



The Availability, Access, and Utilization of Trade Information on the Internet

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The objective of this article is to examine the availability, access, and utilization of Trade Information on the Internet, and to recommend actions on how by using Trade Information sources companies and organizations can identified bottlenecks and deficiencies in the way they use the Internet as a trading platform, removed them and increase efficiency.

What is exactly Trade Information?

For the purpose of definitions, trade information is defined in the broad sense as all information required by enterprises for the efficient planning, execution and monitoring of international trading operations and marketing. This includes not only raw data, e.g. statistics and contact data, but also specialized trade information sources and market intelligence available through personal contacts and from specialized trade service, companies and institutions. It includes as well, the information required by Trade Information Centres and public trade organizations to be passed on to the enterprise sector.

Trade Information is required by enterprises for the efficient planning, execution and monitoring of international trade. Over the decades, many business associations such as chambers of commerce and trade and industry associations have become suppliers of trade information. Close relations to their members, well-defined common interests and operations at cost rather than on for-profit basis are major characteristics of this type of supplier of trade information which require a large number of staff and resources to maintain their databases up-to-date.

Trade information plays a key role in international marketing and competitiveness. The capacity of getting the right trade information to the right place using universal methods of communication and at the right time it is a major factor influencing international trade efficiency. To acquire this capacity it is imperative to move from centralized environments to the decentralized hyperlinked world offer by the Internet.

The "Global Reach" offered by the Internet makes many traditional methods of providing trade of information obsolete. From a centralized environment where people stocked and controlled information in large databases of the 70's and 80's we are moving to a decentralized environment where people only maintain and publish their own data and provide the fastest access to their information.

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environments to the decentralized hyperlinked world offer by the Internet.

Demand and supply conditions for trade information are often imbalanced. Problems of availability, selection, access, and international comparability hamper enterprises in making best use of this information. This can be particularly damaging for newcomers to international business, to small-and medium-size companies and, in particular, to companies in developing countries and economies in transition. Not having access to the relevant trade information can be as serious an obstacle as are tariff and non-tariff barriers. After the successful conclusion of the Uruguay Round, there is thus a case for a concerted international effort to harness trade information fully for making international marketing and trade more efficient.

A new business opportunity (trading trade information)

Trading information is now possible at a global level using the Internet. This is a great opportunity for small-medium size enterprises and individuals to offer information services to the global trading community. The main requirement for any information provider dealing with Trade Information is to meet the growing needs of exporters and importers to exchange accurate and timely information. Their objective should be to provide organizations with a global mechanism to exchange up-to-date, accurate and easily accessible sources of information using dynamic exchanging mechanism.

In the field of international trade for which the time factor is often critical, telex and fax is widely used to transmit trade inquiries and commercial correspondence between companies, and to rapidly obtain daily price quotations from commodity markets, trade opportunities and other related data from specialized sources. Now with the introduction of the email in many companies and the opportunities offered by the WWW the information flows directly from buyers and sellers reducing the need for intermediaries or brokerage services.

Experience has proven that access time is critical to the quantity and quality of sourcing carried out by providers of trade information. A truly viable system must provide results in seconds, and those results must be highly credible to the end-users. In some countries, Trade Information Centres are increasingly working with trade organizations of commerce and trade promotion organizations towards the use of the electronic mail, the gopher and the Worldwide Web to send and receive trade information.

This increase in the use of new telecommunications technologies to search into subregional and regional information centres through a microcomputer connected to the local Internet provider is revolutionizing the way companies are participating in International Trade. Few years ago this information was only available by connecting to high-end mainframes and centralized databases. The fact that Traders now can access trade information from the Internet is opening a new door towards the integration of trade information to the transactional requirements of the Electronic Commerce.

Trade Information is a pre-transactional tool

Trade Information can not be considered the central requirement for a company to do business but without trade information doing business is quite difficult, specially when we referring to International Trade. Trade information provides the first "alert" and "intelligence" required to move towards real business operations. In this regard we classify Trade Information as a pre-transactional requirement to do business. The new opportunities offered by the Internet on the area of electronic commerce are much related to trade information, without trade information we can not do electronic trade.

We normally understand the value of trade information the day that we identify a good trade opportunity, from the moment we have an opportunity we also have a challenge to complete the business and for that we need trade information. Sometimes companies with no experience on international trade will have the tendency to believe that trading with a foreign country is the same that trading with a national company. The day they try to sell or buy a product or service from a foreign partner they realize how different the process is and how difficult is to do international trade. Customs, insurance, transport, logistics are all requirements for international trade and only if we know how to go one by one will we be successful on completing the process on international trade.

Trade information is the common requirement needed to ensure seamless progress through the various stages in the international marketing chain, from the decision to internationalize to product promotion in the target market.

Trade Information: essential requirement for international competitiveness

The development of international marketing has been closely intertwined with the rapid evolution of trade information. Trade information and information technology are to a large extent responsible for the emergence of global markets. Business practices and strategies such as lead time reductions (e.g. "just-in-time") or global sourcing would simply not be feasible in the absence of comprehensive trade information and software to analyze it.

In this sense, trade information has become indispensable for the transition from a passive to an active approach towards international marketing. Trade information and technology have thus become key inputs for international marketing. The utility of trade information is immediately obvious: obtaining detailed insight into specific market requirements before full-scale production, identifying the most suitable foreign buyer rather than relying on casual contacts; knowing about import regulations or packaging requirements before goods are shipped; finding the most competitive source for imported inputs all have a major impact on the efficiency of international trade.

There is, in fact, a whole new discipline in business science referred to as competitive intelligence, which focuses on the importance of trade information for the competitiveness of enterprises. This does not imply that trade information can replace the entrepreneurial dimension of international marketing. It cannot. Its contribution consists in providing the required data for informed international marketing decisions at the right time on each decisions.

The market for trade information, however, is complex and tends to suffer from a lack of transparency. This is due to a number of reasons: it is undergoing rapid technological change; it comprises a highly differentiated array of products and services; it comes in a large variety of forms, from oral advice to traditional publications and on-line databases. Suppliers of trade information range from the company in-house market research unit to independent information brokers and government institutions such as trade promotion organizations or departments of statistics. In many countries, it is a regulated market in terms of reporting and confidentiality requirements and in terms of technical infrastructure (e.g. access to databases). Moreover, both the preparation and the use of trade information for international marketing are highly human-capital intensive activities. Finally, standardization of trade information - which would improve availability and facilitate the exchange and comparison of trade information across countries - is still only at the starting stage.

How can we organize Trade Information to satisfy business needs?

Assessing user requirements is the point of departure for any attempt to improve the availability of, and access to, trade information. User requirements depend on numerous factors and may vary according to industry, type of enterprise and the phase in the international marketing cycle.

Access to general economic and trade information is a prerequisite to encourage enterprises to explore the scope for internationalization.

Trade information plays the most important role during the phase of market research, market selection and the preparation of an international marketing strategy, which specifies the international marketing mix in terms of target markets, products, prices, logistics, distribution channels and promotion. During this phase, very specific information is required on product and market studies, trade statistics, prices, trade regulations, information on product specifications and standards and quality requirements, marketing channels, commercial practices, packaging requirements, etc.

Access to trade information on trade opportunities and contact data on foreign buyers and suppliers is essential for the acquisition of contracts and for establishing the international marketing channel. Access to data on characteristics and credit ratings of potential partner companies, in particular their financial soundness, is equally important at this stage.

These first three stages in the international marketing cycle have a strategic or planning character. They cannot be carried out effectively without access to trade information. Of course, these stages are not one-off exercises but require continuous monitoring and updating.

In general, the strategic or planning part of international marketing does not replace, but prepares for, the personal contact between buyers and sellers or other members of the international marketing chain. If anything, the unprecedented growth of information to often indigestible volumes reinforces the importance of personal contacts. The strategic or planning part of international marketing casts a new quality on direct contacts which emerge as the result of a careful selection process and have an ascertained potential for a longer-term, sustainable business relationship.

The next two phases in the international marketing cycle are international logistics management, and distribution and promotion in the target market. Trade information plays a different role during these latter two phases, which represent the implementation side of what has been planned and prepared during the first three stages. Here, trade information is required mainly for monitoring and controlling the process, adapting it as necessary. Moreover, trade information at these stages is often embodied in the relevant trade support services rather than being available in an unbundled or loose form as for the earlier three stages. In other words, for examples, indicators on market growth for a particular product in a given country can be obtained separately and from public sources, whereas advice on the most suitable publicity campaign in the target market is generally available only in the context of a contract with an agency specialized in this field.

These five phases constitute the milestones of an enterprise's journey to success in the international marketing venture. They may be conceived of as a runway to international business development.

Demand for trade information and its effective utilization also depends on the absorption capacity of the enterprise embarking on the internationalization process. Becoming involved in international marketing is a continuous learning process. All the information needed may not be available, and the information available may not be usable. A first-time exporter or importer, for example, may simply not have the know-how to select the most promising market and to develop a proper international marketing strategy on the basis of available raw data. He requires trade information at a higher level of analysis, e.g. tailor-made market research for his products. In fact, many manufacturers in developing countries have embarked on their internationalization process by exporting production capacity rather than products, and delegated all international marketing activities - from product design to promotion and distribution - to foreign buyers. The same applies on the import side to those importers who have remained passive targets of marketing campaigns of foreign suppliers.

It follows, therefore, while there is a distinctive demand for trade information at all levels, from trade information in raw data form to comprehensive international business development plans, that there is also a distinctive need for upgrading the absorption capacity through appropriate human resource development, in particular in developing countries.

The major constraints impeding a more important contribution of trade information to trade efficiency are the following:

- its relevance and specificity in relation to these user requirements;
- its reliability;
- its timeliness, as trade information is highly perishable;
- its consistency between different sources and countries to facilitate comparison;
- its ease of technical accessibility;
- its cost; and
- its adaptation to the absorption capacity of users.

The dissemination of Trade Information

The generation and dissemination of trade information has become a large and fast growing industry. Over the 1980s, the growth of the market for trade information was estimated at 14 per cent per annum for databases, trade magazines, trade shows and seminars, research services, etc. There is a tight network of trade information centres throughout the

developed market economies. Although difficult to assess, this market is likely to have a annual turnover in the order of US\$ 50 billion.

The supply of trade information for international marketing is quite uneven across countries. In developed market economies, the abundance of information sources makes selection and analysis key issues. In developing countries, there are frequently serious gaps in the availability of information, compounded by problems of physical access and cost of trade information. Differentiating international trade by the three categories, i.e. developed market economies, developing countries and economies in transition, underlines that trade among and between developing countries and economies in transition is particularly hampered by a lack of trade information. Resolving or mitigating these supply problems can make a major contribution towards rendering international business more efficient.

While the bulk of published trade information is available in printed form, databases are becoming increasingly important. They are particularly useful in harnessing the enormous volumes of information produced by large numbers of sources, and which might otherwise remain inaccessible. ITC helps developing countries to locate major sources of trade information by regularly producing guides to sources, including databases network providers of such information.

The progressive shifting by information providers from traditional printed material to electronic information might, however, hamper the access to this information for companies in developing countries due to the lack of adequate telecommunication infrastructures and EDP facilities, and high access costs. In addition, the use of electronic information sources requires the development of specialized technical skills which might not be affordable by individuals, especially of small- and medium- size companies. Finally, language barriers may also be a limiting factor to the usefulness of many of these information sources.

The market for trade information consists of different segments, in which commercial suppliers, business associations, public-sector trade promotion organizations and international organizations coexist.

The bulk of trade information is provided by commercial suppliers and in particular by specialized business services and consulting firms, the business press, commercial on-line databases, banks, trading companies and through trade fairs.

At the national level, public sector institutions supply trade information in two forms, namely as producers of trade and other business statistics, and through public-sector trade promotion organizations and trade commissioner services.

At the international level, there are several intergovernmental organizations which supply trade information: the United Nations Statistical Office and the International Monetary Fund produce international trade statistics. Other organizations publish a variety of economic and social data as well as market and industry studies (e.g. the World Bank, OECD, UNIDO, FAO, UNCTAD, ITC). In addition, they are involved in setting standards for international trade information, in developing tools and methodologies for collecting, analyzing and disseminating trade information and in providing technical assistance in this field. ITC and UNCTAD's Special Programme on Trade Efficiency are cases in point.

While the predominance of commercial suppliers of trade information is to be expected in market economies, it is striking that governments in all developed market economies and practically all developing countries and countries in transition provide trade promotion services which consist to a large extent of trade information. This has hardly changed in spite of the recent privatization trend, although the effectiveness of the various public sector trade promotion services, including trade commissioner services of embassies, is not always considered optimal. On the contrary, it appears that globalization pressures have led many governments to step up their efforts of providing trade information and market intelligence to their local business community.

What is the case for government institutions to supply trade information? There are no detailed cost-benefit analyses on this point - a gap which needs to be filled. However, as may be gathered from ITC's experience evidenced in the following chapters, public-sector institutions do have a key role to play in the collection, analysis and dissemination of trade information.

The factual role of the public sector as supplier of trade information calls for the use of intergovernmental bodies such

as those of the United Nations family as fora for exchanging experiences, setting standards and conventions, etc., all with a view to increasing efficiency in international trade.

General economic and trade information: the eye opener

Internationalization is invariably triggered by the decision of enterprises to explore or reassess the scope and opportunities for more outward-looking operations. Whether or not enterprises take this decision depends, like for any other innovation, on access to the right signals and information.

There are at least two necessary preconditions for enterprises to take a serious look at internationalization. First and foremost, internationalization has to offer the potential of long-term profits at least similar to those for activities on the domestic market. Expecting the business community to undertake an export effort when the domestic market is highly protected and offers higher rates of return, is obviously unrealistic. The same applies to the choice between supplies from the domestic market and imports. In short, international price signals have to be correct.

Second, enterprises need to have some basic knowledge of foreign markets in order to consider diversification into exports and imports as an area for innovation. It is in this context that access to general economic and trade information is important. General economic and trade information comprises sectorial analysis and industry reviews, reviews of product and factor markets, overviews of financial and currency markets, trends in technology, country profiles, company news, etc.

Internationalization of markets implies that access to general economic and trade information is important irrespective of whether producers undertake their own international marketing or rely for the marketing function on specialized firms such as trading companies or buying agencies. Even for companies operating exclusively in the local market, awareness of major trends in the global economy becomes increasingly important.

Utilization of information

Most important is the change in business mentality required to move from an inward-looking to an outward-looking economy. It is this change which enables enterprises to proceed from a passive review of general economic and trade information, to an actively seeking business opportunities. It is the rise from knowledge of, to know-how in, international marketing.

Experience shows that public sector trade promotion organizations and trade and industry associations can, under certain conditions, make a contribution to this transition. All of the following measures can help firms to react to international trends as identified through general economic and trade information, and in placing the diversification of export markets and import sources on the agenda of the business community:

- Making international trade a priority in economic development, e.g. in policy statements, development plans, etc.;
- Organizing "Think Exports" campaigns. In one of these campaigns in Costa Rica, the importance of exports was included in the syllabus of primary schools;
- Giving public recognition to leading exporters and traders through prizes and awards. This approach has been embraced by many countries, including Colombia, Ghana, Malaysia, Sri Lanka, and the United Kingdom;

Actions recommended

It is recommended that governments, trade promotion organizations and business associations:

- Encourage enterprises - and in particular newcomers to international trade and small- and medium-size enterprises - to explore the scope for internationalization;
- Facilitate and promote circulation of, and access to, sources of economic and trade information, which represents an important input in the transition to a more outward-looking development pattern.