

1.Title: The Impact of Electronic Commerce on Taiwan Small & Medium Enterprises

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**THE IMPACT OF ELECTRONIC COMMERCE ON
TAIWAN SMALL & MEDIUM ENTERPRISES**

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ABSTRACT

There were one million forty-five thousands small & medium enterprises in Taiwan with the ratio 97.76% of the total amount of enterprise up to 1998. In order to develop the international markets, almost 40.11% of enterprises must rely on the international trading companies. Therefore the existence of international trading companies was very important certainly to help the small & medium enterprises in Taiwan to enter the international markets. Recently, the types of international trade become diversiform, because of rapid growing-up in EC. Could the traditional exporting functions be replaced by internet? To find out the answers, we first investigate the export trading enterprises in Taiwan by utilizing the questionnaire in order to find the items of export activities that are affected seriously by E-commerce. Beside, we also discuss deeply with the third party logistics, publishers of export magazine and advertising agencies in order to realize how the export trading companies played a new role against the application of E-commerce by above mentioned industries. From the empirical results, we find that due to the impetus of E-commerce, the advantage of "International information asymmetry" which was relied by exporters in the past disappear gradually. At the same time, the export trading companies are very active in using the related hardware & software to respond the impacts of e-commerce on the related activities. Furthermore, by interview deeply with third-party logistics and trading advertising agencies, we find that the impact on export trading companies is not so large as we expected. The E-commerce platform providers still play an assistant role to promote the opportunities of transaction for exporters. The relationship of cooperation between trading advertising agencies and export trading companies didn't change. Anyway, Ecommerce is a necessary instruments of survival for exporters.

Key words: Electronic Commerce,
Value Chain, Export Trading Company

INTRODUCTION

Taiwan is an island-type country that lacks for natural resource. The international trade is the main power of growing-up of Taiwan's economy. The eighty thousand of small & medium international trading companies in Taiwan play a very important role in economic development.

Recently, the unlimited trade opportunities in internet with the characteristics of high-speed information transmission, getting information conveniently and operating easily by

everyone are noticed by more and more enterprises. Many enterprises' application forms the "Electronic-Commerce" (EC). The types of international trade become diversiform, the custom of customer's order changes and service quality of customer's demand becomes more and more strict because of rapid growing-up in EC. For competition and survival, the enterprises must change the mode of production & marketing and the strategy of competition. Therefore, the international trading companies would face the impact of reconstruction because the trading environment changing rapidly.

There were one million forty-five thousand small & medium enterprises in Taiwan up to 1998 with the ratio 97.76% of the total amount of enterprises. For such ratio, 40.11% of enterprises must rely on the international trading companies to develop the international markets. Therefore the existence of international trading companies were very important certainly in helping the small & medium enterprises in Taiwan to enter the international markets.

To small-scale manufactory, Onkvisit & Shaw [10] brought up the ideas that it was not suitable to build up its own marketing and distributing system under the following situations:

- (1) The markets of manufactory were very dispersed.
- (2) The overseas market was too small.
- (3) The demand of new product is uncertain.
- (4) The manufactory didn't have any experience of international marketing.
- (5) The manufactory wished to simplify its activities of business.

The opinions showed above are also suitable for small & medium enterprises in Taiwan.

In this paper, our focus is on export trading companies due to the reasons that export is so important for the small & medium enterprises in Taiwan. Could the traditional exporting functions [10] , such as market information collecting, market planning, customers finding, packing and storage, documents preparing, insurance, customs clearance, financial service providing, transaction risk undertaking, after-sale servicing and so on, be replaced by internet because it provides on-line real-time and cross-international service? To find out the answers of the above questions is the major motive of this paper.

In this paper, by means of surveying and researching of literature, interviewing with the related companies, and summarizing the questionnaire which were filled by related enterprises in Taiwan, we hope to get the answers of the

following questions:

- (1) What are the definitions and operation characteristics of electronic commerce?
- (2) What is the situation of using internet by the small & medium enterprises in Taiwan now?
- (3) How to play the new role by traditional trading enterprises under the environment of EC. ?

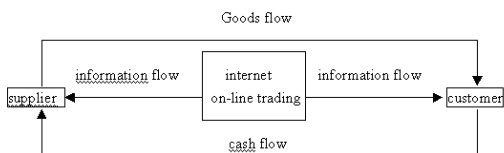
Definitions of Electronic Commerce (EC.)

At the description of the new economy, American Wired magazine made a simplest annotations of electronic commerce : "Doing business by internet, that is E-commerce".

According the book "Electronic Commerce-A Manager Guide" [8] said, there were a series of definitions of E-commerce from different viewpoints:

- (1) From the viewpoint of communication, E-commerce is the information product or service by means of telephone wires、 computer networks or other medium .
- (2) From the viewpoint of business processes, E-commerce is a technical application of automation of business transactions and operations. (According the definitions of IBM、 HP、 COMPAQ, this field which is separated especially from others is called e-Business)
- (3) From the viewpoint of service, Ecommerce is a tool to reduce the cost of service between companies and customers. In the same time, it's also a tool to raise the quality and the delivery speed of products.
- (4) From the viewpoint of networks , e-commerce provides a capability of on-line trading and on-line information service in internet.

The conceptual diagram of E-commerce is shown below:



So far, the classification of E-commerce is:

- (1) Business to Business (B2B): the automated process in order to integrate mutual resource between enterprises and enterprises, to raise the benefit and efficiency of each valued chain, to reduce the operating and trading cost mutually.
- (2) Business to Customers (B2C): to provide the on-line added valued service and transaction , including web site searching (for example, Yahoo) 、 Portal Site (for example, Kimo、 Yam) and sale on-line (for example, Amazon、 CDNowe、 Toys). Most of the E-commerce site which are searched in internet belong to this kind.
- (3) Customers to Business (C2B): customers negotiate prices with enterprises (for example: priceline.com).
- (4) Consumer to Consumer (C2C): customers trade with

customers mutually.

The Characteristic of Operating Environment of E-Commerce

In this paper, we define the characteristics of operating environment of e-commerce as shown below by surveying literatures in the pass:

- (1) Operative environment is full of uncertainty. The reasons are : lack of standard or successful operating models、 changing previous system of physical transaction is difficult、 lack of experts、 lots of enterprises of on-line transaction still get minus profit. Even the large and elder company Amazon.com still did not have benefit until now with it's continuous and large investment. Rapidly grow up in market [7]
- (2) The complexity and frequency of delivery increase because of the unlimited space and time. [4]
- (3) Frequency of order increases.
- (4) Average quantity per order is small.
- (5) More orders with customization and specialization.
- (6) The cost of searching and transaction for customers are decreasing. The cost is very cheap and the speed is very fast when the information is transmitted by internet. At present, there is a site called "bots". Simply input the name of product you wish to buy, the "bots" will get all the information including prices for you from many web site around the world.
- (7) Types of product have the trend of diversification.

The opportunities of direct contact for companies and customers that locate up and downstream of supply chain increase under the environment of E-commerce due to the characteristics show above. In addition, because the information of product and market can be obtained easily, the niche of "International information asymmetry" which was relied by the trading enterprises in the past disappears gradually. With regard to trading enterprises, how to find the new definition of value chain under the trend of E-commerce need immediate attention without any delay.

THE SMALL & MEDIUM ENTERPRISES

The Characteristics of Small & Medium Enterprises in Taiwan

From the viewpoint of industrial structure, fast response to deal with a contingency, flexible management and operation are the main characteristics of small & medium enterprise in Taiwan. With lots of pioneering enterprises in Taiwan, it is helpful to assist elder industry transform into a new style. The characteristics of small & medium enterprises in Taiwan concluded from many literatures are shown below :

- (1) Smaller scale, fast response to deal with the fast change of industry environment.

- (2) Most of industries are labor intensive. The strategy of operation is using labor to replace with capital usually.
- (3) Focus on OEM.
- (4) The risk of operation is small due to the shorter time of return of assets .
- (5) The operation of enterprises toward the exported-oriented.
- (6) Lacks of the concept of marketing. Few of them are engaged in market investigation, so the information of marketing is insufficient.
- (7) The structure of organization is family-type enterprise in most part.
- (8) Labors are deficient. The technique of production is straggly, so the improvement of product is impossible in general.
- (9) The efficiency of production is low. The management of company is hard.
- (10) Lacks of integration along the supplying chain. To expand the scale of enterprise is obstructed.
- (11) The structure of distribution channel is very complicated. It is easy to come up the situation of multi-layer plunder and over benefit. The prices and costs increase finally.
- (12) The main pattern of production is build to order. It will cause the demand uncertainty.
- (13) The credit is not good. It is difficult to be granted a loan because most enterprises lack for capital and can't afford enough mortgages.
- (14) The enterprises are not familiar with finances and accounting management. The expenses of family and company are always mixed because lack of scientific management.
- (15) The capital of proprietor is not enough. It is hard to maintain the enterprises forever. And many decision are constrained by traditional concept of family-type enterprises.

Situation of Using Internet by Small & Medium

Enterprises in Taiwan

According to the investigative results "The investigation of current application of internet in Taiwan", the bottlenecks of application contained six areas. They were :

1. The problems of security
2. Insufficient information
3. Insufficient technical support
4. Lacks of standard transaction system
5. Insufficient band-width of network
6. Restrictions from the law

Among above areas, large-scale enterprise felt difficult to solve the problems of security, lack of transaction system and insufficient band-width of network. Small & medium enterprise felt insufficient support in the problems of transaction system and technical support. The other

bottlenecks were:

1. The category of industries was not suitable to apply e-commerce.
2. The co-operation or integration with each other among the supply chain was very difficult in the real word.
3. Lack of advantage of competition.
4. Didn't believe it can reduce cost by E-commerce.

It was found from the investigative results that nearly 60% enterprises in Taiwan didn't recognize the characteristics of E-commerce to proceed with related activity of integration. In such case, the efficiency of developing E-commerce will be affected.

According to the report "The investigation of current application of internet in Taiwan", which was written by the FIND department of MIC (1999), induces some conclusions as the following. There were 53.7% enterprises utilizing internet among the 74.8% enterprises which use computer in Taiwan. (see Table 1) It is easy to conclude that only 40.2% ($74.8\% * 53.7\%$) enterprises use internet in Taiwan. Even though the ratio of using internet is growing-up rapidly, but the state of application was not popular as expectation.

From table 1, we can find that the service industries get the greatest ratio 20.4% (see table 1) among the 53.7% enterprises that had used internet. The definition of the service industry by MIC includes the industry of international trade, customs clearance broker, publishers of export magazine and advertising agency. In addition, we can also find that more and more manufacturers (11.2% in table 1) create market opportunities by internet. Furthermore, they deal with receiving orders or delivering goods by themselves from internet. In such situation, whether the manufacturers rely on the exporter as past or not, is the main topic in this paper. In advance, We will research the impact of Ecommerce for traditional export enterprises after Ecommerce was used by the third party logistics or publishers of export magazine and advertising agency .

In the beginning, we will discuss the traditional value chain activities for traditional export company

METHODOLOGY

First, we need to confirm the items of activities of export trading enterprise. Value is created through the activities. The combination of value activities called "value chain" by Porter [11] .There are thirty-four items of activities according to the value chain of export trading companies summarized from the literatures. Next, we must investigate the export trading companies in Taiwan by utilizing the questionnaire in order to realize the items of activities that are affected seriously by Ecommerce. Beside, we also discuss deeply with the third party logistic, publisher of export magazine and advertising agency in order to realize how the export trading companies played a new role against the application of E-commerce by above mentioned

Table 1: The situation of using internet by different occupation

Classification of occupation	used	unused	total
farmer, forest, fishing, herd	3(0.1%)	7(0.3%)	10(0.5%)
mineral, extract earth	4(0.2%)	2(0.1%)	6(0.3%)
water and electricity, gas	19(0.9%)	18(0.9%)	37(1.8%)
transportation, storehouse, communication	59(2.8%)	42(2.0%)	101(4.8%)
manufacture	234(11.2%)	149(7.1%)	383(18.4%)
construction building	52(2.5%)	32(1.5%)	84(4.0%)
wholesale, retail, restaurant	38(1.8%)	111(5.3%)	149(7.1%)
banking, insurance, immovable property	67(3.2%)	20(1.0%)	87(4.2%)
Industry and trading Service	426(20.4)	353(16.9%)	779(37.4%)
social service and individual service	107(5.1%)	117(5.6%)	224(10.7%)
public administration	107(5.1%)	117(5.6%)	224(10.7%)
Others	19(0.9%)	24(1.2%)	43(2.1%)
Total	92(0.9%)	89(4.3%)	181(8.7%)

Reference : FIND department of MIC, 1999

industries.

Object and Scope of The Study

The object of study in this paper is the export trading companies in Taiwan. The samples are selected from the reference book "Enterprises Lists in Taiwan" (published by China Credit Information Service Ltd.). There are five hundred eighty-two records of import & export trading companies totally in this book. However, the object of study in this paper is export trading companies. So it is necessary to classify the name lists into three part, the pure import company, the pure export company and the import & export company. After verified record by record, and sift more complete operational record out secondly, we choose two hundred ninety-six companies as the sample of the study. The necessary empirical information in this paper is completely based on the primary data that is collected by using the questionnaire. Interviews by telephone are assistant method also in order to have a quick and kind response. Beside, we interviewed the experts of related companies, including two operators of trading platform, three managers of international trading company and one manger of third party logistics.

Designing the Questionnaire

The main algorithm of questionnaire can be separated into three parts. In sequence, these are (1). What is the activities of export for each export trading company? What is the effect of E-commerce among these activities? What are the items of adjustment in facing the impact of e-commerce? (2) What is the major area of exporting for the most part? (3) The basic information of the export trading companies.

The activities of export shown above are the service that are provided by export trading companies to manufacturers. There are thirty-four variables totally in the questionnaire and these variables selected from the "values chain" of export trading companies shown above. It is very easy to fill the sheet. Simply mark "YES" if the activity was provided. On the other hand, mark "NO" if it wasn't. The Likert 's scale of five quantity is adopted to dealing with the problem of "what is the effect from E-commerce?" and "what are the items of adjustment in facing the impact of e-commerce?". It is measured by self-reports from exporter. The scope of measurement could be divided from 1 to 5. The number "1" represents "small influence", "no adjustment" respectively. On the contrary, the number "5" represents "large influence occurred", "active adjustment" respectively.

EMPIRICAL RESULTS

There were forty-nine samples return. The amounts of available samples were forty-one when we rejected the imperfect answers. The ratio of effective recovery is 18.45%. A simple method of statement-statistics was applied to analyze the available samples and the results were shown below.

Analyzing The Years From Establishment of The samples

The years from establishment are eleven to twenty years for near half of the samples (see table 2). The mean value is fourteen years. Therefore, most of them had the experience of traditional trade and have to face the impact of e-commerce now.

The Major Category of Export Product of Samples

The major category of export product of samples is shown in Table 3. Each company could fill the top three items according to the amounts of export. From table 3 we could find that the major category is the metal ironware product with 18 companies in total. The secondly category was sundries product with 15 in total.

Table 2 the years from establishment of the samples

years of existence	Amount of company	Percentage (%)
Below 5 years	3	7.3
6 – 10 years	9	21.95
11- 15 years	12	29.8
16- 20 years	8	19.51
21- 25 years	5	12.20
26- 30 years	3	2.54
Above 30 years	1	2.44
Total	41	100

Table 3 The major category of export product of samples

classification of exporting product	Amounts of company
1. food	7
2.weave, dress, decoration	4
3.shoe	2
4.leather and related decoration	1
5.chemistry and medicine	1
6.paper product & paper pulp	0
7.plastic	5
8.rubber	1
9.nonmetal and mineral	0
10.product for leisure and sport	6
11.furniture, wood, bamboo and vines	9
12.metal, ironware	18
13.machinery	7
14.electronic & electric engineering	9
15.optics and accurate equipment	2
16transportation vehicle	3
17.sundries	15

Scale Analysis of Samples

The minimum capital to set up a trading company is five million NT dollars in Taiwan. The capitals of available samples are twenty million to thirty million NT dollars in most part. Furthermore, the capitals less than thirty million NT dollars are approximate 80% of samples. In the case of the amount of employees, the numbers are ten to twenty-five in the majority. (see Table 4) Therefore, the scale of samples in this paper is small & medium trading companies with no doubt.

Table 4 Amount of employees of the samples

Amount of employees(persons)	Amount of company	percentage(%)
Less than 10 persons	9	21.95
10-25 persons	17	41.46
26-50 persons	10	24.39
51-100 persons	3	7.32
Greater than 100 persons	2	4.88
Total	41	100

Table 5 Capitals of the samples

Capitals (NT dollars)	Amount of companies	Percentage(%)
5-10 million	8	19.51
10-20 million	19	46.34
20-30 million	6	14.63
30-40 million	3	7.32
40-50 million	3	7.32
Greater than 50 million	2	4.88
Total	41	100

The Major Markets of Samples

The major markets of the export product for samples are the North America. Next region is China and the third is Europe (except East-Europe).

Table 6 The major markets of samples

Region of market	Amount of companies
North America	28
Middle & South America	7
Europe (except East-Europe)	22
East-Europe	9

the Middle East	15
New Zealand, Austria	5
Mainland China	25
South-East Asia (except Mainland China)	11
North East Asia	10
Africa	3

The Major Activities of Samples

It is necessary to list the major activities of samples first in order to realize the items that were impacted by E-commerce. It is shown in Table 7. More than half companies proceed the activities included : attending the international trade exhibition, setting up branch office overseas, providing an show room, sending proposal letters and price list and sample to the potential customers, investigating the credit of buyers, planning the marketing strategy, helping the buyer to find supplier, providing the overseas base of selling, offering inquiry from overseas buyers, packing & marking, arranging the transportation for delivery, arranging insurance, dealing with commodity inspection and surveying, dealing with customs clearance, preparing the trading documents, applying export license or

certification of original or consular visa, expanding new market, visiting overseas buyers periodically, providing service for consolidation.. etc. More than 70% companies have the identical activities that are helping the buyer to find the supplier, offering inquiry from overseas buyers, arranging the transportation for delivery, dealing with customs clearance, preparing the trading documents. According to the major activities, a further investigation would be proceeded for the impact of E-commerce.

The Activities Items Impacted and Serviced by E-commerce

According to table 8, due to the impetus of E-commerce , the advantage of “International information asymmetry” which was relied by exporters in the past disappear gradually. The activities were related with international information of market, such as providing trading opportunity and information, helping the buyer to find the suppliers, offering in according with the inquire from buyers, making advertisement media and catalog, mailing catalog & price list & sample to the potential customers, expanding new market, had a serious effect from e-commerce. At the same time, the export trading companies are very active in using the related hardware & software with E-commerce to respond the impacts of e-commerce on the related items. Anyway, E-commerce is a necessary condition of survival for exporters.

Table 7 The major service items of samples

Activities of export	Frequency (%)
1. provide trading opportunity and information	40.6
2. investigate the overseas market/evaluate macro economic environment of market	46.9
3. give assistance in laws of import & export	18.8
4. attend the international trade exhibition	50
5. set up branch office overseas	53.1
6. provide an show room	50
7. make advertisement media and catalog	46.9
8. send proposal letters & catalog & price list & sample to the potential customers	59.4
9. investigate the credit of buyer	59.4
10. plan the marketing strategy	56.3
11. help the buyer to find the supplier	71.9
12. provide the overseas base of trading	53.1
13. offer according to inquiry from buyer	87.5
14. source and prepare materials for factory	46.9
15. pack & mark	59.4
16. provide warehouses	43.8
17. arrange the transportation and delivery	84.4
18. arrange insurance	83.3

19. deal with commodity inspection and surveying	65.6
20. deal with customs clearance	71.9
21. prepare the trading documents	78.1
22. apply for quota	18.8
23. apply for export license, certification of original, consular visa	65.6
24. make a loan before shipment	34.4
25. be a guarantor for a loan	12.5
26. design the new product	37.5
27. expand new market	56.3
28. set up overseas distribution warehouse	31.3
29. set up overseas maintain & service center	12.5
30. visit overseas buyers periodically	62.5
31. help to solve dispute and claims for trading	37.5
32. give assistance in antidumping contradict	3.1
33. provide service for consolidation	50
34. merge overseas order	46.9

Table 8 The activities items impacted by E-commerce

Activities of exporting	The items impacted by EC		The items serviced by EC	
	Mean	Standard division	Mean	Standard division
1. provide trading opportunity and information	2.1852	0.9214	2.4074	1.1522
2. investigate the overseas market/evaluate macro economic environment of market	2.0833	0.9286	1.9583	1.0826
3. give assistance in laws of import & export	2.0417	0.8587	1.4583	0.7790
4. attend the international trade exhibition	2.2400	0.9256	1.8333	1.1293
5. set up branch office overseas	2.0833	0.8805	2.0417	1.1221
6. provide an show room	2.2609	1.0539	2.0870	1.0835
7. make advertisement media and catalog	2.3333	1.1672	2.00	1.1677
8. send proposal letters & catalog & price list & sample to the potential customers	2.5	1.0632	2.25	1.4521
9. investigate the credit of buyers	2.3182	1.0414	2.1304	1.2175
10. plan the marketing strategy	2.4388	0.8435	2.1304	1.1403
11. help the buyers to find the suppliers	2.5385	1.3336	2.4	1.1180
12. provide the overseas base of trading	2.4167	0.9743	2.3750	1.1726
13. offer according to inquiry from buyer	2.5185	1.0874	2.3704	1.1485
14. source and prepare materials for factory	1.9565	1.0651	1.9565	1.3973
15. pack & mark	1.7391	0.9154	2.0	1.4142

16. provide warehouses	1.9583	0.8587	2.0	1.2158
17. arrange the transportation for delivery	1.96	0.8888	1.68	1.0693
18. arrange insurance	1.8750	0.8999	1.75	1.1516
19. deal with commodity inspection and surveying	1.9091	0.9211	1.7273	1.1622
20. deal with customs clearance	2.08	1.0376	1.92	1.1874
21. prepare the trading documents	2.04	1.0798	1.84	1.2138
22. apply for quota	1.8696	0.9679	1.5652	0.9921
23. apply export license, certification of original, consular visa	1.9583	0.9991	1.7083	1.1229
24. make a loan before shipment	1.7727	0.8696	1.5909	1.0075
25. be a guarantor for a loan	1.7391	0.8643	1.381	0.9207
26. design the new product	1.9130	1.0835	1.8571	1.2762
27. expand new market	2.3750	1.1349	2.0952	1.2209
28. set up overseas distribution warehouse	2	1.0871	1.8095	1.0305
29. set up overseas maintain & service center	1.8333	1.0072	1.3810	0.74
30. visit overseas customer periodically	2.1154	1.1429	2.0	1.1282
31. help to solve dispute and claims for trading	1.913	0.996	1.381	0.74
32. give assistance in antidumping contradict	1.875	0.8999	1.4286	0.7464
33. provide service for consolidation	1.8333	1.0072	2.0	1.1127
34. merge overseas order	1.9583	1.8026	1.8636	1.0821

The Impact on Exporter After Adopting E-Commerce by Third-Party Logistics and Trading Advertising Agency

Due to the strong capability of e-commerce, such as gathering the information of suppliers and buyers, transmitting the trading information of market speedy, being supported by powerful resource of trading software, it is directly supposed that bargain could be made by e-commerce and thus the trading advertising agency who provide the e-commerce platform can replace the role and function of export trading companies. But by the way of interview deeply with third-party logistics and trading advertising agency, the impact on export trading companies is not so large as we expected. The E-commerce platform providers play an assistant role to promote the opportunities of transaction. The relationship of cooperation between trading advertising agency and export trading company didn't change. For trading advertising agency, the E-commerce provides a new media to service their customers. The added value is created through the service of on-line inquiry, market information searching, on-line showroom and the management of customer and order information that didn't provide in the past.

Mutual proof could be obtained from the result of questionnaires that were filled by export trading companies. The impact of e-commerce is not still obvious except the items such as providing trading opportunity and information, helping the buyers to find the suppliers, offering according to inquiry from buyer, making advertisement media and catalog, sending proposal letters & product catalog & price list & sample to the potential customers, providing trading opportunity and market information, expanding new market etc.

CONCLUSION AND SUGGESTION

Even though there are forty-five items of value activities, most companies focus on the major activities that are core advantage against the competitors and with other activities outsourcing. From the questionnaire we can find the major activities include the items of helping the buyer to find the source of goods, offering in accordance with the inquiry from buyers, arranging the transportation for delivery, arranging insurance, dealing with customs clearance, preparing the trading documents etc.

Beside, due to the impetus of E-commerce, the advantage of "International information asymmetry" which was relied by exporters in the past disappear gradually. The activities

which were related with international information of market, such as providing trading opportunity and information, helping the buyer to find the supplier, offering in according with the inquire from buyers, making advertisement media and catalog, mailing catalog & price list & sample to the potential buyers, expanding new market, had a serious effect from e-commerce.

Furthermore, by the way of interview deeply with third-party logistics and trading advertising agency, the impact on export trading companies is not so large as we expected. The E-commerce platform providers play an assistant role to promote the opportunities of transaction. The relationship of cooperation between trading advertising agency and export trading companies didn't change. For trading advertising agency, the Ecommerce helps them to provide a new media to service their customers. The added value is created through the service of on-line inquiry, market information searching, on-line showroom and the management of customer and order information which didn't provide in the past.

As a conclusion, the impact of E-commerce to the export trading industry is still in the stage of tuning. The export trading companies have no choice but to respond the problem induced by internet which can provide on-line, real-time and cross-international service. In general, the operation of related enterprises is in the phase of transformation and they are enjoying the convenient service from E-commerce right now. The E-commerce service which is provided by thirty party logistics and trading advertising agency is gradually eroding the service supported by traditional trading companies such as searching of buyers and information from the market. Furthermore, the niche of export trading companies-"reducing risk of international transaction" should be replaced as UPS express planning to provide the service of finance.. In such case, the trading environment would be reconstructed again. We believe that it is a worthy subject to be researched further.

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