

2 Making the E-Commerce Connection

E-commerce has dramatically changed the business landscape and will continue to do so in ways that cannot be predicted. E-commerce offers major advantages to the small business exporter. These include quick and easy access to tremendous amounts of information, and the ability to sell goods and services virtually anywhere in the world.

One can gather and review significant amounts of information in a fraction of the time it took before the Internet—the vehicle responsible for e-commerce—was widely available. In addition, it is no longer essential for the buyer, seller and distributor to be in the same geographic location. As Peter Drucker says in *Managing in the Next Society*, “E-commerce does not merely master distance, it eliminates it. There is no reason why... the vendor has to be in any particular place.”

For many small business owners already conducting e-commerce, these points are well known. But for those new to the concept, this chapter will introduce a new way doing business and explain how you can use e-commerce to your advantage.

Greg Norton, Vice President of Sales for Algonquin Studios (a web and enterprise software solution company), shares his personal experience using e-commerce to facilitate an exporting venture: “The saying ‘perception is reality’ is particularly true in terms of the web. The more professional your site looks, usually accomplished by adding some decent stock photography and a clean layout, the more credence the overseas buyer will put in your operation.” Additionally, the web allows you to provide information in the native language of your target market relatively inexpensively. Add in key words to your META tags (words that highlight what you do) and your site will be indexed by search engines. Surprisingly, the initial investment is often less than the cost to translate and print a brochure. To round out the whole package, tie in credit card processing through your site

and you can simplify one of the most complex issues for small exporters—getting paid. The effect of using the web for international business has been felt in all aspects of the trading process—marketing, sales, fulfillment and payment.” A word of caution to start-up exporters who plan online sales and the use of credit cards for E-Commerce. The unauthorized use of credit cards for international payments is the fastest growing fraud in international commerce, reports NACM, the National Association of Credit Managers. Since banks will have recourse to the seller when a stolen credit card was used for payment, the potential for the loss is a factor to consider. Knowing your buyer is still the best practice but increasingly services to handle the due diligence and payment are available to avoid a loss.

Since this publication is designed for use on-line, it is likely that you are familiar with the World Wide Web. However, if you need information about computers, the Internet, e-mail or setting up your own website, your local Chamber of Commerce and continuing/higher education organizations can provide assistance.

The Essentials: Phone System, Fax, E-mail and Website

At a minimum, your business should have an adequate telephone system and the ability to send and receive faxes. Telephone features should also support worldwide communications and might include the ability to conference with several parties at once. Adding one or more parties to a telephone call can be useful in closing a business deal. Communications can be more effective when you, your overseas customer and your overseas agent can be linked by a conference call. Another feature might include the ability to store and automatically dial the numbers you call most frequently. Because overseas calls typically involve dialing at least 14 digits—a special prefix (usually 011) followed by a country code, a city code and then the local number—automatic dialing can save you time, plus the need to look up each number.

Voice Mail

Competition at the local level can be intense in countries where you plan to sell your product. Closing the time zone gap between your U.S. office and your customer’s foreign location can give you a competitive advantage. Plus, foreign prospects and customers should have the option of contacting you outside of normal business hours. Voice mail or a personal answering service may accomplish this. To your benefit, voice mail systems can now respond in several languages and guide callers to price quotes or service information even when your business is closed for the day or weekend.

Note: you should be able to retrieve your messages from any place in the world.

Facsimile (Fax) Machines

To quickly deliver important documents to overseas customers and financial institutions, there is no substitute for a fax machine. However, for simple communications purposes, the fax has become less important. E-mail is becoming increasingly common around the

world and often used instead of faxing. In addition, since software enables computers to send and receive faxes, the need for a fax “machine” is limited. Note: because inbound computer faxes are usually captured as photos, you can obtain optical character recognition (OCR) software to convert the text into a computer-readable format. This will allow you to manipulate the text. If your signature is required, software can be used to paste your signature onto a document to be faxed (since a signed fax may be just as valid as a hand-signed document sent through the mail).

E-mail

Today, e-mail is the primary method many large businesses use to communicate internally as well as externally. It is an inexpensive and expeditious way to stay in touch with employees, contractors, customers, agents, etc. E-mail is very important since it is a method in which many of your customers may choose to correspond. If you decide to sell your product or service exclusively on the web, it will be an essential means of communication for everyone with whom you do business.

Website

A website can be an inexpensive and highly effective way to market your product or service globally. Before developing a site, however, you need to be aware of regulations and technical details that may affect the ability of potential customers to view your site. In addition, certain technical methods used to build websites may help or hinder others in their attempt to locate your site using search engines.

When designing a website, it is generally true that “less is more.” Numerous images, for example, can make a site attractive but time consuming to download. When designing your site, make sure that people with a variety of computer capabilities can easily access your site. A site that takes a long time to download will turn people away. Images are not the only thing that should be limited. The text should be concise, well organized and designed to make it easy for visitors to find what they are looking for. Contact information and links should allow the visitor to quickly find more information. Language accessibility is another point to consider. It is important to offer information in the language of each country where you plan to export. This also is true for the website.

Personal Computers, the Internet and Software Power

In a small firm, a basic personal computer (PC) with high-speed Internet access will meet most of your business needs. By having the following PC system basics, the small business exporter should feel confident that he or she has the essential tools needed to operate effectively:

- Word-processor
- Spreadsheet software

- Database management
- E-mail software
- Contact management software that maintains contacts (e.g., electronic rolodex) and keeps a history of communications (a very effective system will allow you to view customer information on-screen while speaking on the phone)
- Antivirus software that scans e-mail and files to prevent computer corruption
- Firewalls to prevent unauthorized communication to and from your PC
- Accounting/billing software (pre-packaged, off-the-shelf or customized to your needs)

Marketing

Marketing products and services through the Internet can be relatively easy, especially for small businesses with limited resources. There is a low cost of entry and your marketing plan can range from a simple brochure to a full-blown e-commerce website.

Export-Focused On-Line Services

Trade leads from international companies seeking to buy or represent U.S. products are gathered by the United States and Foreign Commercial Service officers worldwide and are available from the U.S. Department of Commerce (DOC) (www.export.gov). The SBA offers information on managing and expanding your business, software for small businesses and gateways to other online services.

The International Trade Data Network[®] (ITDN) (www.itdn.net) provides access to export, import and other trade-related information. From current events to comprehensive country, industry and market reports, ITDN has been a nationally recognized aggregation and distribution leader for years. The ITDN is a non-profit, data multiplier that provides the business community with the timely, detailed market intelligence needed to become competitive in the global arena.

Electronic Banking

Your computer can expedite the financial tasks of your export business. Banks often provide electronic access to your account balances and statements, and can e-mail letters of credit, collection on consignment agreements and wire transfer acknowledgments directly to you. In addition, many accounting packages interact with on-line banking services.

Electronic Data Interchange

Electronic Data Interchange (EDI) is the electronic transfer of transaction information from computer to computer in an agreed-upon standard format. It is designed for very specific use and may benefit your business. EDI is most useful when information exchanged is fully integrated into your order-entry, delivery and inventory systems. Because EDI allows you to forego entering information manually, a number of common

mistakes can be avoided and valuable time can be saved. If your communications resources are limited, service bureaus can handle EDI for you.

Tracking Shipments Electronically

Most air express companies now offer the ability to track your shipments on line. With the click of a mouse, you can see where your shipment is located, when it was delivered, whether it was delayed in customs and who received the shipment. Freight forwarders and trucking companies also benefit from electronic tracking as they move goods and services across international borders.

The E-Commerce World

While e-commerce has vastly expanded the opportunities for small business exporters, it is important to keep in mind that there are varying levels of technical ability throughout the world. For example, a web-based marketing plan that works well in the UK may not be viable in certain developing countries due to lack of technical infrastructure. With this in mind, you will need to identify the best export markets to pursue. Chapter 3, “Identifying International Markets,” will help you achieve this.