

E-COMMERCE PROGRAMME

**Export Promotion Project for Small and Medium-sized Enterprises
European Union – Peru (ALA/93/57)
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E-COMMERCE PROGRAMME

Promoting the use of the Internet and electronic commerce by the export sector

The European Union - Prompex Export Agreement (ALA/93/57) places the **E-Commerce Programme** at the service of the export sector. The purpose of this programme is to give small and medium-sized enterprises technical and economic assistance so that they can use the Internet and electronic commerce as business promotion and management tools.

WHAT IS ELECTRONIC COMMERCE?

The technological advances of the past decade combined with worldwide economic globalisation have created new ways of doing business, the most important of which is known as electronic commerce. Put in general and simple terms, electronic commerce is the promotion and exchange of goods through the Internet by using the tools offered by electronic computer technology.

There are two models or ways of doing business through the Internet:

BUSINESS-TO-CONSUMER (B2C)

This is commerce between enterprises and final consumers. By way of example, we have the supermarket purchases a consumer makes through the Internet.

BUSINESS-TO-BUSINESS (B2B)

This refers to commerce between enterprises. An example is the management and follow-up of the purchase orders placed by a foreign company with a Peruvian exporter via the Internet.

In light of the characteristics of Peru's export sector, our **E-Commerce Programme** will give priority to the Business-to-Business model. In other words, we will help exporters to do business with their international customers through the Internet.

WHY SHOULD EXPORTERS TURN TO ELECTRONIC COMMERCE?

There is a rapidly growing global trend towards using electronic commerce as a new way of doing business.

According to the United States consulting firm, *Forrester Research*, by 2003 business-to-business electronic commerce will amount to 1.3 trillion

dollars - 5 times as much as business-to-consumer sales.

Our competitors and customers are already engaged in electronic business or will be shortly.

The use of electronic business touches off a chain reaction from consumers, customers, and distributors to suppliers (exporters); it is better to be prepared.

It will give us a new way of competing in the international market.

THE COMPETITION KNOWS WHY...

In 1999, the consulting firm *PriceWaterhouseCoopers* made a survey of small and medium-sized enterprises in the APEC (*Asian Pacific Economic Cooperation*) member countries - of which Peru is one - to determine what advantages electronic commerce offers for their business. The findings, in order of importance, are:

- 1 Improves customer service
- 2 Enhances company image
- 3 Acts as a customer information exchange
- 4 Improves competitive position
- 5 Increases customer loyalty
- 6 Better access to international markets
- 7 Increased revenues
- 8 Reduced costs of information
- 9 Acts as a supplier information exchange
- 10 Attracts new investment
- 11 Reduces procurement costs

If this is what businessmen in the United States, Thailand, Australia, or Singapore think, what should the answer of Peruvian companies be? They have no choice; they have to play by the rules of the "New Economy."

“NEW ECONOMY – MORE SERVICES

In the “New Economy,” the value added is supplied in the form of service. The product itself gives up part of its importance to the services that accompany it. In other words, for many companies, the price is no longer the bottom line for determining whether to make a purchase. The only way to differentiate the products my company offers from those of my competitor is to add services that increase the value of my product. One of the main ways of doing this is through electronic commerce.

For that reason, it is necessary to add value to the electronic means. If my customers do not gain anything from electronic commerce, they probably will not use it. A well-designed web page containing five photographs of products is not enough; it must be promoted and kept current. But, above all, the company’s operation must be adjusted to the use of these new management tools.

Our project trains enterprises and gives them technical and economic assistance so that they can offer these services. For example: buyers can place orders in the Peruvian exporter’s web page; they are given an opportunity to review their previous purchases; stock levels can be viewed at a glance; information is available about the progress made in filling an order; a shipment can be followed up; up-to-date technical sheets can be consulted, and so forth.

THE INTERNET CAN TRANSFORM YOUR BUSINESS: “THE REVOLUTION IS IN THE ENTERPRISE”

The company, in order to be able to offer these services, frequently in “real time” (i.e. immediately), must improve and make the most of its internal processes in the areas of both production and administration. Many procedures can be carried out more rapidly and smoothly by using computer technology in general and the Internet in particular, thus cutting down on the time needed for and the cost of each step. The project provides technical

and economic assistance to find and work out customised solutions for each individual Peruvian enterprise. Our philosophy, in short, is to consider the Internet and electronic commerce as business management tools. The key, however, lies in the changes the company must make internally to adjust to the speed and advantages of electronic business.

CONTENTS OF THE E-COMMERCE PROGRAMME

Small and medium export companies can receive technical and economic assistance with the following:

TRAINING

Consciousness-raising seminars and lectures

Training workshops in marketing and the use of Internet tools.

TECHNICAL ASSISTANCE

To make internal processes and procedures more effective so that they can meet the needs of electronic commerce.

APPLICATION OF ELECTRONIC COMMERCE IN THE ENTERPRISE

Elaboration of web pages

Elaboration of electronic catalogues

Implementation of B2C or B2B systems

BUSINESS PROMOTION ON THE INTERNET

Participation in rounds of business meetings and international fairs on the Internet

Access to operators and traders specialised in electronic commerce

ECONOMIC ASSISTANCE FOR ENTERPRISES

Each enterprise may receive up to 50% of non-reimbursable economic aid to cover the costs of training in and technical assistance with electronic commerce, exclusively. The maximum per company is US\$ 5,000, depending upon the assistance the enterprise has received previously from the European Union – Prompex Export Agreement.

WHAT ARE THE STEPS FOR PARTICIPATING IN THE E-COMMERCE PROGRAMME?

Interested enterprises should send in the registration form, specifying which of the four programme elements they are interested in.

The European Union – Prompex Export Agreement will then evaluate the companies and choose those that will participate in the programme. The company's diagnosis is of key importance in determining its possibility of taking part.

The European Union – Prompex Export Agreement will then confirm the terms of the assistance.

WHAT ENTERPRISES OR GROUPS ARE ELIGIBLE TO RECEIVE THIS ASSISTANCE?

Small and medium export companies

Small and medium enterprises working in the export services chain

Associations, institutes and groups of producers – exporters

During the first year, priority will be given to enterprises in the textile and garment, fishing, and agro-export sectors

HOW TO PARTICIPATE IN THE E-COMMERCE PROGRAMME?

Enterprises interested in participating in this programme should fill out and send in the following form:

Our company is interested in:

- Training in general aspects of electronic commerce
- Technical assistance to make adjustments in the enterprise so that we can use electronic commerce
- Application of electronic commerce in the company
- Commercial promotion on the Internet

Company name _____

RUC _____

Address _____

Telephone no. _____ Fax _____ E-mail _____

Enterprise activity _____

Approximate value of exports in 1999 (in US\$ - reference figure) _____

Contact person _____

The European Union – Prompex Export Agreement reserves the right to choose the enterprises that will participate in the programme in compliance with its own parameters and procedures. The priority sectors are: agribusiness, fishing, and garments.

FAX THIS INFORMATION TO 475-8810