AN E-MARKETING PLAN FOR A CHINESE IMPORT-EXPORT SERVICING COMPANY

by

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PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF BUSINESS ADMINISTRATION

In the
Faculty of
Business Administration
Management of Technology Program

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Fall, 2005

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ABSTRACT

Winper Technology Corporation is a Chinese-based import and export logistics service provider for technology-related products. This paper introduces the company’s current services, customers, organization, and operational model. The paper provides an analysis of internal strengths and weaknesses of the company. The paper then analyzes the competitive position of the company within the import-export servicing industry. The analysis provides advices on how to segment and target Winper’s customer groups by recommending that it position itself as a total solution service provider, providing flexible and customized services.

The analysis then develops an e-marketing strategy and e-marketing plan based on the competitive analysis. The development of the e-marketing plan covers e-marketing objectives, strategies, tactics and control management. The e-marketing plan provides step-by-step instruction on a marketing strategy. Finally, the analysis provides a recommendation on the integration of the long-term marketing strategy with a short-term revenue generation e-marketing plan.

Keywords

E-Marketing
Service Marketing
Import-Export Management
Chinese Logistics Industry
China Trade
DEDICATION

I would like to dedicate this project paper to my wife, Lily, for her support, patient and encouragement through all the process in finishing this paper and my MBA program.
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1 INTRODUCTION TO THE E-MARKETING PLAN

1.1 The E-Marketing Plan Background

Winper Technology Co. (Winper thereafter) is a Chinese, privately-owned company. The company provides import and export logistics services for local and international customers. As competition has increased, the company has realized the need for a marketing plan for its long-term strategy. Winper has increasingly become aware of the importance of e-marketing over the Internet. Although Winper is a small private company, the management team understands that marketing is not merely advertising. Winper’s CEO (the dominant shareholder of the company) believes that online marketing is a new way to market the company’s services. He has noticed that rapidly growing firms like Google, eBay and other Internet portal firms are introducing new e-marketing channels. Some Business-to-Business (B2B) service firms are also providing new e-marketing channels. All these new e-marketing channels allow expenditure control mechanisms. Marketers value channels that include cost control mechanisms.

Winper’s CEO is mostly interested in online advertising based on “pay-per-click”, where advertisers pay only when viewers click on their website link. He also understands that e-business and online marketing will be important in future business development. He hopes to achieve a competitive advantage for Winper through its e-marketing activities. At the same time, the management team also hopes to market its services to the world. Currently, they are focusing only on the Chinese market. The company urgently needs a systematic and practical e-marketing plan to improve the firm’s marketing capability. In 2005, the need for such a plan is a daily topic of discussion in the company.
The company's management team has generated some ideas about e-marketing strategies. They have also considered many tools with which to implement these ideas. However, none of the management team members has much experience, or training, in e-marketing. As well, management feels that they need to understand Internet usage more fully.

The import-export industry is a comparatively mature industry. Managers in mature industries are often less familiar with using new technologies to market their services. As a result, after Winper evaluated its situation, the company decided to use external resources to address the problem. This project is the result. The primary goal is an e-marketing plan. After the company implements the e-marketing plan, the management team should have a deeper understanding of the use of technology in marketing activities. They should also be able to strategically use Internet technology to better manage the company.

1.2 Outline of Analysis

This analysis strategically analyzes the company's current situation, competitive position, marketing practices and alternatives for future marketing strategies. It also provides recommendations for improving the company's marketing strategies and activities. The analysis is organized as follows: in the next section, the analysis provides an introduction to the company, including the company's background, performance, current policy, organizational form, and operational model. Following the introduction, the analysis focuses on the import-export industry situation, as well as the current environment in which the company is operating. Then the analysis provides competitive analysis. In the competitive analysis section, the analysis identifies some significant competitors within the industry. The analysis also examines in detail the strategic groups within the broader industry that impacts the company's competition environment most directly. The analysis uses Michael Porter's (1979) Five Forces model (augmented with the sixth force of government) to analyze the competitive position of the company. In section five, the
analysis summarizes the strengths and weaknesses of the company and points out the issues and problems that the company faces. The analysis also summarizes Winper's current marketing practices and its overall competitive position. In section seven, the analysis especially focuses on developing e-marketing strategic alternatives to address the problems. Then, in the next section, the analysis provides recommendations at business level and at product level. Detailed implementation plans are provided with the budget outline in the final two sections.
2 INTRODUCTION TO WINPER TECHNOLOGY CORPORATION

2.1 Services

Winper's CEO established Winper Technology Co. in early 1990s. The company's mission is to provide import and export logistics services for local and international customers. The primary services provided by the company include: import and export brokerage, customs clearance, agency, transportation, warehousing, consulting, short-term financing and trade certificate application. The company also provides consulting services for importers and exporters. These importers and exporters are mainly from China, although a small portion of them are from other countries. The company represents either of two parties to negotiate the trade terms. When the two parties reach a mutual agreement, Winper signs a contract with the counter-partner on behalf of its represented customer. After signing the contract, Winper arranges payments according to the requirements of the contract. Winper is then responsible for arranging shipping, insuring, and receiving of goods for its clients. When goods arrive at the designated port, the company handles all the customs processes including customs clearance, tariff reporting, quarantine inspection, certificate application for special goods, and customs auditing processes. This process involves warehousing, transportation and repackaging services. After customs clearance, the company then uses a third-party forwarder to ship the goods to other destinations as required by the customers.

Financially, the company is responsible for payment arrangements, such as issuing Letters of Credit, collecting payments, and applying for bank loans as needed. Occasionally, the company needs to pre-pay tariffs and taxes for the customers. Many customers are entitled to
some government tax refunds when they export goods from China. This is also a process that needs special application and the company provides their professional services in this field.

The company's revenue comes from several channels. Winper charges a percentage service fee for providing the above services. This fee is proportionate to the contract amount; the service fee normally is within the range of 0.5%-2% of the amount traded between buyer and seller. At the same time, the company charges a variable consulting fee for high-tech product consultation. The company's core business is on high-tech product logistics services. They have established considerable expertise in this field and are able to achieve more added-value from the high-tech import and export business. Another source of revenue comes from charging a marginal fee for outsourced service. Winper not only collects its actual outsourcing costs, it also charges a margin based on the cost, with the amount varying depending upon the type of services. The real cost of the process is collected with the receipt given to the customers. The consulting fee normally varies according to the specific situation. The company's operational costs are office rent, human resource (HR) headcount and payment for outsourcing services to third party logistics providers. Figure 1 and Figure 2 summarize the company's import and export processes as flowcharts.
The import process includes many different procedures that need professional and specialized knowledge. The company can provide these services separately or in a packaged form.
Export processes are more complex than import involving more procedures, which add value to the company's services.
2.2 Customers

Winper's customers include different kinds of public organizations and private companies from all over the world. Some of these organizations and companies import products to China. The others export products from China. These customers come from a number of different countries. However, 70% of customers originate in China. These customers include local manufacturers, foreign investors, government institutions and trading companies. They have established their own business entities and business relationships in China and world-wide. What they require from Winper is import and export process handling capability. They are familiar with the whole process of import and export, but they outsource these services to Winper for a more efficient operation.

The remaining 30% of Winper's customers are foreign companies that are interested in selling their products in China and sourcing components or products from Chinese manufacturers. These customers have no branch offices in China. They usually have no plans to set up direct branch offices, which have high fixed costs. They use Winper as their agent in China in order to deal with all local issues related to importing and exporting. China has no mature market infrastructure. The complex and volatile business environment in China presents uncertainty for foreign investors that have no local management team. As a result, they would rather pay service fees to purchase these related services. Normally, foreign companies have some business ties with local partners, but they do not want to be involved in the complex logistics process of importing and exporting. They require fast, safe and efficient handling of the whole logistics process. However, there are different needs for different customers. These differences are discussed later in the marketing strategy section of the analysis.

The products imported and exported through Winper are mainly technology-related. The products include high-end servers, network equipment, communication products and other high-tech products. With the recent fast development of the technology sector, the Chinese government has recently issued many new regulations relating to high-tech industries. China Customs has also
released complex rules, codes, and auditing procedures. Winper’s specialization is in high-tech related products, so it has carried out a lot of consulting work for technology import and export in the process of agency and clearance services. These consulting services provide much added value for companies in attracting many new customers and businesses.

2.3 Service and Customer Relationships

Customers have different needs for the services. In order to better understand the relationships between customers and services, the analysis uses a service-customer matrix (Boardman & Vining, 1996) to segment Winper’s customers. Figure 3 uses the vertical axis to list Winper’s services; it then uses the horizontal axis to categorize the potential customers according to their different service requirements. In the Figure, a “Yes” indicates that a service is required by a given customer group. Figure 3 also provides a summary of the services that Winper currently provides. It also shows the different customers’ requirement for these services. The detailed customer segmentation that results from linking services to customers in this matrix is discussed further in later sections.
Figure 3: Winper's Service-Customer Matrix

<table>
<thead>
<tr>
<th>Services</th>
<th>Local Manufacturers</th>
<th>Trading Companies</th>
<th>Government Institutions</th>
<th>Foreign Companies located in China</th>
<th>Foreign Companies located outside China</th>
<th>Pure High – Tech Companies</th>
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<td>YES</td>
<td>YES</td>
<td>YES</td>
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<td></td>
<td>YES</td>
</tr>
<tr>
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<td>YES</td>
<td>YES</td>
<td>YES</td>
<td></td>
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<tr>
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<td>YES</td>
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<td>YES</td>
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<td>Consulting</td>
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<td>YES</td>
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<tr>
<td>International Forwarding</td>
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<td></td>
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<tr>
<td>Packaged Services</td>
<td>YES</td>
<td></td>
<td></td>
<td>YES</td>
<td>YES</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

YES = Customers need related service of the horizontal axis  
*Based on Boardman & Vining, 1996*
2.4 Winper’s Organizational Structure

Winper has now been in the import-export servicing business for over six years. The company has established a comparatively solid customer base and a broad industry network, as well as acquiring specific expertise in import-export business operations. The company’s management team is familiar with different kinds of related government regulations, industry customs and high-tech product knowledge.

Currently the company employs 10 full time employees. They are all senior professionals with over eight years experience in the import-export servicing industry. These professionals have the capability of independently providing customers with satisfactory service consultations and solutions. Five part-time employees are mainly responsible for bookkeeping, recording and administration. The company also employs several on-call commission-based staff. These employees handle shipping, warehousing and daily document transferring among the company, customers and the various port terminals. The company has two branch offices besides its headquarters in Beijing. One is located in Shanghai, the fastest growing economic zone, and the other is in Shenzhen, a city a short distance from Hong Kong. Figure 4 summarizes the company’s organizational chart.

The founder and CEO of the company worked in the logistics department of a multinational IT company for eight years before establishing Winper. He established a large network within the industry during that time. His experience and network helped the company considerably in realizing its current market success. In fact, most of the customers have some ties with his past network. While Winper’s CEO is the dominant shareholder of the company, other senior managers hold the remaining stake of the company.
Figure 4: Winper's Organizational Chart
3 BACKGROUND TO THE CHINESE IMPORT-EXPORT SERVICING INDUSTRY

3.1 The Economic Development Background

China’s economic environment has changed dramatically over the last 20 years. A brief look at the economic and technological environment provides a better understanding of the current industry situation.

China has changed rapidly—from a primarily centrally-controlled economy to a competitive free market environment. As a result, China’s total productivity has increased rapidly. The movement of products, services, labour and human resources has also increased. In fact, China’s Gross Domestic Product (GDP) in 2003 was US$1,457 billion. This amount is 20 times greater than 20 years previously (National Bureau of Statistics of China, 2005). Consequently, the demand for imports and exports has also increased substantially. Customs statistics show the total import and export amount through Chinese Customs in 2004 was US$1,115 billion. This is 26 times greater than the US$42.3 billion in import and export revenues of 1985, when China first began its open market policies (Ministry of Commerce of People’s Republic of China, 2005). Now China has become a ‘world factory’ which requires a wide variety of raw materials, resources, finished products and technologies. The import and export of energy and raw materials for production purpose makes up a large proportion of this foreign trade. As a result, the number of organizations providing import and export services have increased rapidly. As competition has increased, the quality of the services provided has improved over previous years.

The fast development of technology also had a great impact on the import-export servicing industry. Multinational companies hope to take advantage of the large Chinese market
by selling the newest technology to China. China’s large population base helps to quickly cover their high research and development (R&D) cost. The import and export of technology-related products reached US$327 billion in 2004 (Ministry of Commerce of People Republic of China, 2005). This figure represents 29% of the total import-export amount. Information Technology makes up a large share of the technology-related imports and exports.

Government regulations have changed rapidly with the development of the technology sector and the new economic environment. These changes also influence every aspect of the industry. In a later section, the analysis details how government regulations affect the import-export industry.

3.2 A Short History of the Chinese Import-Export Servicing Industry

3.2.1 History – Up to 1985

There are three main stages in the development of the import-export industry. 20 years ago, only large state-owned enterprises had the right to import or export. These large companies had millions of dollars of capital assets and a very tight relationship with the national government. As state-owned companies, they held monopoly power in their core import and export activities. Some representative state-owned companies are listed in Table 1. Although these statistics are from 2003, they illustrate the size and operational scale of state-owned companies.
Table 1: Representative Large State-owned Import-Export Enterprises

<table>
<thead>
<tr>
<th></th>
<th>Registered Capital (US$ in millions)</th>
<th>Employee Numbers</th>
<th>Core Business</th>
<th>2003 Revenue (US$ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Electronics Import &amp; Export Corporation (CEIEC)</td>
<td>900</td>
<td>2200</td>
<td>Electronic product import/export</td>
<td>2330</td>
</tr>
<tr>
<td>China National Machinery &amp; Import &amp; Export Corporation (CMC)</td>
<td>550</td>
<td>3100</td>
<td>Contract international engineering project, importing and exporting mechanical and electrical product</td>
<td>913</td>
</tr>
<tr>
<td>China International Marine Containers (Group) Co., LTD. (CIMC)</td>
<td>750</td>
<td>28,000</td>
<td>Marine Logistics</td>
<td>2,842</td>
</tr>
<tr>
<td>China National Technical Imp.&amp; Exp. (CNTIC)</td>
<td>40</td>
<td>1900</td>
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</table>

Data source: Ministry of Commerce of Peoples Republic of China, 2004
20 years ago, a company without importing and exporting rights had few choices but to follow the same model of doing business. For example, when a company wanted to import computers from the United States to China, it could seek help from China Electronics Import & Export Corporation (CEIEC). CEIEC was authorized by the government to handle all businesses related to electronic imports and exports. The computer was categorized as an electronic product. The company would ask CEIEC to be its sole agent to source and purchase computers. They would sign a purchasing contract with CEIEC and CEIEC then handled all the negotiations with foreign vendors, documentations, payments and shipping for the company. The company paid approximately 70%-100% worth of the goods in advance to CEIEC, CEIEC then issued a Letter of Credit to vendors in foreign countries to buy the goods. After the goods were shipped and arrived at a port, CEIEC was responsible for all of the customs clearance duties. Normally, CEIEC charged about 3-4% of the trade amount together with incidental costs associated with the shipping process. However, the government had some control over service charges and CEIEC could not charge any more for their service in spite of holding monopoly power. A company that wanted to buy computers seldom had any freedom to choose their service provider. The export business followed the same procedure. In fact, CEIEC owned all vendor and buyer information as a middle trader.

3.2.2 Second Stage – 1985 to 1996: Reform

Local companies in China started to have more choices in choosing their import and export agents starting from late 1980s. This increase in choices is attributable to the reform policies of the Chinese government. Besides CEIEC, local companies could reach an agreement with China National Machinery Import & Export Corporation (CMC). They could even sign a contract with China Cereals, Oils & Foodstuffs Import & Export Corporation (COFCO) to import computers. Indeed, the Chinese government tried to reform the whole business system and encouraged competition amongst industry to stimulate productivity. As a result, market efficiency
increased substantially. The reduction of government control was welcomed by all local
companies, but at this stage, starting in 1980s, competition was confined to the monopoly giant
state-owned companies. The government still did not grant import and export privileges to the
public.

At this stage, a number of small private companies managed to establish some special
relationships within the industry regulatory bodies. They used this special relationship to acquire
import-export licenses, albeit paying higher prices than the average. This possibility arose
because government regulations were not as clear during the process of reform. Winper tried to
acquire a license at the end of this second stage. Winper started to do business when other small
companies still had no access to this privilege. This gave Winper an early mover advantage over
many other competitors. While the whole process of import and export remained the same,
service charges dropped to around 2% on average and service quality improved greatly.

3.2.3 Current Situation

China started to prepare to join World Trade Organization (WTO) several years ago. The
government loosened controls over import and export privileges more aggressively to fit WTO
requirements. Every enterprise with one million Chinese Yuan (RMB) registered capital
(US$120,000) could now apply to enter the import-export business. After the government totally
eliminated control on the import and export servicing industry, the number of companies that
registered directly with customs increased to over 50,000 by the end of 2004 (China Customs,
2005). This number was more than 100 times of the number in 1985.

Information dissemination methods have fundamentally changed with the wide
availability of the Internet. The Internet changes the flow and cost of critical information. The
Internet also decreases the added value that traditional import and export service providers deliver.
Local small companies now have the ability to contact and negotiate directly with foreign
partners. As a result, service charges currently have fallen to below 1%, to 0.6% on average. The
focus of service has now shifted from an agency service of signing contracts and sourcing vendors to a more diversified combination. Customers can now obtain services including consulting, logistics, cost reduction, procedure optimization and customs specialization. Some companies specialize only in customs clearance, while others only provide certificate application consulting. As well, other companies deal with only port shipping and warehousing. The market and industry now compete in a more open and transparent environment.
4 COMPETING FORCES IN THE IMPORT-EXPORT SERVICING INDUSTRY

The Chinese market is somewhat immature compared to those in developed countries. However, the import-export industry has experienced major changes in recent years with China’s opening trade policy. The competitive situation has also changed, dramatically and quickly. The following is an analysis of the competition in the industry from a number of different perspectives. This analysis should help the company understand its current position in the market. It also explains the possible e-marketing strategies that the company could pursue.

Figure 5 applies Michael Porter’s Five Competitive Forces model to the import-export servicing industry (Porter, 1979). The model summarizes the key points using the five forces framework.
Based on Porter, 1979

4.1 Competition within the Industry

There are no dominant competitors within the industry. Even big state-owned companies now face direct competition from forces in the open market. With over 50,000 companies competing in this market, competition within the industry is intense and direct. Low cost leadership and differentiation (Porter, 1980) are two alternative generic strategies to compete in
this maturing industry. As the import and export process has become more transparent and standard, it is harder for any given company to effectively differentiate itself from other competitors. As a result, more recently, companies have begun competing more heavily on price. The average industry service fee was 3-4% in 1985, while today the average number is below 0.8%. As a relatively small player, Winper cannot avoid this direct price competition. Nonetheless, Winper has to carefully consider its price strategy, as it is intertwined with its e-marketing strategy. For instance, cost control might be a top priority in supporting the whole marketing plan.

Historically, most companies in the industry have not treated brand identity as an important competitive factor. Customers have been more interested in a reduction of service fees than in considering the brand quality of the import-export servicing firm. This situation has changed slowly but steadily with the development of the Chinese economy. New entrants have begun to benefit by building a long-term brand that signals quality or other basis of differentiation. Effective branding helps them attract more loyal customers. Foreign investment also helps bring in advanced knowledge in brand management. Pure brand advertisement within the industry has increased in recent years. In general, the Internet provides the best platform for brand building. Winper needs to start considering its branding effort over the Internet as part of an e-marketing plan. A close examination of the industry shows that most of the service providers within the industry are still primarily using their websites as an electronic catalogue. There is no major movement toward more sophisticated e-business or branding in the import-export industry. Winper may use this opportunity to acquire an early mover advantage in building the brand through e-marketing initiatives.

The services currently provided are quite standard. They include consulting, agency, forwarding, warehousing, customs clearance, quarantine inspection, certificate application and payment services. Some companies provide piecemeal services, while others are providing full
services. Service differentiation is not distinguished between companies. Branding through service differentiation is not fully established. This provides another good opportunity for small companies like Winper to surpass its competitors through differentiation efforts. Winper’s ability to provide differentiated and specialized services could help the company target its customers more effectively.

As described earlier, competition in the industry has intensified. Additionally, the number of service providers has quickly increased. The strategic group concept (Porter, 1980) is useful in analyzing competitors’ characteristics. A strategic group includes organizations that have similar strategies, follow the same business model and compete on similar bases within an industry (Johnson & Scholes, 2002). The following analysis of strategic groups within the industry provides a better understanding of Winper’s competitive positioning. This analysis divides the whole industry into six strategic groups: state-owned enterprises, shipping agencies and forwarders, customs brokers, self-serve companies, logistics solution providers and small companies.

4.1.1 State-owned Enterprises

State-owned companies are still the big players in the industry. They hold all the major contracts at the state level, such as crude oil trading with gulf countries, Boeing airplane contracts between China and the United States, and other similar strategic investments in international trade. They also have many customer resources, both locally and internationally. These resources are a result of years of monopoly power. Although there are plenty of opportunities for customers to have direct contact with vendors, established customers still trust the reputation and business operational experience of state-owned enterprises. Larger companies have advantages over smaller companies when dealing with complex contracts. The complexity normally involves many aspects such as payment fraud issues, warranty issues, and service quality issues. State-owned companies also have good relationships with banks. These relationships provide them with
greater financial freedom and backing than small companies. When state-owned companies deal with big orders such as airplane imports, the support from banks allows these companies to outperform the competition. Most state-owned companies provide all import-export related services.

The major companies in this group are China Electronic Import & Export Corporation (CEIEC), China National Machinery Import & Export Corporation (CMC), China International Marine Containers (Group) Co., LTD (CIMC), China National Technical Import & Export (CNTIC) and China Petrochemical International Co., LTD (CPIC). These big companies normally charge higher service fees than small companies. However, the IT capabilities of these state-owned companies are not as advanced, and their e-marketing activities are less extensive and sophisticated. State-owned companies still focus on their traditional relationships in order to do business.

Historically, Winper has had no direct competition with companies in this group. The cost, price and amount of Winper’s typical contracts are not at the same level as this group. State-owned companies have strong financial resources to establish their own marketing campaigns. In fact, when state-owned companies’ operational costs are lowered by intense competitive pressure, they might enter Winper’s business realm. Such a possibility will greatly impact Winper’s strategy. There are already some signs of this. State-owned companies have divided their big organizational structures into sub-groups, and they have begun to deal in smaller contracts more aggressively over the past two years.

4.1.2 Shipping Agencies and Forwarders

International shipping agencies and forwarders have always been there to claim a piece of the service market. The representatives of this group include New Times Cargo, Central Rail Express and Maersk Sealand Company. Shipping services and import-export services are highly interrelated. Shipping agencies’ strategy is to bundle shipping services with import-export
services. Since they have large shipping service networks, they have many opportunities to find leads and client resources.

The shipping agencies and forwarders normally have no “total solution” capability. They seldom handle payment or certificate application activities. However, they can handle comparatively easier orders for customers. Their prices are quite low when they bundle import-export services along with shipping. They don’t have separate marketing activities for import-export services, and their marketing efforts focus only on shipping and transportation. The import-export services they provide are only for the support of shipping business. Shipping is where they make their profits. Winper does face some direct competition from this strategic group. Winper must be aware of price competition from companies in this group. In fact, Winper might consider bundling other services that the shipping agencies cannot provide.

4.1.3 Customs Clearance Agencies

Customs clearance agencies specialize exclusively in customs clearance. These agencies have tight relationships with customs offices, quarantine offices and other port bureaus. The speed of customs clearance often drives operational cost. These agencies depend on their know-how, technical skills and good relationships to compete on speed of delivery. Their marketing strategy focuses on their ability to save time and therefore reduce costs for customers. Representatives of this strategic group include Zhong Lian Hai Customs Brokerage Co. and Fast Express Customs Brokerage Co.

Winper will have to consider paying more attention to companies in this group. Ultimately, speed is central to the quality of the services provided by competitors in the industry. All other service dimensions are less useful, if Winper cannot meet customer requirements on speed. Winper is unlikely to be able to compete with this group on the speed of customs clearance. However, it might consider forming a partnership with a company within the group. Winper may be able to use these agencies as suppliers. These agencies provide simple, but effective, clearance
services for customers. This group would not have any competition with Winper in other areas, which could make a strategic partnership possible.

4.1.4 Self-serve Companies

Some companies have developed their own capacity to deal with import and export functions. They only import and export for themselves. Although the costs for them to do this might be quite high, they may save money in the end if they can attain a minimum efficient scale. They can do so when they have high volumes of imports and exports.

This self-serve group can be Winper's competitors as well as its customers. Winper might consider marketing their services to these companies using a price discrimination strategy. In fact, Winper could have a great chance to promote its businesses to this group. However, Winper would need to lower the cost of operations to be more effective in obtaining more business from these cost-sensitive companies.

4.1.5 Professional Logistics Solution Providers

The professional logistics solution providers are TPS Logistics Co. (www.tps-logistics.com), Eternal Asia Supply Chain Management Ltd. (www.eternalasia.com), and Prosper Vision Inc. (www.szpv.com). They provide full logistics consulting services for import and export companies. Many foreign investors belong to this group. They have modern management theory and training, and their local focus helps them understand the industry's customs. Professional logistics solution providers offer total logistics solutions. Normally, they don't provide these services by themselves. In fact, they outsource all import and export services to third parties. Their specific deliverables are documentation and consultation. They behave as the sole contact "window" for the client, making the communication channel as simple as possible. Their services are suitable for companies that hope to outsource all of their logistics functions. Professional logistics solution providers are new entrants to the market. They place
more emphasis on specialized consultation and customization. Solution providers have invaded a large portion of traditional markets.

Recently, Winper has encountered strong competition from these solution providers. This group knows how to use the Internet and new technology to upgrade their knowledge and use it to their competitive advantage. In fact, solution providers have a strong Internet presence. Their e-marketing efforts have increased their brand awareness and popularity. Customers like to compare the price and service quality of Winper directly against these solution providers. Their prices on average are a little higher than Winper, but the superior e-solutions that they provide for customers are a big threat to Winper. How to compete with these companies has to be a major focus of Winper's e-marketing strategy.

4.1.6 Small Business Group

Small businesses entered the market at the third stage, when the government began to lower entry barriers. They have not made large capital investments. Additionally, they do not provide excellent e-solutions for customers, but they do have an attentive attitude toward their clients as well as an extremely flexible service model that they can customize for their customers. They provide entry level consulting services like the solution providers; however, their use of their own operation teams give them a cost advantage over solution providers. They also have established a tight relationship in certain specific markets and customer industries. For example, some of these companies only provide computer import-export services for government lottery management offices. Some of them have good relationships with the quota releasing office. This gives them advantages in acquiring import and export quotas on behalf of their customers. Sometimes, they even issue a 180-day open account for customers. They can minimize payment risk, depending on their good relationship with designated customers. In sum, they can satisfy customer's special requirements with a flexibility that others do not have. This is a niche market segment, appealing to an increasing need for import and export. Winper also faces strong
competition from this group. The competition is on the basis of price, service scope, flexibility and relationships.

Figure 6 uses price (on the vertical axis) and service (on the horizontal axis) to illustrate the competitive position of Winper vis-a-vis these strategic groups. While Winper is in a direct price competition with small business, it is also at a disadvantage when competing with logistics solution providers on service scope.

Figure 6: Winper’s Position Within a Strategic Group Map

4.2 Low Entry Barriers with High Operational Requirement

4.2.1 Low Capital Requirement

Barriers to entry in the import-export servicing industry have been lowered substantially compared to 20 years ago. The elimination of these barriers is the result of government regulatory
changes. This change has resulted in a large increase in the number of new entrants. The legal requirement for registering an import-export company is now 1,000,000RMB (US$120,000) registered capital. Those companies that only import and export their own products without providing brokerage services for others need only US$60,000 to register and operate. As a result, there are now over 50,000 companies providing import and export services.

Technically, there are some other barriers for new entrants such as industry knowledge, customs operation procedure knowledge and customer base. Industry knowledge and customs operations knowledge are now open information and are easily accessible to the public. A company can obtain this information by accessing government websites and industry journals. They may also acquire know-how quickly through field trip practice. The learning process is short for new entrants.

4.2.2 Customer Base Barrier

The customer base is the most serious barrier for every new entrant. Unlike state-owned companies, new entrants normally have no existing customer base to support their initial operations. They must rely heavily on marketing strategies to build a reputation and network in the industry. Service quality is another weapon that new entrants can attempt to use to compete in the logistics industry. New entrants are often willing and able to provide more flexible and customized services. These services are designed for specific customers. Large companies normally only provide standardized service for all customers. However, a new entrant’s service quality is hard for customers to evaluate before a contract is signed. Sometimes, service performance is hard to measure even after the service is provided. Factors affecting service quality are complex. They can be affected by the actions of buyers, sellers, customs, banks, forwarders or quarantine offices. Since service quality is hard to control and measure, customers
are usually not willing to change service providers on this basis, especially in this mature industry. It is hard for new entrants to fight for a market share from this point of view.

4.2.3 Increasing IT Requirement for Operation

Currently, IT use in the industry has required high levels of investment. Many software companies provide a complete logistics system. Such systems have been designed specifically for import and export service providers. Some of the industry pioneers have even tried to set up real-time portals for customers. Customers then may check the status of their goods in real-time, using the service provider's system. Many companies are using IT in an attempt to gain a competitive advantage. However, before customers commit to long-term deals with a specific service provider, they want to evaluate the IT capability and e-business infrastructure. Some enterprises have used the Internet and specialized software to market their services online. Online marketing helps them acquire business opportunities with both local and international clients.

The government has set up the Electronic Port System (E-Port) to facilitate commerce. Enterprises can deal with customs clearance and pay tariffs online using the “E-Port” system. The “E-Port” system links foreign exchange bureaus, customs, tax bureau, banks and import-export service providers over the Internet. This has simplified the whole procedure of import and export. The government also hopes to use the Internet to communicate its policies and new regulations to the industry.

The government’s initiative towards “E-Port” has increased the entry difficulty for new companies because it has raised the level of sunk investment. The Chinese government is pushing effective use of IT to cope with the enormous increase of the import and export business. “E-Port” saves time and reduces costs. It makes the whole handling process more transparent and automatic. “E-Port” requires a great investment in IT infrastructure for those parties involved. Although this investment is still optional at present, “E-Port” will become mandatory in the future.
The industry also predicts that coping with “E-Port” will become a basic survival requirement for every company. This new IT infrastructure investment increases the difficulties of entering the industry. “E-Port” also brings up many complex software and hardware integration issues. These issues create added value for the services procedure, they also increase entry barriers for new entrants. However, “E-Port” gives Winper an opportunity to link its e-marketing activities to the building of new IT capabilities. This is both a challenge and an opportunity for Winper.

4.2.4 Industry Licensing Barriers

Enterprises need to pass a licence application process to deal directly with customs. These enterprises have the authority to handle customs clearance only after acquiring the appropriate licence. This process requires that a minimum number of the company’s employees write a national examination. Customers often like to know how many staff members have passed this qualification within a company. This helps customers evaluate the company’s capability and reputation within the industry. It serves as a point of differentiation between companies. It is also used as a marketing focus and as part of competitive strategy.

Association forums provide companies with networking opportunities. The government also organizes activities, such as trade shows and “round-table” meetings, within the industry. The government tries to stimulate communication between the different parties. Occasionally, the customs office informally invites enterprises to discuss the possibility of improving the infrastructure of government services. These informal opportunities also enable enterprises to strengthen government and industry relationship. These networking opportunities within the industry have gradually formed entry barriers for those new entrants who are not familiar with the industry.
4.3 Arguable Threat of Substitutes

There is always an argument about the potential total disappearance of the import-export servicing industry. This argument arose after the opening of import-export privilege to the public. The theory is that all companies can serve themselves once import and export privileges are totally released to public. Customers do not need service providers any more. This argument believes that the threat of substitutes to the industry is very high.

This analysis would suggest just the opposite. The analysis argues that the need for import and export services will be stronger in the foreseeable future. Figure 7 shows the trend of import-export amounts over the past several years. As the chart shows, import and export amounts are still increasing quickly. As well, customers need more specialized services. The increase in the number of service providers to over 50,000 is a good illustration of the increasing demand for these services. The fast changing nature of international trade relationships and complex foreign trade processes all need professional services. In the future, service styles will be more diversified. The need to handle this diversification of demand will grow substantially. Prices will drop with increasing competition, but the quality of service will also increase. There will also be more room for service differentiation.
The situation at CEIEC is a good illustration of this trend in service differentiation. Traditionally, there was no difference between electronic products in the import and export process. Now, CEIEC has divided its service function into a computer division, a communication product division (dealing with cell phones), and a technology and software division (focusing on pure technology and software without hardware). The total number of CEIEC employees has increased by 12% compared to five years before.

Customer requirements are becoming more specific and specialized. Their need for services has also increased dramatically. The analysis further suggests that the threat of substitutes is growing with the loosening of government control. However, the demand for services is counteracting the threat from substitutes. Competition based on monopoly power will change to competition based on professionalism and specialization. This industry still has a high growth potential, so there is a good opportunity for Winper to focus on other competitive factors, rather than worry too much about the threat of substitutes. It is also worth developing a detailed strategic plan for long-term marketing activities.
4.4 Weak Bargaining Power of Suppliers

The suppliers mentioned here are different from vendors in product trading. The suppliers to import-export services mainly include the following: international forwarders, customs clearance agencies, certificate application agencies, local shipping agencies and banks. Import-export service providers often purchase related services from these entities. Normally, big service companies have their own functional department to handle these activities themselves. Smaller companies often outsource some of the functions to external agencies. This is basically free-market competition. Since there are no dominant suppliers, suppliers’ bargaining power is very limited. Most of the services provided by these agencies are very price transparent. Switching costs for customers are also comparatively low.

The weak bargaining power of suppliers gives Winper easy access to all the resources it needs. All of Winper’s peer companies are in a comparatively equal situation regarding their suppliers. However, Winper’s e-marketing strategy will also need full cooperation from the supplier side. Winper needs suppliers to provide correct and real-time data to cope with its new e-system. In situations where Winper has an advantageous bargaining power position with its suppliers, the company has a greater chance to negotiate a better deal for its e-marketing initiative.

4.5 Strong Bargaining Power of Customers

The customer’s bargaining power has different attributes in different competitive areas. This is different from the supplier bargaining power situation. Small service providers face very strong bargaining pressure from customers. Their services are purely a result of market competition. Although service quality can help retain customer loyalty, switching costs are not high for customers. In fact, customers may switch to another service provider very easily. The situation is different for some large state-owned companies in the industry. State-owned companies still hold some monopoly power over customer channels. Companies such as CEIEC...
and CMC not only provide services, but also act as brokers for the whole contract. They have the power to decide the price of certain contracts. This possibility arises from their historical monopoly situation. They act as the suppliers for those importers, and they also act as the buyers for the exporters. Nonetheless, their monopoly power is shrinking with the rapid development of Internet communications, but they are still in control of a large number of channels. Local customers rely on their channels and financial ability to do business with foreigners. Foreign sellers rely on their local contacts and their state-owned reputation to market their products. These big service providers also have a strong influence in the areas of government relationship management. They have great human resources who understand different languages and cultures. They are also familiar with different business customs. All of these resources mean that customers have less power in bargaining prices compared to their bargaining power versus smaller service providers.

Winper is a small service provider. Winper has no monopoly power over any resources. The company faces strong market and customer pressures in bargaining its deals. How to convey its own strength and advantages to customers is a critical activity when Winper faces strong bargaining power from customers.

4.6 Government – The Sixth Force

The government has loosened its control over import and export substantially with the rapid development of China’s economy. However, government regulations still play a dominant role in the industry. China’s economic situation and technology are changing quickly. The government is trying to keep up with the rapid pace of this change. Nonetheless, the frequent change of policies and rules also brings problems and challenges for management.

Figure 8 highlights the impact of the government force as the sixth force added to Porter’s five forces (Vining, Shapiro & Borges, 2005).
Figure 8: Government Influence as the Sixth Force

Based on Vining, Shapiro & Borges, 2005

As Figure 8 illustrates, government influence impacts multiple aspects of the industry. These are examined in the following subsections.

4.6.1 Tight Foreign Exchange Control

The government keeps tight controls on foreign exchange. The government loosened control when the Chinese Yuan (RMB) began to appreciate. However, free exchange of the RMB with other foreign currencies is still not permitted. Import-export companies can only sell or buy foreign currencies with proof of import and export activities. The tight control over foreign exchange increases customers’ concerns about the availability of capital movement. Additionally, these tight controls increase capital management costs. Before Winper can close a deal, it needs to frequently remind customers of the related capital flow risks and costs. However, sometimes
this open communication has a negative impact on the customer’s willingness to continue to conduct business.

4.6.2 Trade Wars and Trade Barriers

Trade "wars" between China and other countries happen far more frequently than they did twenty years ago. Trade barriers and retaliating tariffs cause great uncertainty and risk to the operations of import and export service providers. These barriers also increase the cost of business for the contract parties. For example, US controls on the high-tech microchip export industry has caused the certificate application process to take much longer. As a result, the operational costs have gone up, while the market value of goods has gone down because of the high depreciation rate of high-tech products. Customers thus suffer from the depreciation in the value of their goods. Unexpected trade wars and trade barriers increase customers’ dissatisfaction with Winper’s ability to correctly foresee and manage these risks.

4.6.3 Complex Customs Clearance Procedures

Reporting systems, strict quotas, and certification rules still apply to every aspect of the import-export operations. Information about these complex processes is not very transparent in the public sector. The rules are always changing. Consequently, this confusion makes productivity levels very low. This situation indirectly affects the quality of service provided to the customer.

4.6.4 Unclear Tariff Code Categorization

Many new products and technologies are trying to gain access to the Chinese market. The managers all hope that the large population will help cover their high research and development cost within a short period of time. When dealing with new products, service providers face product code problems when the new goods arrive at customs. The same products have different
tariff codes at different customs locations, or even at the same custom locations but at different times. Chinese Customs still has not provided a universal solution for the problem. The customs officers and the customers have a different understanding about the characteristics of the products. The enterprises sometimes do not know what the correct tariff and tax structure is. This problem has damaged customer confidence in Winper's capability to effectively communicate with customs. At present, Winper faces these problems frequently. These problems have negatively affected the company's ability to attract high-tech customers.

4.6.5 Tax Refund Policy

Export enterprises have a right to receive tax refunds from the Chinese government. However, the government determines the total budget for these refunds at the start of the year. Export totals have increased so rapidly in the past five years that the refund budget is not enough to cover all export refund applications. The ability to get refunds quickly and efficiently for the customer has become a basis of competition for service companies. In order to stimulate technology development, the government has provided more extensive privileges for the export of technology. It gives technology exports a priority when releasing refunds. Winper has been dealing with technology-related services for quite a long time. Winper has also been able to acquire the tax refund quickly for its customers. However, this advantage may disappear when the government's forecast and management ability improves. Winper may see a negative impact with adjustments to this policy. While the company highlights this advantage in its e-marketing plan, it must also consider a strategy to ensure a smooth transition when circumstances change.

4.7 A Summary of Competing Forces within the Industry

Winper faces strong competition from companies in both the solution providers and the small business strategic group. State-owned companies have also now begun to enter Winper's realm to claim smaller contracts that they have never touched before. At the same time, Winper
faces strong bargaining power from customers. This makes the competition even more intense. However, the weak bargaining power of suppliers gives Winper an equal chance in obtaining the favourable deal when it faces other competitors. Although entry barriers have been lowered, the industry requirement for professionalism has increased. Leveraging its years of professional operation, Winper may be able to counteract some of the threat of easy entry. The increasing demand for import-export service also counteracts the threat from the self-service substitute. While government regulations present many problems for the industry, they also provide advantages for Winper to compete on the basis of its specialized technology-related expertise.
5 STRENGTHS AND WEAKNESSES OF WINPER’S CURRENT MARKETING STRATEGY

Winper’s financial performance in the past years has been acceptable. Profit is quite stable. Nevertheless, the company’s current growth rate is not satisfactory to its shareholders. Over the past four years, the company has had no growth in revenue or profit, and there has been no increase in the number of employees. Winper’s current strategy appears to have failed to utilize all available resources effectively and efficiently. The following is an analysis of the internal strengths and weaknesses of Winper’s current marketing strategy. It is not an analysis of Winper’s overall internal strengths and weaknesses. That is beyond the scope of this analysis. This analysis tries to identify the reasons for zero growth as well as areas for improvement through a new e-marketing plan.

5.1 Well-Maintained Customer Relationships

Winper’s strength is in successfully maintaining several big, loyal and long-term customers. This success is partly attributed to the CEO’s personal relationships and networks. Additionally, Winper has put even more resources into serving long-term customers. Winper’s customer relationship management has been very successful in the past. The company knows how to build a healthy and long-term relationship with key customers. In fact, Winper has never lost a customer in six years of operation. Even when the customer has their own import-export ability, they have still kept a positive working relationship with Winper. These customers value the high-quality and customer-oriented services provided by Winper. Winper’s aim is not to serve many customers (i.e., to focus on economies of scale), but rather to focus on designated and loyal customers. Winper’s customers all have similar characteristics and they are all repeat customers.
They are more sensitive to service quality than to price. The value of their imports and exports is around 10 to 50 million US dollars per year.

Speed and safety are always the first tier priorities of import and export logistics businesses. Winper focuses on these values as its principles of operation. Every professional manager serves at most three clients. The management team wants to make sure customers are served with the speed and safety that they require. Winper’s policy not only ensures the speedy delivery of goods, it also strengthens the effective communication of information between the company and its customers.

5.2 Valuable Human Resources

Winper has 10 full-time employees. All of them have passed the national customs brokerage and clearance test. Consequently, they all have acquired customs brokerage licenses. Employees having customs brokerage licenses are a valuable asset to the company. Winper may use this asset as an advertising focus in its e-marketing plans. The government is considering implementing an agency certificate test on a national basis. As a result, the industry will become even more specialized and professionalized. Winper might consider attracting more talented and qualified employees through an e-marketing strategy. Thus, it may upgrade its human resources pool for future use. The service industry is all about people, since employees directly serve the customers. High quality human capital is Winper’s core competency (Hamel & Prahalad, 1990). Human assets will play an even more important role in future development.

5.3 Limited Marketing Effort

Winper currently has no formal marketing activities. In fact, the company has never formally put marketing spending into the company’s budget and Winper has not put marketing on its meeting agendas. Management tends to see the costs of marketing as an expense that provides no direct benefit in the short-term. As well, no management team member has any formal
marketing training. Currently, marketing is the company's lowest priority. The company has a concern about the effects of marketing. Management finds it is hard to balance the high costs of marketing against unpredictable marketing results. As the company has no clearly-defined marketing plan, it has difficulty in balancing short-term spending with long-term financial return. The most important weakness is the shortage of financial resources to finance marketing costs. Winper prefers to put its limited capital resources into networking and customer relationship maintenance. A E-marketing plan would also require investments in IT. Since the company has limited capital and IT professionals, it has delayed its marketing plan indefinitely.

At present, Winper's marketing activities depend on the personal networks of its sales force. Winper establishes business relationships with customers mainly through two channels. The first channel is through its CEO's personal network, which he built up when working as an import-export employee for a multinational corporation. The second channel is through the sales team's daily networking opportunities within the industry. Sometimes, new leads come through the introduction of partners and customers. The management team also has opportunities to attend industry conferences, forums and trade shows. This also provides them with chances to get in touch with sales leads. Winper's networking costs are very low compared to direct advertising costs. The strategy is to keep the company's operational costs at a very low level compared to the operational costs of other solution providers.

5.4 Unsatisfactory IT Capability

The company's slogan is "Reply before clients enquire". Winper currently has no major IT investment in logistics systems. It relies on manual labour to handle all of its documentation and communication workload. The professional and careful attitude of staff members has ensured that the speed and service quality is acceptable. However, Winper finds it difficult to meet urgent special requirements. Customers frequently ask for real-time data from Winper. Since the
company has little IT investment to process data in real-time, Winper has difficulty in satisfying its customers as effectively as previously.

5.5 Simple Service Scope

Winper focuses only on its familiar services. The company has never tried horizontal or vertical integration by trying to enter the shipping or trading businesses. Winper has put over 60% of the resources into the consulting and solution services. Winper does have opportunities to extend its services into the forwarding and trading businesses. Extending its services means that Winper would directly deal with buyers and sellers to achieve greater profit. So far, the CEO has rejected such moves. Some management members believe that the company has lost profitable opportunities by rejecting these options, but the CEO believes that keeping the simplest and most efficient operational model is beneficial to the company in the long-term and reduces its investment risk.

Winper does not refuse the opportunity of serving low-tech customers, but the company has invested 80% of its resources in high-tech product-related services. High-tech product services are always a first priority to Winper because of the high value-added. This strategy keeps marketing efforts simple in the long-term. Thus, the company may effectively segment the market with a simple service structure. Figure 9 illustrates Winper’s current service-market position using Ansoff’s matrix (Ansoff, 1965). The horizontal axis represents the degree of service development and the vertical axis represents the degree of market development. The company focuses on serving established customers with existing mature services, staying in the lower left quadrant. While this status quo strategy lowers operational risks, it does not foster fast growth and generating greater revenues.
Figure 9: Winper's Current Service-Market Position

<table>
<thead>
<tr>
<th>Current Service</th>
<th>New Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase sales by entering new market or serving new customers with current services</td>
<td>Penetrate new market with new services</td>
</tr>
<tr>
<td>Risk: Medium</td>
<td>Risk: High</td>
</tr>
<tr>
<td>Keep status quo</td>
<td>Increase sales by providing new services to current customers</td>
</tr>
<tr>
<td>Risk: Low</td>
<td>Risk: Medium to High</td>
</tr>
</tbody>
</table>

Based on Ansoff, 1965
6 WINPER'S OVERALL COMPETITIVE POSITION

6.1 Industry Attractiveness

The need for import and export services has increased substantially in recent years with the fast development of the Chinese economy. China has become a "world factory" because of its cheap labour and huge market. Products are imported and exported in volumes that China never experienced 20 years ago. As a result, high-tech product manufacturers want to use China as the initial market to absorb the high fixed research and development costs as quickly as possible. They want to take advantage of this large market. Winper has felt a strong demand from more and more high-tech customer enquiries. Navigating the complex and changing government regulations for these customers adds value to the services. As noted earlier, the tax refund policy encourages technology exports. This has provided Winper with some inherent advantages in dealing with technology-related business. Increasing operational requirements, such as "E-port", has counteracted the attractiveness of easy entry. The weak bargaining power of suppliers has given Winper the capabilities to control its operational costs. The booming import-export industry has provided Winper with opportunities to plan its long-term strategy. It also has given Winper an opportunity to grow from a small company to a medium-sized company, with a modern management infrastructure.

Nonetheless, a number of problems and issues still exist. The most direct one relates to competitive pressure in their industry. Winper's current competitive position influences many aspects of the company's strategy. These aspects include positioning, conflict between quality and price, and balancing long-term strategies with short-term profit requirements.
6.2 Winper's Current Overall Competitive Position

6.2.1 Unclear Mission

Winper's current business operation has no clear mission statement or strategic direction. The company is just trying to keep up with the pace of market evolution and customer requirements. "Do what customers require" is the real current strategy. But, the company appears overwhelmed by daily customer orders and enquiries. In fact, the management team seldom has time to think about the relationship between short-term goals and long-term strategies.

6.2.2 Competitive Pressures

The market is constantly changing. Established customers are asking for special services—but at discounted service fees. Some traditional services have been temporarily cancelled because of disagreements on contract terms. Loyal customers are becoming more critical and demanding than before; they present more requirements on the company’s e-solution ability. The big state-owned companies are beginning to segment their markets. Winper is now competing directly with these giants in some areas. Professional logistics solution providers have also threatened Winper competitively with their high-end image and effective e-solutions. More small companies like Winper have begun to compete. They are competing with lower prices and flexible operational models. They are also quicker than Winper in establishing business relationships with partners.

Winper's cost structure is also becoming a disadvantage. As compared to its competitors, Winper has fewer customers to spread its basic fixed costs over. The company's operations are still relatively small scale. Winper's unit cost (per order) is almost 50% higher than those of many small companies that compete against it. At Winper, every sales person is only responsible for three customs clearance orders at any one time, while other service providers normally deal with over five orders. The company has difficulty in competing on unit costs, making it difficult to lure new price-conscious clients. Some solution providers may provide the same quality services with
an even lower price. They are also operating with a larger customer base than Winper is. Winper has even begun to lose its price advantage against these solution providers in a few circumstances. Increasing the customer base appears to be the top priority for Winper’s e-marketing strategy.

6.2.3 E-Solutions and IT Use

When Winper is unable to provide e-solutions for clients, its customers start to question Winper’s “total solution” model. For example, some customers need the company to provide them with a real-time data-checking system. Such a system enables customers to know the exact status of their goods. This system would provide data about inventory, shipping locations, account balances and transaction histories. Winper need to set up a database to meet these requirements, but currently Winper is especially weak in related IT capability. The company currently manually inputs all of its data into computers. The clerk then performs all report integrations manually. The management information system, finance system and logistics system all need to be upgraded. “E-port”, promoted by the government, is another challenge for Winper. However, it is also an opportunity for the company to catch up on the “E-port” requirements as well as the industry IT requirements.

IT and e-solutions have become a basic industry requirement for survival. This pressure comes directly from customers. It is also comes indirectly from competitors. Some customers are asking for customs clearance ability in any of China’s ports. This requirement further necessitates large investments in branch offices and e-business abilities in order to link data for real-time use.

6.2.4 Improvable Marketing Activities

Winper’s competitive position and strategies have been clear over the past few years. However, the nature and intensity of competition is changing. With the company facing more intense competition, it needs to reconsider its positioning strategy. The current positioning strategy is based on a high-quality/high-price model. Yet this model is being challenged by new
entrants resulting from the opening up of the import-export market. The same quality now means lower service fees than previously. As a result, Winper must find new clients and markets in order to achieve scale economies. In sum, Winper must reconsider its positioning policy. Meanwhile, Winper should clearly convey this information about its new positioning strategy in its e-marketing plan.

Currently, there is no formal marketing activity within the company. The company uses informal networking opportunities within the industry to acquire sales leads. Most of the time, at best this networking is reactive. Winper has not done enough to make potential customers understand its capabilities and strengths. It is very hard for new customers to learn about the company’s reputation. Winper’s strength in dealing with high-tech related products is of little benefit in attracting new high-tech customers unless it has effective marketing to communicate this capability.

Traditional marketing channels involve expensive initial fixed spending. Winper’s current revenue stream is not sufficient to support the necessary expenditures. The results of traditional marketing are hard for small companies to monitor. Most importantly, traditional media have a limited ability to cover both local and international markets. The cost of traditional marketing is far beyond Winper’s capacity. Winper is also lacking marketing professionals. Management understands this as the obvious “bottleneck” for all small companies that want to do business on an international basis.

Winper relies on continued business from its established customers to survive. The management team spends most of its time serving and satisfying these repeat customers. New customer’s business is normally very small, time-consuming and risky. The whole company prefers offering more existing services to established customers. Nonetheless, the needs of established customers are comparatively mature and unchanged. It is hard for Winper to generate new revenue. The company does not pay enough attention to new customers. The sales staff waits
for customers to “give” orders to them after the informal process of networking. There is not enough following-up on the information of potential customers and new sales leads.

6.3 Imperatives to Change

Based on the above analysis, Winper faces several serious competitive challenges. The company has a limited ability to increase its customer base, based on the current marketing effort. Without a broader customer base, Winper is in a disadvantageous position in price when competing with the solution providers and the small business strategic groups. Repeat and loyal customers have a tendency to ask for a lower price with a better service quality, or they threaten to change to other service providers. Without an effective marketing campaign, the company has fewer chances to attract enough technology-related customers. As well, new customers will not notice the company’s competitive advantages in technology import and export. In the long-term, these advantages will be counteracted by the lack of a customer base. Solution providers have presented a great threat to Winper in IT. If the company does not develop its IT capability quickly, Winper will not only lose ground to its own strategic group, but it will also meet strong IT competition from other strategic groups. In the long-term, there is a great possibility that Winper will be overtaken by most of its competitors.

6.4 Strategy Direction and E-Marketing Initiative

Although there are serious challenges for Winper, the company has a great opportunity to adjust its current marketing strategy to take on the competition more effectively. Increasing customer base must be the top priority of the company’s strategy. An e-marketing campaign is probably the quickest and efficient way to achieve that strategy. The company’s human resources and long-term experience in the technology-related import-export business are valuable assets. If Winper can manage to increase its customer base, these assets will have a great impact in achieving the company’s revenue and profit target.
Figure 10 illustrates the possible direction that Winper might pursue in its marketing strategy. Winper’s services have covered all aspects of the import-export industry. Although the company might consider providing some new services such as forwarding and financing to its current customers, these new services are subordinate to the current services. In the short-term, it is not realistic to develop a totally new set of services for customers. A new service incurs high risk and long learning processes before it succeeds. For example, Winper has insufficient resources to arrange a large Letter of Credit for big orders. But, Winper has opportunities to extend its current services to new markets. The import-export business is booming and demand is increasing. Finding new customers and serving them with an already mature service model is comparatively easy and risk-free. This strategy also aligns with the cost-reduction objective by increasing the customer base.

In Figure 10, Winper’s current position is on the lower-left quadrant of the matrix. A little bit of movement to the lower-right quadrant is necessary to satisfy more customer needs, but this should not be the top priority of the company. Although Winper might consider providing some subordinate new services by moving to the right, its resources are insufficient to develop totally new services. The company needs to be very cautious when extending its services to international shipping, forwarding agencies and financing activities. Winper might consider moving a big step toward the upper-left quadrant to reach new customers and new markets. By serving these new customers, Winper may establish a large customer base in the long-term.
Figure 10: Winper’s Future Service-Market Development Matrix

Based on Ansoff, 1965
E-marketing is fundamentally the marketing activities within the context of e-business. An e-marketing plan should also follow a traditional marketing plan framework. The SOSTAC (Smith, Pulford & Berry, 1999) planning system may help Winper design its e-marketing strategy effectively. SOSTAC stands for Situation, Objectives, Strategy, Tactics, Actions and Control. Figure 11 shows the elements of the SOSTAC planning system and applies it to Winper's e-marketing plan. The SOSTAC planning system starts with a situational analysis. This has been conducted in the last several chapters. SOSTAC then clarifies the 5S (Chaffey & Smith, 2005) objectives of planning. The 5S objectives are Sell, Serve, Speak, Save, and Sizzle. After the company knows its objectives, it can segment the market, target customer groups and position itself.

The previous analysis has described the current situation at Winper and the import-export industry. These two aspects need some further clarification before starting a strategy analysis. The first is a definition of e-marketing; the second is the objective of Winper's e-marketing plan. Winper needs to know where to go before it can study how to get there.
7.1 E-Marketing Definition

The Institute of Direct Marketing (IDM) defines e-marketing as the use of the Internet and related digital information and communication technologies to achieve marketing objectives. Sometimes, the terms of e-marketing and digital marketing are used interchangeably. IDM also defines digital marketing as applying digital technologies, which form online channels, to the market through Web, e-mail, databases, plus mobile/wireless and digital TV. These marketing activities are aimed at achieving profitable acquisition and retention of customers within a multi-channel buying process and customer lifecycle. E-marketing recognizes the strategic importance of digital technologies and develops a planned approach to improve the knowledge of customer profiles, behaviour, value, and loyalty drivers. E-marketing then attempts to deliver integrated, targeted communications and online services that match individual needs. (IDM, 2002).
Marketing itself is the management process that serves to identify, forecast and satisfy customer needs. Thus, an extension of the definition to e-marketing is interpreted as the management process for identifying, anticipating and satisfying customer needs profitably using Internet or digital technology (Chaffey & Smith, 2005).

Basically, the focus of both traditional marketing and e-marketing is about understanding customer needs. The difference is that e-marketing uses digital and Internet technology to achieve this objective.

7.2 E-Marketing Objectives

Winper should ask one basic question about its e-marketing initiative: What are its e-marketing objectives? The company cannot design a good marketing strategy without understanding the design objectives. The situational analysis of the last several sections provides an answer to the question “where are we now?” The introduction of objectives addresses the question “where should we be?” Winper should address some of the following questions: Why do we want an e-marketing plan? What benefits can we achieve from this e-marketing plan? What advantages can we achieve over our competitors by implementing this e-marketing plan? What are the performance indicators of the e-marketing plan? Basically, the 5S framework summarizes all of the e-marketing objectives. The following analysis explains each component of the 5S and the relationships with Winper’s e-marketing objectives.

7.2.1 To Sell on the Internet

The objective is to use the Internet as a platform, or tool, for selling products and services. In this context, selling activity means selling the products or services directly over the Internet. Amazon.com and many other online stores fall into this category. They all have created their own online stores. Their customers can buy products directly on the websites with credit cards or other payment methods. Customers place orders online and pay online. Many traditional companies
have also begun to sell their products online. To achieve this objective, an online presence is the most important and basic requirement, yet Winper’s business model may not fit into this category. Although the ultimate objective of a marketing plan is to sell products and services to customers, Winper’s objective is not to sell its service online directly. Winper’s business must go through the long process of negotiating with customers before reaching a deal. This negotiation involves extensive human interaction and bargaining processes. Winper cannot achieve its revenue targets without these processes.

7.2.2 To Serve Customers

Here, the objective is to use the Internet as a platform to provide “pure” customer service. Banks give their customers the freedom of online banking. Ford provides large amounts of cyberspace to store information about cars for customer to review. Dell lets its customers download computer software drivers from its website. Dell even tries to integrate its web help system into its customer’s Enterprise Resource Planning (ERP) system. This lets customers update their database simultaneously with Dell’s system. All these activities aim at adding value to customer service. The value added to customer service ultimately adds value to the products or services. Serving customers is the most important objective in a B2B operation. In the B2B model, transactions normally do not happen online immediately without further detailed negotiation. However, when the contract is signed, the seller can provide much of the service and information to customers online. FedEx gives enterprise customers a free PC with special software to track the condition of their goods. Although FedEx does not sell online directly, it manages to add value to its core business by serving customers through the use of an online tracking system.

99% of Winper’s customers are enterprises. Winper has a strong motivation to serve its customers over the Internet. The company can provide the customer with data and information about specific goods. It also can collect the information from customers through its website.
Finally, Winper can use its web presence to provide pre-sales and post-sales support. These services can add much value to the import-export process.

7.2.3 To Speak and Communicate with Customers

'Speak and communicate' refers to using the Internet as a communication tool. Chat rooms, online surveys, and web logs are all the tools to communicate with customers. Companies try to listen to the customers. At the same time, they try to convey their own product information, policies, service and warranty information to customers. Companies not only gather direct information through online survey forms, they also pay special attention to the indirect information. This indirect information is the database behind the website. Many companies analyze these databases using data mining and data warehousing tools. This analysis can reveal customer behaviour not easily seen on the surface.

Winper might consider establishing its own database as a communication channel when designing its e-marketing strategy. The company's objectives might also include close communication with, and deep understanding of, its customers. A database can help achieve these objectives more effectively than using direct communication tools.

7.2.4 To Save Money, Time and Effort

Another e-marketing objective is "saving". Saving transaction costs, effort and time are all cost-related goals. Many companies give customers discounts by encouraging them to go online for the services. Telephone companies, for example, give customers refunds or coupons when customers register for online bills; banks exempt some service fees when customers use online banking instead of physically showing up at the bank. Acer Computer (China) Group produced some interesting statistics about cost savings. Acer saves half of its maintenance labour by encouraging its customers to go online to acquire post-sales services. The cost for putting all
the maintenance information online only increases expenses about 10% (Acer China Group, 2005). Going online also decreases mistakes because of less human interaction.

Cost-savings is Winper’s current priority for competing with rivals, as mentioned in the competitive analysis. Reducing costs should also become the top priority of Winper’s e-marketing strategy.

7.2.5 To Sizzle and Build Brand

Brand building will be the most difficult task for Winper. The company will need to budget large sums of money for branding efforts through traditional advertising channels. The Internet, as a new brand building platform, provides enterprises with a very efficient way of image advertising. Enterprises can adjust their branding strategy very quickly by updating their websites. The different kinds of Internet advertising tools make marketing budgets well under the control of the interested company.

In the import-export industry, there has not yet been strong branding competition. State-owned giants have influence mainly because of their legacy of monopoly power. Winper needs to consider how to use the Internet to quickly build its brand. Its e-marketing plan should include this task as one critical objective.

7.3 E-Marketing Strategy Alternatives

All the e-marketing definitions mentioned earlier illustrate that e-marketing largely fits within the traditional marketing framework. All successful e-marketing plans should basically follow traditional marketing precepts. The difference is that e-marketing uses new Internet technology. The traditional marketing planning system includes segmentation, targeting and positioning (STP).
7.3.1 Customer Segmentation

Customer segmentation is the process of segmenting customers into sub-groups with similar needs. How many groups are there in the market? The more important point to consider is which customer segments fall into Winper's customer base. Segmentation allows the company to allocate its limited resources toward serving its own sub-group. The company can then decide its price policy, service policy, distribution policy and other related policies accordingly. Without customer segmentation, a one-for-all strategy cannot efficiently use the scarce resources to create maximum value.

Who are Winper’s customers now? Winper has put most of its resources toward serving technology-related customers. The company believes these customers require extra consulting services for their import-export activities. As a result, the company has been able to charge extra service fees for the value-added. This policy formed naturally when the company’s CEO worked for a multinational personal computer company. He built up his personal business network and relationships with customers mainly in the technology field. The company currently has no other clear customer segmentation effort. Winper also serves some non-technology customer enquiries. But, these customers make up only a small portion of the business. Nevertheless, they share the resources of the company. Winper actually has never tried to segment customers beyond the “natural” grouping of technology customers.

Who are Winper’s potential customers? How can an e-marketing campaign be more effective to these customers? The analysis rates the service quality according customer requirements. This rating is illustrated in Figure 12 using another version of the service-customer matrix (Boardman & Vining, 1996). Figure 12 uses the vertical axis to list Winper’s services; it then uses the horizontal axis to categorize the potential customers according to their different requirements for service quality. This service-customer matrix illustrates that different customers have different requirements and needs for service quality.
Figure 12: Using Service-Customer Matrix to Rate Service Quality

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<th>Customers</th>
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<td>Trading</td>
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<td>Foreign Companies located In China</td>
<td>Foreign Companies located outside China</td>
<td>Pure High – Tech Companies</td>
<td>Non Technology Companies</td>
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***** = highest service needs and quality requirement from customers  
* = lowest service needs and quality requirement from customers

Based on Boardman & Vining, 1996
7.3.2 Targeting Alternatives

Targeting evaluates the attractiveness and accessibility of each service-customer segment. This process also involves resource assessment. The result of the targeting process is the final selection of the appropriate customer groups. In Figure 13, the analysis again uses the service-market matrix (Boardman & Vining, 1996) to further divide customers into four possible target groups. These options are based on the attractiveness of the targeted group and availability of company resources.

The first option is medium-sized, traditional, local manufacturers (Group 1). They import or export low value-added products like food and raw materials for production use. They are very price-sensitive because of their low profit margin, and they will sacrifice high service quality for a low price. Their service needs are simple and they are not quality-sensitive. Their requirements for speed and information are not urgent, and their Internet use is limited. It is difficult for Internet ads to reach this group.

The second option includes high-tech companies, local foreign manufacturers, and other local foreign investors (Group 2). Acer and GTech Inc. are two representative companies. They are not very price-sensitive, but their quality requirements are quite high. They outsource all non-core business activities to third parties. These companies rely heavily on the Internet for conducting business and communicating with their customers. Half of these companies are foreign-owned or joint ventures. They are comfortable with the idea of outsourcing non-core activities to professionals.

The third option includes foreign companies located outside of China (Group 3). This group also includes some of the pure-technology companies. They are proactively looking for trade opportunities with China in order to take advantage of low price products. They rely on the
Internet to find good suppliers and partners to deal with their export activities. They have not established a solid presence in China. As a result, they need qualified agents to handle import and export arrangements with their local partners. They also need full services, including sourcing itself. Their service needs even extend to international forwarding and shipping.

The forth option includes all trading companies, government institutions and non high-tech companies who normally need single functional service (Group 4). Some of them need only customs clearance, while others need certificate applications. They have their own import-export capability, but they are not familiar with customs clearance procedures. They outsource only some part of the operation to specialists.
Figure 13: Using Service-Customer Matrix to Target Customer Groups

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<th>Group 4</th>
<th>Group 4</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 2</th>
<th>Group 4</th>
</tr>
</thead>
</table>

**** = highest service needs and quality requirement from customers
* = lowest service needs and quality requirement from customer

Based on Boardman & Vining, 1996
7.3.3 Positioning Alternatives

Positioning is a fundamental part of the overall customer value proposition. It tries to answer one fundamental question: what is the perceived service or product value in the customer’s mind? Winper should answer the following questions at this stage. What are the services provided? Where is the market? What is the price structure? What is the potential value of the service to the customer? What are the differences between Winper’s services and the services of other competitors?

Winper needs to understand the value that it creates for its customers when developing its e-marketing strategy. What is the added value after the implementation of an e-marketing strategy? How does Winper manage to create that value in the customer’s mind? How does Winper convey that message to the customers? Ultimately, the answers to these questions determine how Winper should position itself in its e-marketing strategy. Clients have different service requirements for quality, urgency, correctness, response and price. The following analysis explains how to differentiate these services. The analysis focuses on how to provide different services to different customers. Such an analysis helps Winper use effective e-marketing tools to meet customer needs.

The first alternative of Winper’s positioning strategy can be proposed with the following diagram in Figure 14 which uses the strategy canvas concept (Kim & Mauborgne, 2002).
Winper’s Service Value Proposition

The horizontal axis lists important competitive factors, while the vertical axis is the offering quality. Winper provides greater value in relationship management and in serving attitudes compared with state-owned companies. However, Winper is in direct competition with small business on these two values. It is also in a disadvantageous situation on price and speed compared with the small business group. At the same time, Winper has direct competition with total solution providers in consultation and one-stop services.

Winper’s positioning strategy may focus on the total solution while still providing detailed and customized services. The analysis suggests that one of the company’s alternatives for its positioning strategy may be summarized as follows: Winper’s services are for local companies and foreign located traders. They deal with import and export activities within or from outside China. They want to outsource or find an agent for their import-export logistics and more professional services. Winper’s services are technology-related import-export handling. These
services are designed to achieve an ultimate competitive advantage in speed, price and high quality consultation. Unlike other service providers, Winper’s services are customized, flexible, interactive and customer-oriented. Winper has great opportunities to compete with the state-owned company group in serving attitude and relationship maintenance, to compete with solution providers in price, and to compete with the small business group in total solution quality.

Another alternative is focusing on establishing highly effective operational capability instead of total solution and one-stop consultation. Winper might consider establishing an image of owing premier operational teams for all the services. This alternative helps strengthen the trust from customers. It also helps alleviate the customers’ concern about the multi-channel communication problem that has always occurred in the consulting and total solution models.
8 RECOMMENDATIONS

8.1 Business Level Strategy

The import-export servicing industry is changing rapidly. Winper’s marketing capability is the critical factor that influences its future development. Based on the previous analysis of Winper’s competitive position and marketing alternatives, this analysis recommends the following strategy on segmenting, targeting, positioning and other e-marketing efforts.

It is suggested that Winper choose group 2 and group 3 in Figure 13 as its targeted e-marketing groups. Winper’s strength is not in price competition. The company has the ability to provide high-quality consulting services for technology-related products, and this is what these two groups need. At the same time, these customers are heavy users of the Internet. An effective e-marketing campaign can reach these companies very quickly. Winper should try to reach more foreign companies. Additionally, these foreign companies want to have a presence in China, but they currently have no ability to set up branch offices. Winper might consider moving a big step toward the upper-left quadrant to reach new customers and new markets. Foreign companies located outside China often ask for vendor-sourcing and information services. Implementing these services does not incur a high fixed cost. By providing these new services, Winper may develop a long-term import-export operational relationship with these foreign customers.

Winper should also consider a price discrimination strategy toward group 1. It may negotiate a large contract amount with these companies on a lower service price. This may help Winper relieve some of its price competitive pressures by covering high operational costs.
Import-export is no longer a monopoly market in China. It is now a competitive free market, allowing public access. When Winper understands the impact of the different industry competitive forces in this free market, it has the ability to segment its customers. Winper may target those companies who want a total solution service and the companies who are quality-sensitive instead of price-sensitive. These customers want to outsource their import-export processes to maintain their core competency. Targeted groups also include foreign customers who want to find an import-export agent in China. Winper should highlight its service value proposition on the following aspects: customized logistics procedures, high quality consultation on technology products, customer-oriented relationship maintenance and one-stop solutions. Winper should let customers know its value proposition clearly as stated in the following proclamation.

The company's services are for local and foreign traders who deal with import and export activities. They want to outsource or find an agent for their import-export logistics for more professional services. Winper's services are to handle technology-related product imports and exports. These services are designed to achieve a balance between speed, price and high quality consultation. Unlike other sole function service providers, Winper's services are customized, flexible, interactive and totally packaged. Winper should also consider concentrating on its service differentiation strategy in the e-marketing plan to attract customers.

8.2 Product Level Strategy - Make Winper's Services Fit with 7P E-Marketing Requirement

Besides business strategy, the analysis also recommends Winper use a 7P framework (Bitner & Booms, 1981) to design its strategy at a product level. The goal is to highlight service characteristics suitable for online marketing activities. The service mix of 7P framework is an extension of the 4P framework (McCarthy, 1960) which includes product, price, promotion and place. Figure 15 shows the 7P elements of a service mix.
8.2.1 Product and Service - Finding the Digital Value

Winper’s services are not too complex, but it is still harder to sell services than to sell a CD online. The more complex the product is, the more online opportunities there are. There is an increasing need to communicate, educate, train, test, and experience the complex services. As the analysis in the objective section has mentioned, one of Winper’s main e-marketing goals is to communicate with customers. As a result, Winper needs to fully convey its service values to customers using online tools. When customers check Winper’s website, they should be able to understand the value proposition clearly. One-stop consultation and a total solution are Winper’s advantages over others. What is the exact meaning of the total solution? What do total solution and consultation include? What is the service process? How is the quality of the service? What are the warranties and guarantees? Winper may consider codifying these service processes and showing it on the website. A service is different from a product. Customers have difficulty in
evaluating quality and value before consuming services. It is more like a look-and-feel goods with variable qualities (Figueiredo, 2000) sold online. Every individual product is different from each other. The examples cited are used cars and art. Customers need to look and consume the goods to know the exact quality. In Winper’s case, the distinguishing feature is that each individual service is different. Winper’s task is to communicate the quality standard effectively.

Winper’s sales force spends a great deal of time describing the company’s services and quality assurance. They repeat the effort for every customer, but their effort is not efficient in conveying the company’s full strengths. Sometimes sales staff may lose important messages, while at other times customers may forget key points or misunderstand points. When disputes occur, customers and the salesperson often have different service scopes and quality interpretations. When Winper puts standard codification of its services online, it may simplify and standardize the service process. Customers can depend on this e-platform to learn the information that they need. The website can also subdivide the information into different levels to suit differing customer needs.

8.2.2 Price Discrimination under Transparent Price Structure

The online value proposition should include a clear price structure. Customer segmentation gives Winper the opportunity to charge different customers different prices. The local manufacturer segment is more sensitive on price than on quality: they can accept a lower quality in exchange for a lower price. They may not be so critical on real time data, and they may not care very much about warranty or finance. Winper might consider delivering a different package to these customers with a lower price. The aim is to cover basic operational costs by enlarging the customer base. The company needs to be careful about the way in which it conveys its low price policy. When Winper explains its price policy on the website, it should make sure that different prices come with a corresponding level of service; otherwise the high value
customer may resent paying high service fees for the same services. Winper also may consider charging different prices for the same service according to the customer’s willingness to pay. Winper may need to consider how to use different e-marketing channels to communicate this price policy effectively. Price discrimination is not public information that can be shared online. Individualized e-mail offers are a good choice for discretely communicating this price policy.

Another important point to consider is pricing pressure in e-marketing. As Winper publishes its price structure on the web, the whole price structure becomes transparent. Customers have a greater ability to compare prices. This comparison process is more rapid than ever before. All customers need to do is to search the Internet. Customers try their best to find a qualified bidder that can undercut Winper. Winper’s price structure is complex. It includes basic prices, discounts, add-on and extra fees, guarantees and warranties, refund terms, order cancellation policies, and penalties. Winper’s e-marketing objective is not to let a customer place an order online immediately. The industry characteristics make additional negotiations a necessary process. Winper may consider publishing the most transparent and competitive part of the price on its website, while reserving add-on and extra fee information for later negotiations. The aim is to convey a clear understandable price and value proposition. Then, Winper may attract many potential customers while still reserving potential negotiating power in later deals.

8.2.3 Place – Where Does Winper Serve its Customers?

Winper now provides most of the services from a shipment port to the customer’s location. Winper also serves customers over the phone and through documents. The company should consider using a website to establish a virtual location with which to serve its customers. The serving process should include both offline and online activities. Customers should be able to learn the status of their goods from sales staff as well as from online information. Customers should be able to check their balance, transaction history, payment status, invoices and other
information through the website. This is where an e-marketing campaign may exert ultimate influence in the long-term. This is also where Winper gains an advantage over other competitors. Easy price comparison over the Internet reduces customer loyalty, but serving customers online increases the switching costs and customer loyalty.

Winper’s customer segmentation includes foreign investors who want to find local agents. When overseas communication is difficult because of high communication costs and different languages, online communication becomes a top priority when choosing partners. Online communication means not only the transfer of ideas, but more importantly it means real time data communication between the two parties. The Internet makes this communication more effective and efficient. Online serving needs a strong database system. This is not as difficult as most non-technical people think. Even free software coupled with some low-cost integration may achieve simple functionality. The purpose of online serving is to find another virtual place to effectively provide customized services for the client.

8.2.4 Promotion – Using Every Possible Online Tool to Establish Brand Image

Brand establishment requires a long-term effort in serving customers. It also needs short-term promotion of the company’s image. When Winper considers online promotional tools, it can refer to some of the tools listed in Table 2. These tools are all useful in promoting the company’s brand image. The subsequent analysis explains how to use these tools effectively.
Table 2: Online Brand Promotion Tools

<table>
<thead>
<tr>
<th>Promotion Tools</th>
<th>Online Executions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising</td>
<td>Interactive ads, pay-per-click</td>
</tr>
<tr>
<td>Sales promotion</td>
<td>Incentives, rewards, online loyalty program</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>Opt-in e-mail</td>
</tr>
<tr>
<td>Exhibitions</td>
<td>Virtual exhibition online with partner</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>Sponsoring an online event, site or service</td>
</tr>
<tr>
<td>Public relation</td>
<td>Discussion forum, Business Blogs, Chat Room</td>
</tr>
</tbody>
</table>

8.2.5 Physical Evidence and People – Using the Internet to Establish Customer Confidence

One of the characteristics of service is that it is not as tangible as a product. Before customers consume a service, they cannot see or touch it. Online service marketing seems even more difficult in gaining customer trust. The look-and-feel product with variables mentioned earlier needs more physical evidence to prove its presence and performance. When customers buy intangible services from Winper, they look for tangible evidence to assure them that they will get high quality services. Winper may consider the following tools to strengthen the customer’s confidence. These tools include guarantees, refund terms, discounts on unsatisfactory services provided, industry awards, association memberships and famous customer lists. Security icons in the website are also helpful to let customers know that their information is well protected. The website itself is most important in conveying this information. Customers may be interested in Winper’s services, but they may be unsure if they should communicate with Winper for an initial contact. These customers normally check the website very carefully to find as much information as they can. As a result, a well designed and updated website is a key factor in the ultimate success of the e-marketing plan.

The service industry is all about people. Customer confidence comes from every individual employee’s performance. Nowadays, when customers want services, they face more automated websites, they listen to more recorded messages from call centers, and they have fewer
chances to contact a real person. Looking for information is time consuming, and customers may be frustrated by the overwhelming amount of automated information. Customers want to reserve the right to talk to salespeople. They hope to get direct answers to their simple questions. Dealing with a real person increases their confidence about the company. When many factors affect import-export speed and service quality, customers need more interactive communication. Winper should let customers feel the comfort of dealing with an honest and trusting salesperson, rather than letting them only access online information. Winper should try to eliminate its customers’ concern of dealing with an invisible company. The company can alleviate some of these concerns by putting all their professional employees’ biographies on the company website. All Winper’s employees have licenses issued by government and they all have served their customers for many years. Their combined knowledge is a valuable asset in promoting the company’s image and for strengthening customer confidence.

8.2.6 Process – Try to Integrate Everything

When Winper has accomplished all of the above, it is still one step way from achieving ultimate success. The remaining step for the company to complete is process optimization. Optimization includes both internal and external processes. Winper needs to effectively integrate its service value proposition, promotion, people, and physical evidence. Coordinating the relationship of the 7P’s is most important. It means delivering the right service at the right price at the right time and at the right place. Winper receives different kinds of customer business enquiries through its advertisements. However, without an effective database system, Winper may not reply as quickly as expected because it has no internally updated data. Although the company may find customers through its marketing effort, it lacks the internal capability to fulfill their final needs. This results from a mismatching of the internal and external processes. Customers’ e-mail enquiries, resulting from marketing campaigns, should be answered instantly and automatically through an e-mail system. If Winper lets its potential customers wait too long
for initial confirmation, it sends negative signals about the company's servicing capability. The
customer may not see the whole process, but they may evaluate the online services through form
filling, follow-up e-mails, online enquiry response time, data correctness, and other interactions
on the website. All of these need well-coordinated internal processes.

When Winper begins its e-marketing strategy, it should make sure that processes are
consistent and effective, that service value matches with guaranteed operational results, that data
updates meet the requirement of customers, and that the back system can support customer
enquiries quickly and correctly. When randomly occurring enquires come in as a result of the e-
marketing implementation, the whole company should be ready to give satisfactory replies and
solutions at first contact. The replies and solutions should be consistent and complementary with
the website content. The company may consider adjusting the reporting process and customer
enquiry response process. Winper may also adjust its human resource configuration. It needs to
find IT talent to cope with website building and database building. Winper may also consider
integrating its database with its bank accounts. This provides the most updated account balance to
its customers. Winper also needs to consider how to effectively link the "E-port" system with its
own system.

Winper now has a good online service value proposition, a clear price structure, an
effective serving platform, powerful promotional tools, excellent HR resources, and customer
confidence. However, it still needs to carefully combine its internal and external processes to
produce a positive marketing result.
9 E-MARKETING PLAN TACTICS

This section reviews e-tools and e-marketing tactics. The e-marketing process includes marketing activities over the Internet and other media platforms. All these media platforms constitute e-tools. Although marketers normally use only a select mix of the major tools, all of the tools are useful. Tactics are defined as the detailed execution of the strategy using e-tools. Execution is the missing link between aspirations and results (Bossidy & Charan, 2004). Winper may consider the following practical tactics to implement a well designed strategy.

9.1 E-Platforms

The personal computer and the Internet are the most commonly used e-tools today. The number of Chinese Internet users reached 94 million in 2004. This number is expected to increase to 120 million by the end of 2005. China owns 53 million personal computers; this is the third largest number of computers in the world. The United States has the largest number of computers and Japan has the second largest number (CCID, 2005). Technology is constantly changing: new technologies stimulate the utilization of new e-tools for marketers. Figure 16 illustrates the increasing trend of several major e-tools in China.
Other e-tools include interactive digital TV (IDTV), digital radio, smart phones, interactive kiosks, WAP mobile and mobile phones. It may be advisable for Winper to pay more attention to mobile phones and IDTV. When the technology infrastructure matures, there is a strong possibility for these e-tools to develop quickly. The number of instant messages sent over mobile phones in China reached over 100 billion in 2004 (CCID, 2005). Commercial advertisements make up a great portion of this number. This e-tool lets marketers use their computers or cell phones to send commercial ads directly to a customer’s mobile devices. Winper could try to combine this e-tool into its e-marketing plan.

TV has billions of users in the world, but PC users in the world numbered only 160 million in 2004 (CCID, 2005). Although IDTV is far from popular now, technology development may greatly stimulate the use of IDTV. IDTV delivers more channels, better pictures and more interaction between the audience and TV programs. This means more audience groups for better segmenting, targeting, and positioning opportunities. The most exciting part of IDTV is that it provides more efficient and effective interaction between marketers and audiences. More interaction lets marketers gather more data from and convey more information to customers.
9.2 Web Design

The Internet is the main platform for Winper to implement its e-marketing plan at this time. A customer-oriented web design is the first step of the e-marketing campaign. The objectives of the web design are the same as the 5S objectives of the whole e-marketing strategy including selling, serving, speaking, saving, and sizzling. Winper does not sell directly online, but all of the other objectives are aimed at ultimately selling services to the customers. Website design should also help achieve an effective value proposition for future sales. The website design fulfils the communication function by sending to and receiving messages from customers. Winper can reduce traditional costs of face-to-face explanations, print, post and travelling expenses by delivering information online. A good web design also helps build brand image and increases brand value in the long-term.

So what is a good web design? A simple survey conducted by this analysis shows that high quality content, ease of information search, and frequent updating are the three most important factors in attracting web users. Winper may refer to some of the following more practical web designing principles:

Contents First – Winper’s main objectives are sending messages, transferring ideas and communicating the company’s policies. Winper may not immediately convince customers to buy services online. The company’s tasks are to filter out non-customers, let potential customers understand the business model, and persuade potential customers to leave contact information. The goal is to speak (introduce online value propositions of the service) and save (filter out untargeted enquires) at the same time. Winper does not need an overly elaborate website to attract business customers. Business customers normally have no interest in fancy flash animation. What customers need is a clear and simple introduction to the service and price model.
Integrated Design – The website should seamlessly integrate databases, customer forms, automatic e-mail responses, and even online interactions (through instant online communication software like MSN messenger). The integrated design should also comply with offline marketing communications. The colour, font, logo and picture of the web should all be consistent with offline material in order to achieve the objective of sizzling (branding).

Customer Orientation – Winper should pay attention to the browsing habits of its targeted customers. What are these targeted group customers thinking? What are they looking for from Winper’s website? If a website cannot meet the needs of its viewers, it will not meet the objectives of the organization providing the website. Winper targets those customers who cherish a high quality total solution service. Winper needs to show professionalism in the website and in the content. A clear, simple and easily understandable introduction is a good start. Furthermore, Winper may show more detailed information in another level of web pages to satisfy the more probing customer. Winper can achieve this by using professional web technicians to polish the layout. Winper may also consider adding a “feedback for web function” link in its customer enquiry form. This helps Winper improve its web function towards a more customer-oriented style.

Personalization – Customized logistics service is one of Winper’s value propositions. Customization means providing personalized service for every customer. Winper treats every customer as a separate entity; therefore, it should provide portals and databases for every customer. As well, a customer’s name and related information should be available when they login to the system. The customer should also be able to adjust their web page layouts according to personal preferences. The site should identify the origin of a customer based on his IP address, and then the site can deliver English or Chinese content accordingly. The site should also send customers industry news and events information. This news and information should be
customized based on options selected by the customer. All these personalized services are very useful in creating competitive advantages and maintaining loyalty.

Simple – Customers who are surfing the Internet may lack the patience to close the browser and open Outlook to send e-mails to ask questions. A simple online enquiry form is more useful to encourage the customer to submit questions. Winper may consider designing multiple choices in online forms. As a result, the customer only needs to click on a single icon to express his opinion. Then, customers only need to type in their names and e-mail addresses. The goal is to get customers onboard conveniently within the shortest amount of surfing time.

9.3 Traffic Building

After Winper has a well maintained website, the most critical thing is to generate traffic to the website. How can the site attract customer attention? How can the website make customers click? How can the site keep customers staying as long as possible? There are many techniques. The following section details some alternatives for Winper.

9.3.1 Search Engine Marketing

Search engines are the primary method of finding information on the Internet. Over 90% of web users use search engines to look for the information that they want (Chaffey & Smith, 2005). While a search engine is a free tool for most web users, it is also a good economic platform for marketers. Currently, the most popular search engines in the Chinese market are Google, Baidu, Yahoo, and Microsoft MSN Search. When a customer searches for import or export services, Winper hopes to appear on the searching list. The higher the Winper’s position on the list, the greater the number of customers who will visit Winper’s website. How can Winper achieve this? The answer is through search engine optimization (SEO).
Search engine optimization is the process of achieving a higher position on the search results. Winper first needs to register with a search engine. By registering with a specific engine, the website’s Uniform Resource Locator (URL) enters into the search engine results page (SERP) index. Then, searchers may find Winper’s website link on the searching list. For example, Google’s registration page is www.google.com/addURL.html. After Winper registers its URL with Google, the company website has the possibility of appearing on the 25th page of the searching list. If a web searcher cannot find the information that they want in the first three pages, 81.7% of them will start a new search (iProspect Research, 2004). Winper’s site has little possibility to be found by appearing on the 25th page. Currently, there are two ways to solve this problem. One free way is to register with as many free websites as possible. These websites provide free registration to attract traffic, and some of them might have registered with search engines like Google. If Winper has an active link with these websites, it gets automatically registered at the search engine. The position or ranking is related to an algorithm. Search engines use this algorithm to match relevant site page content with the key word searched. The position is also related to the website’s link frequency to other sites. The more Winper appears on the Internet, the higher the ranking.

Another method is to pay a search engine optimization firm to advise on the technical skills needed to achieve a higher ranking. They may also help rewrite the program codes of Winper’s website to fit with the algorithm that the search engine uses. Winper may also consider buying some specialized software for the SEO process. Traffic Blazer is one software program offered by godaddy.com. Traffic Blazer produces analysis reports on keyword search, site linkage and Hypertext Mark-up Language (HTML) optimization by examining the website.

Pay-per-click is similar to traditional marketing advertisement but more flexible in budget control. Winper pays for advertising on a specific search engine. The search engine then provides a link for Winper. When customers search the related keyword about import and export,
Winper’s link appears on sponsor list of the web page. Only when a customer clicks the link, does Winper pay for the advertisement. The pay-per-click technology provides an efficient and controllable way for companies like Winper to adjust its advertising budget instantly. Winper may change the pay-per-click unit cost anytime using its registered account at search engine. However, the more Winper pays, the higher the company’s position is on the sponsor list.

Key-phrase choosing is a technique that links customers’ searching phrases with the relevant websites. When customers search “import, export, customs brokerage and logistics”, Winper hopes to appear on the first three pages of the list. The effectiveness of key-phrases choosing depends on Winper’s market knowledge, customer tastes and competitor preferences about the same key-phrases. As a result, Winper should carefully study this technique. The key-phrase choosing technique is the most important factor in deciding a website’s relevance. When Winper chooses its key phrases, it should include these key phrases in the code of its website program. The principle is to use more highly business-related key words in the program code to increase frequency.

9.3.2 Opt-in E-mail Marketing

E-mail is a powerful communication tool. It is also one of the cheapest ways to convey messages to customers. Opt-in e-mail means that Winper needs to ask customers’ permission before sending them marketing e-mails. Nowadays many countries have outlawed unsolicited e-mail sent automatically to customers. These emails are called SPAM. China has not yet passed a law to regulate SPAM, but Winper should consider following the world trend concerning opt-in e-mail marketing development. This shows Winper’s respect for its customers’ privacy. Winper can use the following several forms of e-mail marketing.

Cold e-mail campaign – Winper can buy or rent customer lists from an industry e-mail list provider. Then it may choose the most relevant customer groups to send its initial e-mails.
These e-mails are for contacting purposes to locate potential customers. The initial cold e-mail should include company introduction, an incentive program to encourage initial feedback, a customer information form and a follow-up e-mail permission request. If a customer replies to the e-mail, Winper then puts this customer’s information into the database for further study. Winper should use “statements of origination” to clarify the source of e-mail, or the e-mail will be considered SPAM. A “statement of origination” tells the customer where the company acquired the e-mail address.

Co-branded e-mail – Winper might have no direct contact with a potential customer, but it may co-operate with a current service vendor of that customer. For example, Winper might consider a joint co-branded e-mail campaign with manufacturers. When manufactures send out e-mail to their customers, Winper can offer to provide extra service for their import and export needs. Co-brand e-mail is warmer and more acceptable than cold e-mail from a customer’s perspective. It also transmits more trust and credibility to the customers.

Touch Strategy – When potential customers visit Winper’s site, they may fill out an online form expressing an interest for more information. The website should be able to send an automatic e-mail to confirm receipt of the online enquiry. This is very important since it lets customers feel an interaction with the company. The follow-up options include e-newsletters, event-triggered e-mails, periodic thank-you letters and other promotional e-mails to potential customers.

9.3.3 Increase Internet Presence through Online PR and Partnership

Online public relation (PR) maintenance is fundamentally no different from traditional PR. The aim is to maximize favourable mention of Winper through other media. It also enlarges the influence of the company within the industry. Nonetheless, online PR has its own special techniques. Link-building is one of the most important techniques. Link-building is similar to the
search engine optimization theory. Frequent links of Winper.com on other websites are powerful for driving visitors to Winper’s site. Winper may try to register on free portal websites as much as it can. This increases the chances of being mentioned and searched. Online press communication is another useful technique. Winper may wish to set up a press-release area on its website. This area provides access for third parties to express opinions about the industry and other related business topics. Winper then creates e-mail alerts about company’s news and sends them to industry association members and clients. Business Blogs are now becoming more common. People within an organization or industry create a forum on the Internet called a Business Blog to exchange industry information. Business Blogs let members exchange ideas, news, evaluations and other information on the same platform over the Internet. Actively attending to Business Blogs increases Winper’s Internet presence.

Online sponsorship is another form of building Internet presence and partnership. Winper may sponsor an online event of a well-known website. The benefit is that Winper’s name and website are linked with this well-known website by sponsorship. Sponsorship is not a direct ad, so its effect is more neutral. There is a hint to the customer that there might be some relationship and cooperation between Winper and the well-known sponsored website.

9.3.4 Online Survey

Online survey is a more neutral method of increasing Winper’s Internet presence. Winper may design some questions suitable to ask potential customers and industry association members. It then disseminates these surveys using special services like SurveyMonkey (www.surveymonkey.com). The online survey comes with promotional gifts such as online music coupons or subscriptions to an industry journal to attract feedback. Winper’s website address is at the end of the survey form to help redeem the gift. This helps Winper understand customers’ thinking. It also helps build up traffic to the website. The online survey is possible for small
companies to initiate compared to traditional paper or interview surveys. It is a quick way to reach a large number of recipients, the cost is low, and it is easy to implement over the Internet.

9.3.5 Use Short Message Service to Market

The data shows the number of cell phone users in China reached 330 million in 2004 (CCID, 2005). Technology makes short message service (SMS) marketing over cell phones possible. Winper may combine the SMS with its online survey and online sponsorship program. Using SMS allows Winper to pass information even more broadly and quickly to cell phone users. When customers are tired of unsolicited and repeated marketing e-mails, a short message delivered right to customer’s cell phone may achieve a more effective marketing result. Winper may consider using China Mobile Corporation’s SMS commercial advertisement program to start with.

9.4 Online CRM and Database

The previous section has already mentioned the use of online customer relationship management (CRM) in web design. Marketing is all about relationships. CRM builds up and maintains relationships with current customers, potential customers, even lost customers. Good CRM serves each customer individually according to his or her preference. However, treating every customer individually requires a large amount of customer information analysis. There are many kinds of CRM software now on the market. Online CRM is different from traditional CRM because it is cheaper, faster and more flexible. Customers receive instant responses through online communication. Online interaction is personalized and automated through the Internet. It is cheaper and faster than assigning a person to provide customer feedback. Online CRM is also more flexible and self-service oriented. Customers are able to look for and interact with data anytime, anywhere, over the Internet. An import-export service business needs large amounts of
data to support service quality. If Winper establishes an online CRM capability, its total online value proposition increases.

Online CRM needs a powerful database in the back system. Winper needs more than an attractive website with a strong traffic building capability. Highly individualized services rely on a strong data handing capability. This capability includes data collection, data warehousing and date mining. Winper’s data includes customer profiles, customer preferences, account histories, account balances, and customer interactive content with the company. All data are valuable for analysis purposes. Data warehousing is the process of storing data in a structured way for subsequent analysis. Professor Michael Brydon (Brydon, 2005, p. 5) defined data warehousing as “an integrated and consistent store of subject-oriented data that is obtained from a variety of sources and formatted into a meaningful context to support decision-making in an organization”. Data mining is the process of posing various queries and extracting useful information, patterns, and trends often previously unknown from large quantities of data stored in databases (Thruaisingham, 1998). Its purpose is to drill down into the data warehouse to find correlations and profiles buried deep with the layers of data (Chaffey & Smith, 2005). Data mining helps marketers find unobvious value in the data. As previously mentioned, Winper is not aiming to sell services online directly. Since the company’s objective is to serve customers and speak to customers, it needs to build up its database capability to support the company objectives. Only with data can Winper communicate with and better serve its customers. Without online service, the website can only be used as a show “window” or service catalogue for the customer.
10 IMPLEMENTATION AND CONTROL

10.1 Four-Step Action Plan

When Winper clarifies its position and marketing strategy, it still needs to execute the plan. John Stubbs, the former executive director of the Chartered Institute of Marketing, concludes that 40% of marketing expenditures are wasted through poor execution. As a result, Winper needs a detailed marketing action plan to make its strategy work. The following discussion suggests a four-step action plan for Winper’s e-marketing strategy.

The first step is internal preparation, including database design and web design. Internal preparation has little customer involvement, so it is a comparatively simple process. E-marketing is a long-term strategy for Winper. It needs long-term investment in IT capability. Winper may consider hiring one full time web technician to handle web design and database design. Winper might also need a professional IT consulting firm to help with initial database design. The database influences the future customer information analysis. Since the initial structure design is very important, it is worth investing some money.

This analysis recommends that Winper use the Access module of Microsoft Office to test its database needs. Microsoft Access software can solve most of the database problems of small companies. Since Winper uses Microsoft Office as its main office software, there is no extra investment needed for Access. Using Access can make Winper understand the basic idea of a database. It also helps senior management learn how to structure the data to get the results that they want. Even more importantly, senior management is able to know what kind of data they need from customers, thus they may include the appropriate data-drivers into the website or online survey. Ultimately, it is the senior management who uses all the data, so they need to
understand the basic idea of the database structure. Senior management should not treat the database design as the task of a technician; they must be involved in the process. This process needs contributions from the whole management team. This process makes communication with the customer more interactive. When Winper has the ability to evaluate its own data needs, it can start to source more customized database software to achieve more complex functionality.

Web design is also not merely a technical work. It should communicate management’s understanding of value propositions, service scope, interactive communication and 7P marketing mixes. Winper should communicate all of this information clearly on the website in an easily understandable way.

The second step is a traffic building process. The analysis suggests that Winper register its website URL with all major search engine providers including Google, Yahoo, MSN search, Baidau and Overture (www.overture.com). Hitwise (www.hitwise.com) and SearchEngineWatch (www.searchenginewatch.com/reports) are two online tools for finding the most popular search engines in different countries. Winper may choose the Google Adword advertising program to initiate its online pay-per-click advertisement. Another possibility is Alibaba (www.alibaba.com). Headquartered in China, Alibaba is a business-to-business website providing international trade platforms for importers and exporters. Its influence has increased quickly in the world of international trade. Winper may choose a basic program with only a US$300 membership fee per year for advertising on the website. The company can also consider www.asiasources.com and other highly relevant websites for its advertisement campaign.

The third step is proactive marketing. Proactive marketing is different from the above effort of attracting customers to the website. This step includes proactive activities such as e-mail marketing, online PR and SMS marketing. Winper needs to buy or rent e-mail lists of importers and exporters from industry list providers. Meanwhile it should prepare its system with a good e-
mail reply capability. Winper’s PR effort should focus on a broad registration with other portals. This increases the possibility of the company being referred by other websites. The result is a higher ranking on search engine lists and a greater Internet presence. Online cooperation with industry associations is very useful to the company in building its image and to the customers in building their confidence. Winper may consider online sponsorship programs initiated by industry associations. Some of the online sponsorship programs in China require sponsors to pay only a small amount of sponsor fee. Using these programs and linking with industry associations would exert a more positive effect for attracting customers than direct ads. Winper could also consider choosing instant message broadcasting services from China Mobile, the country’s biggest cell phone service provider, to reach cell phone users.

The fourth step is online customer relationship management. After Winper has the ability to gather and analyze customer information, it can start to serve customers online. This is a more interactive process. At this stage, Winper needs to buy specialized IT service or software. The software would allow customer relationship management to run automatically online. Customers may drill down their own data into different reports. Customers may also check and adjust each shipment through Winper’s online e-CRM system. The system will remind customers what they need to do to fulfill each shipment and contract. This step provides high-quality and individualized service for the customer.

10.2 Budget Outline

Table 3 outlines the estimated budget structure for Winper’s initial e-marketing implementation.
Table 3: E-Marketing Budget Outline

<table>
<thead>
<tr>
<th>Action</th>
<th>Cost Structure</th>
<th>Estimated Total Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Web design &amp; maintenance</td>
<td>US$ 500/month part-time employee</td>
<td>US$ 6000/year</td>
</tr>
<tr>
<td>Database Design or Purchasing Software</td>
<td>Microsoft Access: Free</td>
<td>First stage is free</td>
</tr>
<tr>
<td>URL Registration / Main online portal website registration</td>
<td>Free</td>
<td>Free</td>
</tr>
<tr>
<td>Industry website membership registration</td>
<td>US$ 50/year/site</td>
<td>$600/year</td>
</tr>
<tr>
<td>SEO Services</td>
<td>US$ 800</td>
<td>US$ 800</td>
</tr>
<tr>
<td>Per-per-click campaign</td>
<td>Average bidding: US$ 0.2-1/click</td>
<td>US$ 200-500/month</td>
</tr>
<tr>
<td>E-mail marketing campaign</td>
<td>Buy or Rent customer list US$ 300</td>
<td>US$ 300/year</td>
</tr>
<tr>
<td>Link-building &amp; banner ad</td>
<td>Depending on different sites popularity</td>
<td></td>
</tr>
<tr>
<td>Online PR and Sponsorship program</td>
<td>Depending on different sites popularity</td>
<td></td>
</tr>
<tr>
<td>E-CRM software</td>
<td>US$ 5000</td>
<td>US$ 5000</td>
</tr>
</tbody>
</table>

10.3 E-Marketing Risks

An Internet presence creates different risks from traditional marketing activities. Security and privacy are the most important issues. Winper provides individualized services under a public Internet platform, yet protecting its customer’s data and private information is important for the success and value of this initiative. Customer litigation may result if private information is leaked out. Copyright is another issue for the company’s web design process. Winper should be cautious when using photos, pictures and animations that are under copyright protection. As well, the company should prepare a back-up plan in case of system failures. When the system is not working, there must be some assurance that critical information can still be transferred to customers in a timely manner. Shipments should not be delayed by a broken system. This means that offline back-up data should be available for emergency use.
The big risk for the entire e-marketing strategy is the integration between the system and internal coordination. Experience shows that when new technical systems are established, the internal service procedures are slow to change. The conflict between new requirements and old concepts is the dominant factor undermining the success of Winper's e-marketing strategy. If Winper does not update its shipment data in time, the online individualized customer interface will not provide value to the customer. The entire company must adjust to the new system by changing its old manual work procedures. In addition to providing a superior customer service attitude, each member of Winper's staff must pay careful attention to new operating procedures and system optimization.

10.4 Performance Measurement and Control

The analysis suggests that Winper control the implementation of its e-marketing plan from the following three aspects: the metrics, the performance diagnosis, and the adjustment. The metrics are some key performance indicators of the implementation. Table 4 lists these main indicators.

Performance diagnosis tries to determine the reasons for poor performance indicators. Winper might ask some of the following questions: Why is the click rate so low? Why is the click rate high but conversion rate so low? Should Winper increase the price of pay-per-click to undercut competitors? Is the search engine optimization really working? How should the company improve its position from 30th to 15th on the searching list? Winper's objectives are to speak to customers, serve customers and save money. Has Winper achieved these objectives? Is poor performance due to the unsuccessful gathering of customer information, or is it due to a lack of awareness in the analysis of the data? It is advisable that Winper use a SOSTAC framework to diagnosis its performance problems step by step. It is also recommended that Winper use some traffic analysis service like Traffic Fact software provided by Godaddy.com to diagnose problems.
Table 4: E-Marketing Performance Indicators

<table>
<thead>
<tr>
<th>Performance Indicator</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales through online marketing</td>
<td>Sales amount resulted from direct online marketing.</td>
</tr>
<tr>
<td></td>
<td>Sales Per Acquisition (SPA) = sales amount / online customers</td>
</tr>
<tr>
<td>Conversion rate</td>
<td>The rate of the visit of website changing to the actual sales</td>
</tr>
<tr>
<td>Subscription rates or number</td>
<td>The rate of number of visitors subscribing for service newsletters and opt-in e-mails</td>
</tr>
<tr>
<td>Click through rates (CTR)</td>
<td>The click rate from an ad or web link on another site to Winper.com. This indicator is useful to evaluate search engine optimization results</td>
</tr>
<tr>
<td>Enquiries</td>
<td>The number of visitors who leave the enquiries through online form or e-mail.</td>
</tr>
<tr>
<td>Repeated visits customers</td>
<td>Total number of customers who visit the website more than two times</td>
</tr>
<tr>
<td>Duration time</td>
<td>Average time that a customer staying at the website</td>
</tr>
<tr>
<td>Unique visitors</td>
<td>The number of separate and individual visitors to the websites</td>
</tr>
<tr>
<td>Termination rates</td>
<td>Termination rates = terminated subscription/total subscription</td>
</tr>
</tbody>
</table>

Adjustment is the process of revising tactics. In time, adjustment ensures that strategy and action plans align with objectives. Winper may consider using a performance indicator to frequently assess the situation as well as frequently adjusting its actions during implementation. Winper also needs to know that e-marketing is a project, and that the project scope and requirements are always changing. Winper should be alert to adjust to industry change,
competing forces change and technology change. Adjustments should be performed weekly or monthly rather than seasonally or annually.

With a clear understanding of the current situation and of its own objectives, Winper has designed itself a practical strategy and an action plan. Additionally, a measurement and control system helps Winper implement its e-marketing plan more efficiently and effectively. The adoption of this plan enables Winper to gain a competitive advantage in the long-term and achieve its goal of increasing revenues and profit in the short-term.
REFERENCES


