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Impacts of E-commerce on the Development of the Small and Medium-Sized Enterprises and its Adoption of Strategies

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<p>Abstract</p> <p>With the trend of globalization and the continuous development of electronic information technology, E-commerce is applied by enterprises to develop enterprises integrating with the world market. It has become the next potent growth point of international trade development. As E-commerce is based on electronic information technology and computer network, it is accelerating the process of market integration, creating a new measure of international trade, transforming the flow of international trade, and changing the inherent cost structure of international trade.</p> <p>E-commerce has replaced the main forms of foreign trade, which is also the main mode and priority area for SMEs to take part in the competition and gain competitive advantage.</p> <p>This thesis report begins with the related notions and characteristics of E-commerce, and explains the basic functions of E-commerce in the development of SMEs, for instance, prospecting the trade customers, consultation, negotiation, and safety management function of the transaction.</p>			
<p>Keywords E-commerce (Electronic commerce), SMEs (Small and medium-sized enterprises), Problems</p>			

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1 INTRODUCTION

1.1 Research background and basis

As the development of the information technology and market globalization trend being more and more obvious, the relationship has become closer between countries in the political, economic and cultural fields. Regardless of a country's industry or an enterprise, it is very vital to learn how to manifest their own advantages in the fierce competition of the world market. With the rapid advancement of electronic information technology, network technology, coupled with the need to join the global economic integration of the growing demand, E-commerce has gradually emerged and developed well. E-commerce has become an important new tool for developed countries to be used in international trade activities. At present, the rapid development of E-commerce in the world, which not only caused the big impact on the traditional way of economic trade but also promoted the traditional trade entry new areas effectively, has accelerated international trade information process, and has drawn the global economy's high attention in the field of E-commerce.

Nowadays, the stage of development in SMEs among developing countries is still in a state of backwardness compared with the developed countries. As a new productive force, the influences of E-commerce to different countries of the SMEs is also growing. Especially in the current background of global economic integration, its role is not to be underestimated.

1.2 The goal and purpose of research

In the process of world economic information, traditional commerce has been unable to meet the requirements of the electronics times of the trade environment because of its various drawbacks. With the gradually mature on the development of network information technology, E-commerce will be the future direction of global business development.

E-commerce is based on online legal transactions and electronic data exchange as the main part. It is a new business transaction model. Under the condition of satisfying the inherent requirements of the commercial economy, it not only embodies the inherent characteristics of global, open, regional, low cost and high efficiency but also exceeds the scope of a new form of trade. It brings continuous changes on the enterprise's own production, management, management methods, also for the traditional economic and trade impact. The most significant contribution to global trade that E-

commerce brings is to increase the opportunities for enterprises to participate in international trade, reduce the cost of trade, and improve the trade efficiency of enterprises.

E-commerce is not only to promote the transforming of economic structure but also it has had a huge and far-reaching effect on the entire modern social and economic activities. The main purpose and significance of this thesis report is to understand the practical situation of E-commerce in developing countries and developed countries. Also, the research will be exploring some problems in the process of E-commerce in the early stage of SMEs, putting forward the effective measures of SMEs according to their existing problems, to further promote the government with some effective measures that can be implemented in an effective way for E-commerce. These explorations will have far-reaching practical significance for the SMEs to better utilize E-commerce, and better enhance their foreign trade competitiveness.

1.3 Research methods and the contents

In this thesis report we use the literature research method to draw some theoretical basis to obtain some of the views of the text, and through data analysis (data statistics, variation, and trends) we study the developing situation of E-commerce on developing countries and developed countries. Moreover, we also use analytic induction to analyse the existing theoretical literature. We draw on some valuable theories of the application of E-commerce in foreign trade enterprises to make these theories at practice. This report explains the influence of E-commerce on the development of SMEs and puts forward some trusted countermeasures.

This report mainly starts from the concept, classification, and characteristics of E-commerce, briefly introduces the basic functions of E-commerce, analyses the research situation and development status of E-commerce, and explains the important influence of E-commerce on the development of SMEs. Finally, we have summarized what effective strategies can be implemented for SMEs in the development of E-commerce.

2 THE CONCEPT, CLASSIFICATION AND CHARACTERISTICS OF E-COMMERCE

2.1 The basic concept of E-commerce

E-commerce can be easily understood as using computer technology, network communications technology to start some business activities. Political circles, some scholars in the business and political community to couple with their own different understanding gives the following different definitions according to their own position, the positioning environment combined with their own participation in the different levels of E-commerce.

In the narrow sense, E-commerce refers to the use of electronic tools in commercial trade activities, such as the Internet, which is a computer-based business activity, including sums parties of the transaction for goods and services providers, advertisers, consumers, brokers, etc. [1] Broadly speaking, E-commerce is to improve the efficiency of the process of production, inventory, circulation and capital through the internet or other electronic tools, E-commerce sector is to share information and achieve business processes between the electronic businesses, internal electronic production management system.

According to the definition of all aspects, we can define the E-commerce by ourselves in this thesis report like this: E-commerce is the scope of business information exchange and the sum of various trading activities. It has a variety of business-oriented activities as the main body, and network information technology as a basis to communicate and information exchange within the law. It can also be understood that electronic information technology is fully utilized throughout the various trade activities.

E-commerce model refers to the business operation and profit model based on a certain information technology in the environment of the prevalence of network. E-commerce model promotes the development of the application areas and innovation of information services, there have been the following four forms:

Business to Consumer (B2C) played a large role in the rapid development of the commercial Internet in the 1990s. Large sums of venture capital flowed to consumers in the form of free online services and discounted shopping, spurring adoption of the new medium. When the capital markets turned sour, the B2C companies however were among the first to fall, and they fell fast. [2]

Business to Business (B2B). Modern B2B business model is the use of B2B website to closely link between the internal enterprise network and the customer network through the rapid response

characteristics of the internet, to provide customers with more appropriate and better services. Moreover, it can also be better to promote the development of enterprises. The B2B model has the largest share of E-commerce, and is the most operational and most likely successful business model.

Consumer to Consumer (C2C). The C2C business model is the transaction between the two sides through the online trading platform for commercial activities with which the seller can easily provide goods on the network platform. Meanwhile, the buyer can more conveniently choose trading products and transactions object according to their preferences.

Online to Offline (O2O). The O2O business model is a business strategy that attracts potential customers from online channels to reality stores. O2O shows customers in the online space and makes full use of different tools and methods to instigate the customer to leave the online space. The strategy includes techniques used in online marketing and physical marketing.

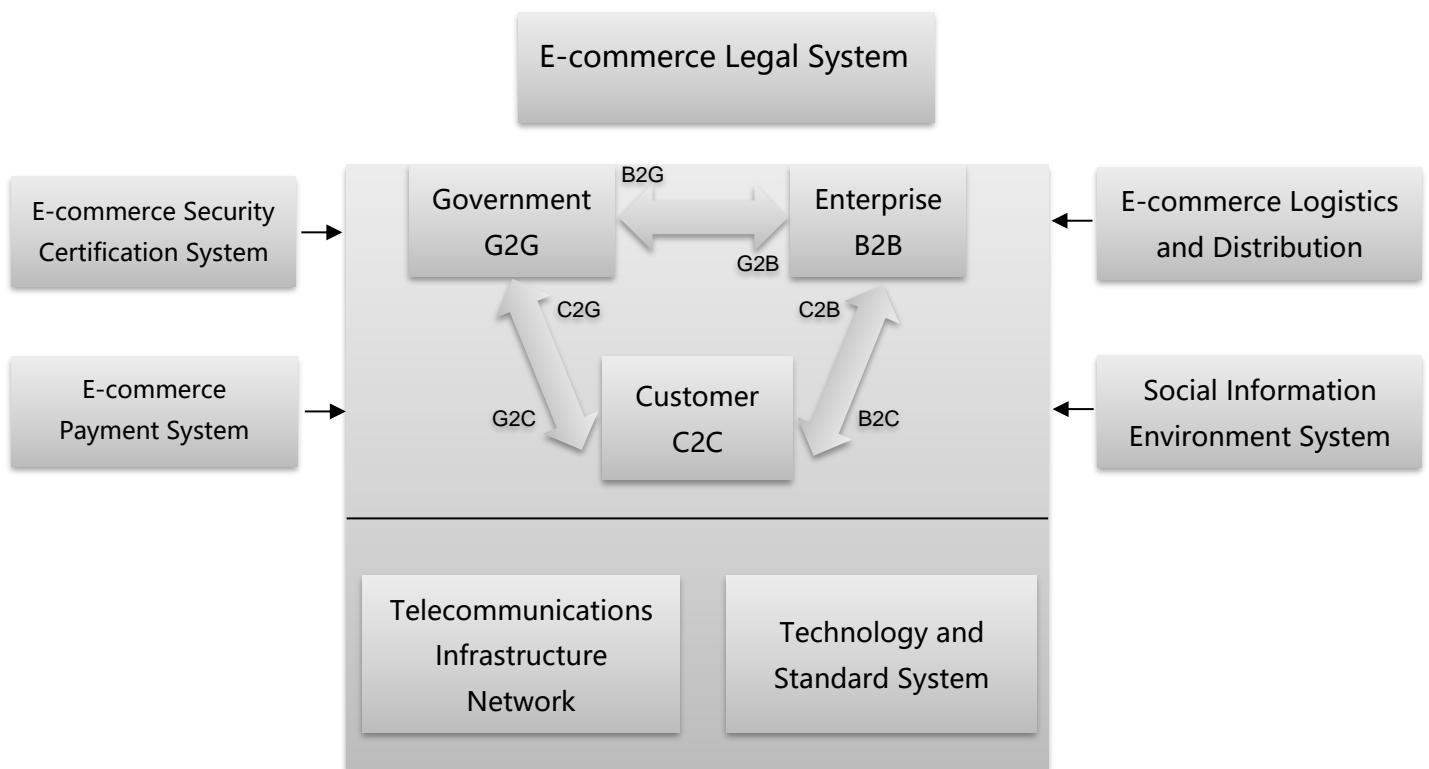


FIGURE 1. The relations chart of participates in the E-commerce system [3]

2.2 The characteristics of E-commerce

Compared with the traditional form of the business model, E-commerce shows the following several inherent characteristics.

Market globalization and universality: With the globalization development of the Internet, the use of E-commerce has also been gradually expanding. E-commerce model will slowly introduce the main body of economic development (enterprises, consumers, government, etc.) to new information and network of new areas.

Flexibility and convenience of transactions: In an E-commerce environment, E-commerce can complete the transaction in the way that is convenient and flexible through the network technology without a limited area.

Transaction virtualization: E-commerce is the correct use of network technology in business trade, from the entire transaction process of two sides (the negotiations, ordering, and payment) without the need to meet face-to-face. All the process can be completed through the computer network, which makes the whole transaction process completely virtualized.

Low transaction costs: E-commerce uses a variety of business activities by using the internet. Transportation, intermediary fees, manpower and material costs can be reduced.

Transparency and standardization of transaction: Throughout the transaction process, regardless if it is the negotiation process, the agreement signing process or the payment process, the goods delivery process can be accessed through the network to the details of the transaction so that the transaction is more open and transparent. It is necessary that the operation of E-commerce to be carried out under a unified standard, has a transparent, standardized feature for the E-commerce transaction.

The coordination of the transaction: No matter what kind of business activities it is, they all need a coordination process. The successful completion of each business needs the various departments within the enterprise, mutual transactions between all sides to coordinate a series of issues. In the E-commerce environment, it also requires the banking sector, distribution logistics, communications, technical services and other departments to work together, as well as coordination between the various parts of the corresponding regulatory system, which can protect the transaction works smoothly.

2.3 The basic function of E-commerce in the process of trade

E-commerce is the process of online transactions. The two sides of the transaction work together to contribute all or part of the trading business transfer to the Internet. Compared with traditional trade activities, modern E-commerce trade activities have the following basic functions:

- Seeking trade objects

It is a prerequisite to seek trade objects for trade. In the traditional way, carrying out some activities and paying high fees is a necessary process to find the appropriate trading partner in the traditional way. However, it can reduce the human and material resources, but also overcome the shortcoming of limitation of time and place through E-commerce to find trade objects. To attract trade partners for undertaking trade activities, foreign trade enterprises can establish an official enterprise website to publish enterprise supply and demand information or provide products and services to enhance the publicity of global potential users in the assistance of a well-known power provider platform. Enterprises can also take the initiative to find relevant economic and trade information through the network, looking for their own ideal trading partner.

- Consultation and negotiation function

Consulting and negotiation activities are the necessary procedures in trade engineering, but also the vital factors to make the smooth progress of the transaction to be successful. Under traditional trade conditions, the consultation and negotiation are often being completed by buyers and sellers to select a suitable time and place communicating and discussing some relevant transaction issues. Because of the limitation of time and space, the cost and waste of time in the process of consultation and negotiation are relatively long. Different time zones bring a lot of inconvenience to the two sides of the trade as well. Although the telephone and facsimile communication tools are a part of communication and negotiation process, but the high cost of communication and insufficient information conveyed are difficult to meet the current business requirements.

Network communication technology not only has a convenient, low-cost communication functions but also it has strong capabilities of information processing, information processing efficiency, capacity, etc. In the international business consulting and negotiation process, network communication plays a very important role. Through the ways of the network communication tool for consultation and negotiation, it can overcome the time, space limitations, but also save the cost of negotiations. Moreover, it also can overcome the different difficulties of different ways of communication.

- Network order and payment function

E-commerce can use the online trading platform for orders and purchase, and the transactions can be paid through the online electronic banking. Audio, video, consulting services, and other immaterial

product transactions have become more convenient and efficient with saving a lot of personal expenditure. With the rapid development of network technology, online orders and payment function in the trade will become gradually popular and the advantages will become increasingly prominent.

- Transaction security management

Professional activities involve multiple government departments, the financial industry, insurance companies, communications companies and many other departments and companies. Enterprises must deal with the relationship with all the relevant units alone. It costs lots of manpower, material, and financial resources, but also a lot of unnecessary time is wasted. The management process of E-commerce is paperless. It is a network, which allows enterprises directly process business bills and documents of banking, insurance, taxation, transportation and other departments through the network to complete part of the settlement and even all the work to save the cost of time and capital in the transaction process.

3 AN ANALYSIS OF THE DEVELOPMENT OF E-COMMERCE IN DEVELOPING COUNTRIES AND DEVELOPED COUNTRIES

Since the 1990s, due to the gradual development and running of mechanics of communication and various networks, as well as the emergence of a wide variety of electronic products and various forms of electronic trading activities, traditional trade participants have been close with E-commerce together because it is convenient and flexible. [4] This report analyses the current situation of E-commerce application in developing countries and developed countries, especially the current application of E-commerce capabilities and the status quo of SMEs. The evaluation result provides important practical significance to elaborate on the impact of E-commerce on the development of SMEs. It promotes foreign trade enterprises taking effective measures with the combination of E-commerce development enterprises effectively.

3.1 The development status of global E-commerce

According to statistics, the E-commerce market growth rate of developed countries began to slow down in 2014. The average growth rate of Russia is close to the global average level, and most of other regions are also demonstrating a slow growth trend.

e-Marketer company survey results show that the market size of global E-commerce is about \$ 1221 billion in 2013. The data is collected not only includes music, video and e-books and other digital content revenue, which also includes online ticketing revenue. This market size shows an increase of 17 percentage points. It is slightly lower than the growth rate of 21 percentage points in 2012. In 2014, the market size of global E-commerce shows an increase of 18 percentage which has reached about 1445 billion US dollars. According to the prediction of experts that the global regional market is increasingly saturated, the average growth rate of the global E-commerce market will gradually reduce. The incomplete statistics and relevant data show that the global E-commerce market is close to \$ 1860 billion in 2016. [5]

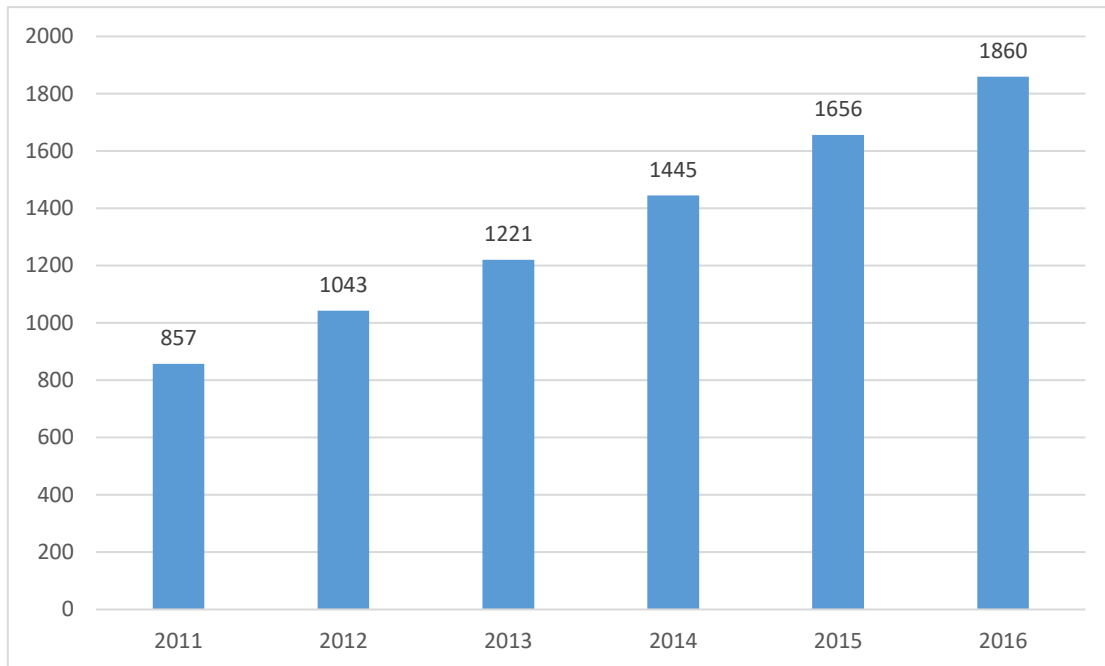


FIGURE 2. Global E-commerce market size chart (billion dollars) [5]

The United States, the European Union, and Asia are in a situation of tripartite confrontation in the global E-commerce market, and the development of E-commerce in various regions is not balanced. The United States is the first country to devote itself to research and develop E-commerce, and it is by far the most technologically advanced and technically developed country, which has played an important role in the development of global E-commerce. The European Union is following the United States to proceed with the development of local E-commerce, although started later, because of its rapid development, it has quickly become a better region in terms of the global E-commerce development. The development of Asian E-commerce, as a rising star, has a very large market potential, but currently, the proportion of E-commerce in the world is not high, which will become the potential market.

According to the related data the E-commerce market growth rate of the Asia-Pacific region is taking the leading position in the world E-commerce market in recent years. In 2015, the average growth rate of the E-commerce market in the Asia-Pacific region was 23 percent. In the Asia-Pacific region, Japan and South Korea E-commerce market is relatively mature. China and Indonesia have huge potential in the trend of E-commerce development. In 2015, China's E-commerce market grew by 65 percent and Indonesia grew by 71 percent compared with the same period of last year. The total sales volume in the Asia-Pacific region is almost close to the North American market share. Based on the prediction from E-market company experts that the Asia-Pacific Region E-commerce market will exceed the size of the North American market in 2017. [5]

The current E-commerce market, in most of the developed countries, shows the growth trend, but the growth rate is slowing down compared to the previous period, and the growth rate is relatively lower compared with other regions. The main reasons are the deep popularity of E-commerce in developed countries, and the number of online shopping users accounted for the main part. In general, the average growth rate of E-commerce development in developed countries by 2015 is about ten percentage and it will show a downward trend in the following years.

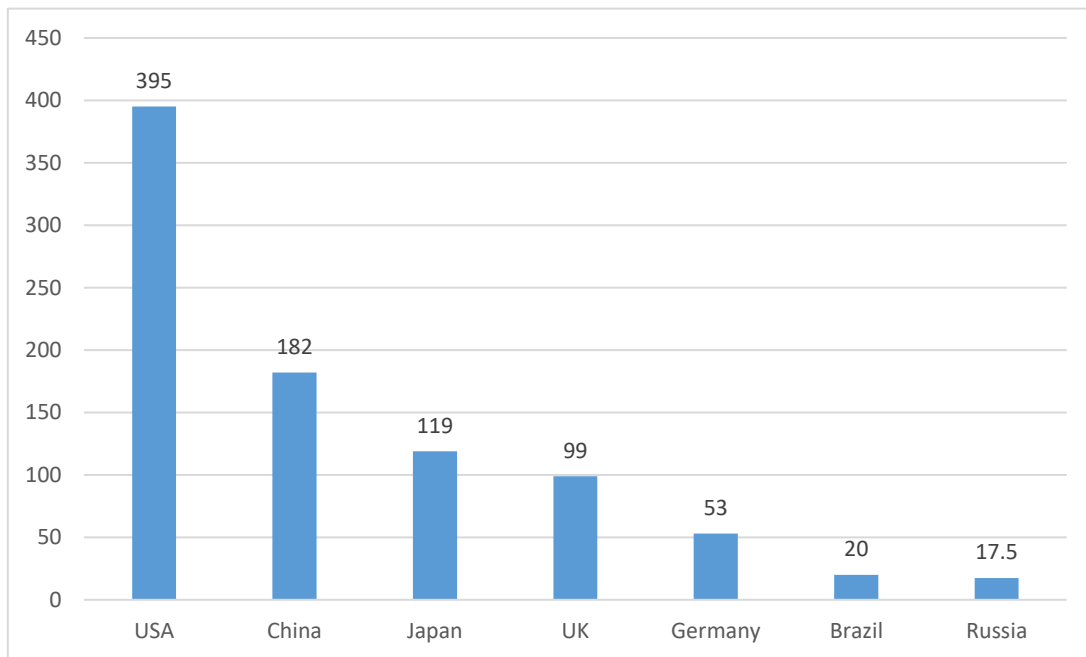


FIGURE 3. The size of E-commerce in major countries (billion dollars) [5]

Although the level of development of E-commerce in different countries is not the same, the global market is still showing some consistent trend. E-market company experts analyse and summarize the five trends for development of global E-commerce market in 2017.

First, with the emergence of mobile devices in the E-commerce marketplace sales platform, it presents a more mobile version of the professional website and application.

Second, attractions for the brand business in the online platform are gradually increased. The advantages of online sales are gradually recognized and accepted by the brand business.

Third, the E-commerce sales policy is gradually unified globally, such as determining the different release date in different regions and so on.

Fourth, online sales stores will have rapid development, which will become a unified entrance for the major brands to enter the market. This will also help companies expand the types of goods to improve the global expansion of the environment.

Fifth, the development of E-commerce is not as easy as expected previous, online trade margins are low, and even lead to some companies become unprofitable.

3.2 The Application of SMEs to E-commerce

Now in the Internet age, the network and network technology development in the E-commerce have become an inevitable trend. At present, due to scale restrictions, capital, market, information, talent, technology and other aspects of the relative lack in the traditional international trade model, SMEs have a lot of weaknesses compared with large enterprises. Because of this SMEs cannot have long-term development in the traditional trade market model because of lack of market competition force. These inherent deficiencies will greatly reduce the possibility for the SMEs to participate in large-scale global trade fairs, seminars, and even some of the emerging SMEs simply do not have enough economic capacity, competitive ability to participate in their own local large-scale commodity exhibition, which increases difficulties for the SMEs to participate in trade activities and troubles to continue to survive and develop. [6] Nowadays, the rapid development of information technology has facilitated the application of electronic information technology to develop E-commerce in the trade area, and the scale and scope of E-commerce have been greatly expanded from the previous. The application of E-commerce has been infiltrated and spread to various industry fields and to social level, which provides better environment and condition of development for more foreign trade enterprises.

3.3 Problems in the Development of E-commerce in SMEs in Developing Countries

SMEs in developing countries have started to grow rapidly in the application of E-commerce, which has also been recognized by enterprises in all walks of life and has made good progress so far. But at present, most of SMEs are not mature enough on the understanding and application of E-commerce. For example, to carry out E-commerce approach in SMEs is mainly limited in two ways: There are self-building business website and carrying out various business activities in third-party electricity business platform. [7] Management foundation is backward and enterprise information construction is not solid enough. Some people even simply think that E-commerce is a website or through third-party E-commerce platform for information dissemination, online purchase, negotiation,

and sales. They have not fully developed E-commerce is real value, such as E-commerce cannot be a reasonable application and maintenance management customer relationship, inventory management, financial management and other aspects. In particular, SMEs do not realize the enterprise E-commerce system and enterprise information system integration as one entity to achieve data sharing. [8] This has the following main problems:

- Administrator cannot correctly understand the E-commerce and give enough attention to conservative ideas and concepts behind

At present, many managers of foreign trade enterprises do not know enough about E-commerce. They do not really understand the concept and value of E-commerce, and lack of profound understanding for the importance of E-commerce, the scope of application, and huge advantages on implementation methods. E-commerce business investments and other resources are needed for a process to do long-term planning without concentrating on short-term returns. This makes it difficult for many managers to make decisions on how to develop E-commerce and E-commerce.

- Infrastructure is relatively backward, lack of funds, professional and technical personnel

SMEs of foreign trade scale is generally small. Even though the appropriate network facilities and communication equipment have been constructed, the equipment are still relatively backward and enterprise information construction capacity is not enough due to lack of sufficient funds. At present, in addition to computer and other related hardware devices for E-commerce construction, also it is needed to have E-commerce platform and E-commerce applications system. The professional and technical personnel support to match with E-commerce system construction is also necessary to be built and run the team. Because of the needs of development of E-commerce, E-commerce activities are promoted to information network by computer, network and communication technology, which requires not only understand IT technology but also understand business and management.

- Safe operation problem still exists

There are many SMEs which are aware of the importance of E-commerce, but it still concentrates on the simple establishment of the site, release, access to information in the operation of E-commerce, which cannot give full play to its role. Because of the virtuality of the network, there are some security problems in the operation of the E-commerce transaction, the existence of the computer itself, the virus, and the hackers, which may bring losses to the enterprise.

- The external environment in which E-commerce is located needs to be further refined

In SMEs, the use of E-commerce external environment needs to be further improved. First, the security of the network infrastructure and the network environment need to be improved. Second, the network security certification standards and credit system standards must be further improved.

Third, the standardization of E-commerce standardization of the problem remains to be further studied. Fourth, the logistics bottlenecks associated with E-commerce need to be addressed. Fifth, the electronic construction of the financial industry must be promoted to ensure that the support environment has been continuously improved. Finally, the relevant departments should establish and improve the E-commerce trade-related laws and regulations to provide a good legal environment for the development of E-commerce.

4 THE IMPORTANT INFLUENCE OF E-COMMERCE IN SMEs

4.1 E-commerce plays an important role in the financing of SMEs

To solve the financing difficulties of SMEs, banks and the third-party E-commerce platform stay together to create an innovative model to provide loans for SMEs. [9] Moreover, E-commerce plays an important role in dealing with banks and business relations.

- The use of E-commerce increased default costs for the SMEs

The introduction of E-commerce to enable enterprises to be easier to get a loan and a higher amount of loans in the new loan model. However, E-commerce is using an online trading platform with high transparency, once the loan business comes up with bad credit. The online trading platform will enhance the company's default costs through the network publicity and termination of services and other integrity punitive measures. This will help to solve the financing problems of SMEs, and further purify the financing environment.

- Banks, governments and an E-commerce platform through the joint consultation to establish risk insurance pool to implement risk sharing

The loss of bank credit can be used to make up for the risk pool once the corporate default, and it cannot repay the debt. The risk-sharing mechanism not only reduces the risk of bank credit losses but also it can be assured that SMEs provide more secure and reliable loans.

- The use of E-commerce allows SMEs to expand the scale of financing and reduce their financing costs

The average amount of financing a single SMEs is relatively small, but for each loan it needs to investigate and analyse the business situation of the enterprise. It will increase the financing cost. However, with the establishment of the financing mode under the E-commerce, the financing has a relatively fixed cost. It is not with the number of financing enterprises to produce a more substantial increase. Therefore, more and more enterprises use the way of E-commerce financing to finance costs. It can help enterprises to become more conducive to the development of financing scale, reduce financing costs, and reduce the risk of enterprises to overcome the difficulties of individual enterprises financing.

4.2 E-commerce brings a new standard of credit rating for SMEs

Enterprise credit rating generally refers to the enterprise in the conduct of ordinary trade activities, investment cooperation and credit issues to assess the credit. [10] Enterprise credit assessment activities evaluate the business activities of the credit degree by the main independent business rights of enterprises or economic entities as the object of study. In fact, that is also the comprehensive inspection process for the production, management, management activities and trade activities, economic efficiency, and development prospects.

Good business reputation is a good foundation for the development of business activities between enterprises. The evaluation of enterprise business reputation in the mode of E-commerce business needs more appropriate, reasonable, accurate and perfect credit evaluation of a standard system. In the traditional enterprise reputation evaluation standard system, we consider different managing ways as a large-scale evaluation of SMEs credit evaluation standards. For the application of E-commerce for SMEs, credit evaluation indicators include management capacity, profitability, solvency, and development capabilities. It also includes three expansion indicators: network marketing capabilities, customer service capabilities, network management capabilities.

E-commerce transactions which are under the foreign trade enterprises new credit evaluation standards for business transactions between enterprises, provide a guarantee for the further development of enterprises, establishing a benchmark between enterprises, and understanding more clearly the target between the SMEs. [11]

4.3 E-commerce reduces the economic costs of SMEs

- The use of E-commerce greatly reduces the inventory costs of SMEs

The use of electronic network technology in SMEs to accept customer orders, orders to manufacturers and other activities are simplified for online operations. It can not only be quick and easy to be understanding the customer needs of the product type and quantity, but also contacting with the relevant production enterprises timely and effectively, and ultimately to maximize customer satisfaction with the needs of the product. It does not need to store too many goods in the warehouse but they are directly delivered from the production enterprises to customers. It can flexibly respond to the various needs of customers, greatly reducing the risk of inventory and backlog, and achieving non-stock transactions.

- The use of E-commerce to reduce the SMEs in the process of procurement costs

In the E-commerce model, SMEs can benefit through the advanced network information technology to achieve customer demand for information related to the acquisition and rapid delivery, reducing the procurement process in the past due to some of the costs arising from information transmission. At the same time, because of the impact of E-commerce, various enterprises have their own corporate website, so that foreign trade enterprises in the choice of co-manufacturers and customers can be carefully studied through the network to find the best products.

- The development of E-commerce also reduces the marketing costs of SMEs

In the traditional business environment, the market transaction costs are higher including face-to-face conversation, transportation costs, and communication costs. In the E-commerce environment, SMEs can build their own professional business website or with some excellent network platform to promote the promotion of products, and have timely communication with customers through the network, and access to customer service, which can greatly reduce the marketing staff travel expenses and some other promotional expenses.

4.4 E-commerce has affected the internal and external environment of SMEs

- The most important contribution of the extensive application of E-commerce is to provide the world with the virtual supply products of foreign trade enterprises

The network technology information occupies an important position in the supply chain of E-commerce transactions. A single enterprise can use network technology to provide their products and services effectively according to their own industries and product needs. Therefore, the main business of the enterprise of SMEs has also undergone major changes. This virtual enterprise, in terms of function or effectiveness, are far beyond the original entity enterprises. They can quickly expand or spread to the global scope. The application of E-commerce also simplifies the business process of SMEs, providing favourable conditions for them to enter the international trade market, and the number and scope of the main business are expanding.

- E-commerce to promote the transformation of SMEs to improve their management and decision-making level

Compared with one-way logistics mode of operation, E-commerce has formed the new strategic business model. It is based on the realization of logistics and information flow as the core business. This strategy will be integration between agents, sales, and other classic trade models, which helps the product transaction process to network information for enterprises around the world to provide comprehensive, multi-level, multi-angle interactive business services. At the same time, the introduction of E-commerce as the objective also needs to be adapted to the new business model for the original business activities to reorganize the adjustment, SMEs activities with more

standardized, procedural, organizational structure flat. The management level and decision-making level in SMEs will also continue to improve.

- E-commerce to change the SMEs environment, and provide new market opportunities

The application of E-commerce to SMEs environment has brought great impact. E-commerce brings a huge, open environment, leading to the market structure also changing dramatically, and impacting the traditional business structure model, so that enterprises can better meet the needs of the network business era. SMEs can also use the network and E-commerce business platform to promote the product to the world, and transform potential customers to the actual customers, to further expand the international market for SMEs to develop greater market opportunities.

- E-commerce makes SMEs to change the way of competition

Competition between traditional business enterprises is just a simple product and service competition. In the development of E-commerce, it is also the competition of the business model and the supply chain. More SMEs start to strengthen the supply chain management to gain a competitive advantage in the E-commerce business environment. The development of information technology, the opening of management thinking, is making the competition between enterprises from the past simple single competition between enterprises into the enterprise supply chain competition. In the E-commerce environment, the supply chain can be managed from SMEs and suppliers, distributors. It not only makes customers more convenient, faster and more accurate to contact but it also is conducive to transaction management, information sharing, learning from each other, to ensure the smooth conduct of E-commerce business and the smallest investment in exchange for high returns.

- The introduction of E-commerce is conducive to the promotion of SMEs to raise awareness and lay the foundation for entering the international market

In the past, SMEs were limited by human, material and financial resources to enter the international market. The development of E-commerce has provided better accesses, and conditions for these enterprises to the international market. At present, this type of enterprises can carry out E-commerce trade activities in two ways. First, through the E-commerce platform specifically registered for E-commerce. The method has characteristics of little investment and only small difficulties. Second, SMEs establish their own business website for the development E-commerce, which is very difficult, but the investment and the effect are significant. Enterprises and customers can fully understand the business situation and products of cooperative enterprises through the Internet platform, which has the advantages of low publicity cost and can also promote the enterprise stepping over time and space to improve the enterprise's reputation better. SMEs can combine more easily with the international market convergence, better access, and enter the international market.

- E-commerce promoted the improvement of service quality of SMEs, and improved its competitiveness in the market

There are some objective factors of relatively backward information technology that limits SMEs to improve the competitiveness. But with the use of E-commerce companies in the enterprise. It is possible to make up these shortcomings. Compared with the traditional business, E-commerce business breaks through the limitation of time, geographical, space and other factors. The credibility of the situation, development and product quality and other issues can be obtained in the internet platform without the limitation of time, and the release of supply and demand information on the site, which helps to contact customers in a comprehensive two-way communication. Seller enterprises can be based on the information in a timely manner to update their own product information or to improve product quality, and to provide relevant after-sales service or advice without the physical construction as a support. At the same time, enterprises can also continue to use the network to understand the situation of competitors, mutual learning, and common progress, and constantly improve their market competitiveness, and further explore the market.

5 CARRYING OUT E-COMMERCE EFFECTIVE STRATEGIES AND MEASURES TO PROMOTE THE DEVELOPMENT OF SMES

With the arrival of the era of E-commerce, SMEs must overcome its difficulties to seek the development which requires companies, governments, and other institutions to take effective response measures.

5.1 Promoting the establishment of SMEs joint procurement model

SMEs has the limitations of small size, lack of funds, and the large fluctuations of the market. The procurement cycle is generally unstable, small scale and other shortages of bulk procurement. These conditions do not often to get the attention of suppliers, which results in that their individual procurement costs are higher than before, and the level of competition is relatively reduced.

In an increasingly fierce market competition environment, minimizing the procurement cost is extremely important. Therefore, it has great significance to build SMEs to adapt to the unique mode of procurement to meet the requirements of small quantities, batch purchase, but also to save the necessary procurement and distribution costs. Based on the conditions of E-commerce, the joint procurement model of SMEs can be simply explained as the procurement mode of small-scale procurement into large-scale procurement. The purpose is to diversify the SMEs together through the E-commerce platform to build economies of scale, reduce individual procurement costs, and enhance the competitiveness of enterprises. The implementation of the joint procurement cost model requires SMEs, suppliers, third-party logistics, and third-party E-commerce platform to work together. In the conditions of E-commerce business, SMEs joint procurement model is divided into joint order, logistics and distribution of two stages. [12] The joint order phase aggregates individual purchase orders for SMEs to form scale orders. Logistics and distribution to achieve small quantities of orders make SMEs to meet product demand. Third-party E-commerce platform is responsible for the relevant consulting, communication services, such as related legal advisory services, financial payment services, and other services that can ensure that these two stages of the smooth conduct of activities.

- Joint order

At the beginning of the joint order stage, in which SMEs predict their own business needs, and respectively submit their short-term, and long-term product demand plan to the third-party E-commerce platform. The third-party E-commerce platform have all the needs of classified and summarized so that many batches of small batch demand are aggregated into attractive size needs.

Then, the E-commerce platform releases information on large quantities of product order demand. There will be suppliers through a third-party E-commerce platform to notice the order information, and then they submit the intention to apply for the delivery. The participation of the joint procurement model of SMEs is designed to be able to be applied for many candidates to choose the best one. At the same time, as a principal of SMEs, the third-party E-commerce platform will negotiate with suppliers and formulate the best plan to meet the interests of both parties and enter into a long-term order agreement. Finally, according to the location of the enterprises and the distribution of raw materials, the corresponding distribution centre will design the best logistics solutions, and a third-party E-commerce platform as a separate party will monitor the entire joint procurement process providing supporting services to ensure the smooth progress of the transaction.

- Logistics

With the SMEs and suppliers to sign a long-term order agreement and the formation of strategic alliances, SMEs submit its demand planning and inventory information feedback to the supplier and distribution centre. Suppliers and distribution centres, based on the feedback of SMEs, develop appropriate work plans. Then, the delivery centre will be notified of delivery by the supplier according to the needs of SMEs. Upon receipt of the delivery notice, the distribution centre will develop the optimal distribution plan, and strictly deliver to the various SMEs according to the agreement on the date of logistics distribution. In the whole process of logistics and distribution, SMEs follow the product distribution process of all business-related information through a third-party E-commerce platform, such as preparation, or distribution, until the material package reaches the target company. Suppliers can also be involved through a third-party E-commerce platform to check the distribution of the materials and the customer's acceptance. As the number of SMEs are more, it is necessary to integrate small demands and distributions together to form a large demand and the corresponding large delivery volume. Certainly, at the same time, suppliers can also be based on product demand in large quantities to replenish the inventory to become more effective to reduce the supplier's replenishment process costs and then mobilize the supplier to participate in the joint procurement model with enthusiasm, which ensures SMEs to complete the joint procurement successfully.

- Building a guaranteed E-commerce trade platform

SMEs implement joint procurement model through an E-commerce platform. To some degree, it is a complex supply chain management system. It requires a lot of money and advanced science and technology to support to achieve this procurement model. It is also impossible for SMEs to achieve this system. SMEs can be from the third-party E-commerce service platform where is the access to the appropriate funds, and technical support to adopt various methods of customer service platform as for the problems encountered. At the same time, government departments should also provide enterprises with appropriate funds and technical support through certain channels, such as

formulating reasonable policies and intensifying capital investment providing a financial guarantee for the construction of a third-party E-commerce platform.

5.2 Taking measures to develop

- To vigorously develop SMEs by E-commerce to a strategic height

Government promotes the development of SMEs to raise the level of economic development to strengthen the publicity, education, and deepen the business awareness of electricity providers. SMEs make full use of electricity business services and other resources to enhance the training of electric business personnel education. Different activities must be carried out to encourage and support SMEs with E-commerce to increase their competition.

The E-commerce also can be used to develop commodity channels and network publicity by SMEs, but the current SMEs are limited to the international market commodity level understanding, and there are no reasonable uses of electricity business transactions to build their own brand. SMEs that are in the process of E-commerce business need to change the original concept of marketing and methods to adapt to the law of the development of E-commerce to develop a new and appropriate marketing strategy from the consumer point of view. In addition to the market price, supply and demand and other information, SMEs in the process of application of E-commerce collect information for the application of an E-commerce platform for their own foreign trade brands, products, and services at any time to assess and improve the enterprise in the international market competition force.

To determine the third-party E-commerce platform, SMEs should be based on their own business positioning, product nature, and market demand to select the high reputation, high credibility, and a strong public effect of the E-commerce platform. At present, the world's leading cross-border E-commerce sites such as eBay, Alibaba, and Amazon, with the choice of the well-known commodities, which also helps to expand the publicity of SMEs. [13] E-commerce platform model is still a dominant position of retail sales. To develop further, SMEs need to learn to get rid of the platform of this kind low-cost less standardized primary retail form, and establish a free platform trading model.

- Strengthen information infrastructure, strengthen network management, and maintain network security

To use better E-commerce in SMEs and in their application and development, we must rely on a complete information infrastructure construction. Today's SMEs have existed many issues. The weak information base will make SMEs lose some of the trade opportunities brought by E-commerce

providers, thereby reducing the international competitiveness of SMEs. At the same time, to promote the application of E-commerce to business activities, we need to have a good operating environment. SMEs should pay attention to their own business platform and their own website construction while strengthening the network supervision and making internet security done well. Network security is related to the vital interests of every foreign trade enterprise information security. In the enterprise, the network security and reliability of E-commerce is very important. Therefore, the relevant departments in SMEs should organize some relevant technical personnel to set up all resources as soon as possible to deal with a series of E-commerce business security issues, such as the authenticity of customer information, privacy information confidentiality, trade electronics contract signing and other issues. In conclusion, it is necessary to accelerate the establishment of information infrastructure to achieve the improvement of information technology infrastructure, and maintain the network information of the E-commerce in all aspects of security work to promote E-commerce in SMEs to become extensively applied and deeply developed, and bring the corresponding return.

- Shaping the corresponding corporate culture, strengthening the internal management of enterprises and strengthening the training of E-commerce personnel

Corporate culture must be compatible with the environment, E-commerce business needs SMEs to shape the corresponding corporate culture. As a new business model, E-commerce represents a new business philosophy, which will require all foreign trade enterprises in the ideological recognition, but also in capacity to meet the application of E-commerce requirements. It requires SMEs to shape the E-commerce in line with the following characteristics of the corresponding corporate culture. First, the spirit of cooperation must be shaped in the internal and external team. The overall goal needs to be achieved by trust and self-discipline to replace the control obtained, and to become win-win cooperation between the two sides. Second, an entrepreneurial spirit must be encouraged in enterprises. SMEs make concerted efforts to create an excellent learning atmosphere to achieve a higher level of knowledge of E-commerce providers. It responds to the power of all aspects of the new demand through in-depth study and internal and external exchanges. Third, the creative activities must be encouraged to break the routine and the business side. SMEs make full use of knowledge structure integration advantages to enhance the enterprise the core competitiveness in the era of E-commerce.

The application of E-commerce in the development process requires a certain degree of professionals. SMEs have the ability to attract and develop professional E-commerce talents to create a full range of talent development space to stimulate the enthusiasm of personnel work, the establishment of effective, a systematic compensation system and performance evaluation system. SMEs must pay attention to human resources management, integrating high-skilled talent career development planning in the E-commerce industry and corporate strategic development planning. E-commerce is the network technology used in business activities. It does not only need to

understand numbers of business management, but also to master a certain combination of computer technology talent.

- Cultivate SMEs of their own brand products, increase the intensity of shaping the network brand

With the deepening of E-commerce, foreign trade enterprises have also undergone a fundamental change in the external environment. SMEs must have the product personality, brand and image to achieve further development on behalf of their own enterprises. Enterprise independent brand is to adapt to the development needs of the era of E-commerce. SMEs should seize the rare opportunity in the reform of E-commerce to cultivate and enhance the competitiveness in the international market, develop their own new technology, access to import and export rights, and grasp product marketing and unique service advantages.

Under the circumstance of the E-commerce, their own brand is very important, and a new form of expression - network brand. The role of the network brand can capture the customer's eyes is the most direct weapon which directly leads customers into the brand enterprise website. There are a lot of a variety of business information in the network. Network brand is the main basis in the process of businesses and in the choice of trade enterprises and consumers when they choose their preferences. Therefore, SMEs need to consider to strengthen the influential network branding in the E-commerce environment. After SMEs have created their own website, they should spare no effort to carry out network planning activities related to the activities of the network to increase access to the network and to make full use of the network investment. Companies can take the following two ways to promote their website without significantly increasing the cost of publicity. The first method is printing the corporate website and e-mail on the traditional media publicity channels. The second one is that companies should actively use a variety of related sites, such as enterprise product suppliers, vendors, and even competitors of the page, in a wider range to expand the impact. It is also possible to register their own corporate website and product information in some well-known network platform and even do enterprise advertising.

6 CONCLUSION

Based on the research of E-commerce and the influence of E-commerce on SMEs, this thesis report analyses the current situation of E-commerce in foreign trade enterprises and sums up their existing problems about administrators, infrastructures, security, and the important impact of enterprise development for E-commerce to SMEs. Finally, the report is putting forward the relevant reasonable and effective measures for the SMEs based on the whole enterprise and the individual aspects of the enterprise in the E-commerce environment. Making full use of E-commerce development itself provides a strong reference.

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