each criterion were granted by the researcher. We did not get external validations for the CITeM comparative analysis, but more external validation could be beneficial for our analysis results.

7.4 Future Research

Several findings emerged in this study suggesting that further research be undertaken.

There are many informative findings in this study, especially in the field research of the China SMEs' executives. Among the many findings, some deserve to be deepened for studying international trade and SMEs.

Internet is becoming important for exporting SMEs to find new foreign customers, but it still needs to get lower education level and older Chinese SMEs' executives involved. What kind of changes or services should be provided by internet in order to get these SMEs' executives involved could be a direction for future research on internet services.

Method of payment concerning the SMEs engaged in international trade is certainly a promising research topic. Payment methods represent an important factor. Most Chinese exporting SMEs consider it as the protection for their export business, and they believe payment issue is one of the two major barriers in their export business. How to design payment methods to be more reasonable for both exporter and importer in order to solve the problem could be an interesting topic for a new research.

Another aspect relates with collaboration. Most interviewees like to do collaboration with foreign customers, but most of them just want limited collaboration. If a limited collaboration is implemented, what kind of impact could it make on international trade supply chain management and on international trade process? And if full collaboration is implemented, what kind of impact could it make for international trade supply chain management and on international trade process? A research on collaboration of China's exporting SMEs may provide answers.

Implementation of visibility on global supply chain could be a topic for future research. In this study, most interviewees have positive opinion of implementation of visibility on global supply chain. But no one can really tell how it works with today's global supply chain. Visibility on global supply chain could play a major role and the research on this could be expected.

As an interesting result of this research, more interviewees from electric appliance industry think the exports procedure is less complicated than interviewees from other industries. Why do interviewees from electric appliance industry have different opinion about the export procedure to the other interviewees from other industries? How do Chinese export SMEs' executives from electric appliance industry deal with their exports procedure? Do they have a special idea to make the procedure not as complicated? A new research could link to these questions and develop a way to simplify the exports procedure.

There is much to be done in the area of international trade and SMEs. Hopefully, this study will be a stepping stone to additional research in the future.

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Appendix I

Conditions for International Trade Permission-Business in Special Economic District

If the business is register in a special economic district (Shenzhen, Zhuhai, Shantou, Xiamen & Hainan special economic district), it can get the international trade permission at the foreign trade department of the special economic district, and it has five conditions:

1. Registered at the special economic district's administration department and has the artificial person qualification. The business has to have no less than 2,000,000 RMB registered capital;
2. Business has fixed manufacture location and equipment, and has already started to work;
3. Business has specific prosecution extension;
4. Business has required location, capital, and career man to do the international trade;
5. Other conditions required by law or administrative rule of law.

Appendix II

Conditions for International Trade Permission-State Business

There are three conditions for a state business to apply the international trade permission:

1. Business has to have no less than 5,000,000 RMB registered capital (Minority and Midwest area no less than 3,000,000 RMB), mechanical and electronic business no less than 2,000,000 RMB;
2. Business has fixed manufacture location and equipment, and has required location, capital, and career man to do the international trade;
3. Business has been put into production, and has eligible product to do export.

Appendix III

Conditions for International Trade Permission-Business belongs to State Scientific Research Organization

There are two conditions for the business belongs to state scientific research organization, to apply the international trade permission:

1. Business has to have no less than 2,000,000 RMB registered capital;
2. Business has to have its own technological product or technology to do export;

Appendix IV

Incoterms

Incoterm	Description
EXW--- EXWorks	The exporter's minimum responsibility is to make the goods available at the specified location. The customer accepts all other risks and costs.
FCA--- free carrier	The exporter delivers the goods into the custody of the carrier at a specific place. The buyer then assumes all risks and costs.
FAS--- free alongside ship	The exporter's obligations are fulfilled when the goods have been placed alongside the principal ship at the dock or specified port. The buyer then assumes all risks and costs.
FOB--- free on board	The exporter's obligations are fulfilled when the goods are placed on board the ship by the exporter. The buyer then assumes all risks and costs.
CFR--- cost and freight (used for marine transport only)	The exporter pays all costs necessary to transport the goods to the named destination. Risks are transferred to the buyer when the goods pass over the ship's rails.
CIF--- cost, insurance freight (used for marine transport only)	Same as for CFR, but the exporter must also provide marine insurance.
CPT--- carriage paid to	The exporter pays the freight to a named destination. The buyer then assumes all risks and costs.
CIP--- carriage and insurance paid to	Same as for CPT, but the exporter must also provide insurance. The buyer then assumes all risks and costs.
DAF--- delivered at frontier	The exporter's obligations terminate when the goods are delivered to the specified frontier. The buyer is responsible for clearing customs. The buyer assumes all risks and costs from this point on.
DES--- delivered ex ship	The exporter pays all transport costs to a named port but does not clear the goods through customs. The buyer then assumes all risks and costs.
DEQ--- delivered ex quay	The exporter pays all costs to the quay, including customs clearance costs. The buyer then assumes all risks and costs.
DDU--- delivered duty unpaid	The exporter pays all costs to a named destination, excluding duty clearances. The buyer then assumes all risks and costs.
DDP---delivered duty paid	The exporter pays all costs right to the customer's warehouse.

Appendix V

Questionnaire

Section I: Personal Information

First Name _____, Last Name _____

Age _____, Gender _____

Position _____, Years at this Position _____

Level of Education

- High School
- College
- Bachelor
- Master
- Doctor
- Post Doctor

Number of years in export business _____

- Language
- Chinese
 - English
 - French
 - Other

Section II: Organization Information

Business Name _____

Open since year _____, Export since year _____

Major Products _____

Percentage of Exports out of the Total Sales per year _____%

Major Countries of export _____, _____, _____

Percentage export to Canada of the Total Exports last year _____%

Section III: Perceived Problems

Q1. Please tell me by which way you can find a new customer oversea?

Q2. Do you use internet search as a major way to find new customers oversea?

Q3. Which of these phrases best describes your overall opinion of searching new customer information on the internet?

- | | |
|-----------|---|
| Very easy | 1 |
| Easy | 2 |
| Normal | 3 |
| Hard | 4 |
| Very hard | 5 |

Q4. In you experience are there others ways to find relevant information?

Q5. In which way you can prove the information you found is relevant?

Q6. Which of these phrases best describes your overall opinion of proving the valuable of the information?

- | | |
|-----------|---|
| Very easy | 1 |
| Easy | 2 |
| Normal | 3 |
| Hard | 4 |
| Very hard | 5 |

Q7. What do you think are the major barriers for you to find right customer oversea?

Q8. In your opinion, what kind change or innovation can help SMEs conquer the barriers in Q7?

Q9. In which way different languages are barrier to communicate with your foreign customers? Please explain.

Q10. In your opinion, what kind change or innovation can help SMEs conquer the barriers in Q9?

Q11. Which of these phrases best describes your overall opinion of the affect of time differential between you and your oversea customer?

Rarely	1
Seldom	2
Normal	3
Often	4
Very often	5

Q12. In your opinion, what kind change or innovation can help SMEs conquer the barriers in Q11?

Q13. Please put the following communication modes in the order in which you prefer them, starting with 1 for your first choice through to 5 with your least preferred:

1. Oversea long distance phone call
2. Fax
3. Mails
4. Express
5. Internet services like e-mail

Q14. Compare with the communication modes above what is your expectation on the new communication mode?

Q15. Do you have experience lost of business regarding to lack of trust between you and your oversea customer. Please explain.

Q16. What for you are the major barriers to build up the trust with your over sea customer? Please explain.

Q17. In your opinion, what kind change or innovation can help SMEs conquer barriers in Q16?

Q18. What for your oversea customer are the major barriers to build up trust with your company? Please explain.

Q19. In your opinion, what kind change or innovation can help SMEs conquer the barriers in Q18?

Q20. In which way are you trusted oversea customers based on knowing customer's previous business record (for example other supplier's feedback). Please explain.

Q21. In which way experience play an important role to build up trust with your oversea customers?

Q22. Are you willing to collaborate with your oversea customer?

Q23. What kind of collaboration contract you would like to have with your oversea customer?

Q24. In your opinion, what kind change or innovation can help SMEs conquer the trust problems?

Q25. Which of the following phrases best describes your overall opinion of the frequency of shipping delay in your international trade career?

Rarely 1

Seldom 2

Normal	3
Often	4
Very often	5

Q26. Please put the following impacts in order, starting with 1 for the most serious impact to 5 with the least serious impact:

Cost

Over stock

Customer relationship

Market reaction

Financial risk

Q27. Which of the following scale best describes your overall opinion of how long you can get report when the shipment is delay?

Immediately	1
Soon	2
Right in time	3
Late	4
Very late	5

Q28. By which way you receive the delay information?

Q29. What you do when you notice the shipment will be delay?

Q30. In your point of view, is there a way to implement visibility on global supply chain? Please explain.

Q31. In your opinion, what kind change or innovation can help SMEs conquer the delay problems?

Q32. In your company, do you have employee specially working for export procedure?

Q33. Are you consider today's export procedures are too complicated to SMEs? Please explain why.

Q34. Usually how long is it taking to complete an export procedure (from get the exports verifying and writing-off instrument to get the drawback)?

Q35. Which of the following phrases best describes your overall opinion of today's export procedure?

- | | |
|------------------|---|
| Very complicated | 1 |
| Complicated | 2 |
| Ordinary | 3 |
| Simple | 4 |
| Very simple | 5 |

Q36. In your opinion, what kind change or innovation can help SMEs conquer the complicated export procedures?

Q37. Which of the following phrases best describes your overall opinion of the quantity of today's export documents?

- | | |
|--------------|---|
| A great many | 1 |
| Many | 2 |
| Normal | 3 |
| Few | 4 |
| Very few | 5 |

Q38. In your opinion, what kind of support could help you to be more efficiently in doing all export documents?

Appendix VI

问卷

个人信息:

姓名: 性别: 年龄:

职位: 担任此职位 () 年

教育程度:

- 高中
- 大专
- 本科
- 硕士
- 博士
- 博士后

掌握语言:

- 中文
- 英文
- 法文
- 其他

在出口领域工作时间 () 年

公司信息:

公司全称:

成立于() 年, 出口业务开始于() 年

主要产品：

出口占企业全年销售百分比为：

主要出口国：

2007年出口加拿大占公司当年全部出口百分比：

问卷正文：

问题一：请问您一般通过什么途径来寻找海外客户？

问题二：您是否以国际互联网为主要途径来寻找海外客户？

问题三：请您从以下五种情况中选出您认为最符合您对以国际或联网寻找海外客户的感受：

1. 很容易
2. 容易
3. 一般
4. 困难
5. 很困难

问题四：以您的经验除了国际互联网，还有没有其他有效的途径能提供您所需要的信息？

问题五：一般您怎样确认您所获得的信息是正确并且是您所需要的呢？

问题六：以下五种情况中哪种您认为最符合您对验证国际互联网上信息难易程度的感受：

1. 很容易
2. 容易
3. 一般
4. 困难
5. 很困难

问题七：您认为当前针对中小型企业寻找海外客户的最大障碍（困难）是什么？

问题八：您认为什么样的方法或者改变才能够克服在问题七中提到的障碍（困难）？

问题九：您怎么看待不同的语言在您和您海外客户的沟通中产生的障碍？请具体解释。

问题十：您认为什么样的方法或者改变才能够克服在问题九中提到的语言产生的障碍？

问题十一：以下五种情况中哪种您认为最符合您对时差在您和海外客户沟通中产

生影响的感受？

1. 很少的
2. 不经常
3. 一般
4. 经常
5. 频繁

问题十二：您认为什么样的方法或者改变才能够克服在问题十一中提到的时差产生的影响？

问题十三：请将以下五种沟通方式按您与海外客户联系的喜好从高到底的顺序排列：

1. 国际长途电话
2. 传真
3. 信件
4. 特快专递
5. 国际互联网服务（e-mail 等）

问题十四：通过对以上五种联系方式的对比，您对新型联系方式有什么要求和期望？

问题十五：你是有过因为互相不信任，从而错失了和海外客户合作的良机呢？请

具体谈一谈。

问题十六：你认为对于国内生产企业来讲，建立和海外客户之间信任的最大障碍是什么？

问题十七：您认为什么样才能够克服在问题十六中提到的建立与海外客户之间信任的障碍？

问题十八：在您看来，海外客户对于建立和国内生产企业之间相互信任的最大障碍是什么？

问题十九：您认为什么样才能够克服在问题十八中提到的让海外客户建立对国内生产企业的信任的障碍？

问题二十：您怎样看待了解客户过去商业记录（如其它供应商对该客户的反馈及意见等）对于建立您和该客户之间信任的影响？

问题二十一：您怎样看待经验在建立您和海外客户间互相信任中所起到的影响？
比较重要

问题二十二：您是否愿意和您的海外客户进行信息共享的合作？

问题二十三：对于您的海外客户，您可以接受何种程度上的信息共享合作？

问题二十四：在您看来什么样的机制或是改变才是解决国内生产企业和海外客户间相互信任问题的最好方法？

问题二十五：以下那种情况最符合您对于运输延误在您出口业务中产生频率的感受：

1. 很少的
2. 不经常
3. 一般
4. 经常
5. 频繁

问题二十六：请您从以下选项中选出运输延误对于出口企业所产生的不良影响，如果选项中并未列出，请您指出。

1. 额外开销
2. 货物积压
3. 客户关系紧张
4. 市场回馈
5. 财务风险

问题二十七：请从以下衡量标准中选出最符合您对从发生运输延误到您得到延误

通知的速度的描写。

1. 立即
2. 很快
3. 及时
4. 慢
5. 很慢

并请做出具体解释。

问题二十八：一般您是通过何种途径得到运输延误的报告的呢？

问题二十九：当您得知运输将会延误时您会怎么做？

问题三十：站在您的角度上，您认为对于全球供应链贯彻全程可视是可行并且有利的么？请分析。

问题三十一：在您看来什么样的机制或是改变才是解决或是降低运输延误对您企业影响的最好方法？

问题三十二：在您的公司是否需要员工专门负责出口程序的操作？

问题三十三：您认为当前的出口流程对于中小型企业来言是否过于复杂？请说明您的理由。

问题三十四：一般一套出口流程（从领取出口核销单到拿到出口退税）需要多长时间才能完成？

问题三十五：请从以下描写中选出您认为最能描述您对当前出口流程的感受的一条：

1. 非常复杂
2. 复杂
3. 正常
4. 简单
5. 非常简单

请给出您的理由。

问题三十六：在您看来什么样的机制或是改变才是解决复杂出口流程对企业影响的最好方法？

问题三十七：以下哪像描写最贴近你对现在出口所需文件数量及种类的感受：

1. 非常多
2. 多
3. 正常
4. 比较少
5. 很少

问题三十八：在您看来什么样的机制或是改变才是解决大量出口文件操作对企业影响的最好方法？