

APPLICATIONS OF INTERNET IN EXPORT BY SME

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Development of information technologies and increasing communication possibilities are currently some of the most important factors of civilization's development. Access to information and availability of new technologies influence the economy in great degree and significantly change the way enterprises behave. Application of Internet and modern IT technologies as tools provides small and medium enterprises with easier access to new markets and increases availability of potential customers, along with simplification of export. This paper describes ways in which SME can apply Internet and modern information and communication technologies in export. Special attention was given to social media.

Keywords: Internet, small and medium enterprise, SME, export

1. Introduction

Economy and economic activities are increasingly influenced by access to information and information technologies. Permanent and unstoping development of Internet tools and technologies, along with growing application of the Internet, gives the enterprises numerous chances and possibilities. Taking advantage of them is largely necessary for development of modern companies. Internet can be nowadays used in virtually all areas of company activity. Moreover, the Internet lacks bureaucratic limitations, geographical barriers and time issues, due to low access costs, ease of access, egalitarianism and interactivity. This resulted in the Internet becoming a source of competitive advantage for companies that can access it and take advantage of its applications. Implementation of modern technologies allows

companies to gain competitive advantage and use market opportunities better and in full. Technological development seems to have greater speed than it was expected – it is now possible to access international markets immediately and to improve efficiency of activities of small and medium enterprises on local markets [1].

Internet grants numerous advantages that negate some drawbacks small and medium enterprises suffer, giving them more even ground in competition with larger companies. Application of Internet and modern IT technologies as tools provides small and medium enterprises with easier access to new markets and increases availability of potential customers, along with simplification of export.

This paper describes ways in which SME can apply Internet and modern information and communication technologies in export. Special attention was given to social media.

2. Internet and trade

Since the commercial application of Internet began, analysts predicted its significant influence on trade [5]. A lot of attention was given to potential advantages for export-based companies (both B2B and B2C), due to partial reduction of traditional export barriers (mainly in the area of information regarding potential market and customers). A great reduction in role of middlemen was expected as well, along with shortening of delivery chains [6], but this prognosis did not come true in some sectors (especially in the multimedia industry: a lot of middlemen came to be, offering books, music and movies).

Application of Internet and associated communication and information technologies allows for reduction of communication cost, shortening product and services delivery time, makes digital delivery of important information possible, lowers transport and distribution costs, and improves integration and cooperation between business and trade partners. Internet becomes a global trade platform; along with its development, new and more efficient information exchange systems become widespread, along with new possibilities of goods and services trade. Enterprises use Internet as a tool that allows for: learning customers' opinions, communication with news services, providing required information to national administration, managing and tracking packages and investment management [2]. Enterprises use other Internet tools as well: reports regarding current economic situation of a given market or area, lists of providers, lists of agents, list of administration offices or market research tools [4].

Development of the Internet, availability of telecommunication connections and computer technology caused significant increase of online transactions.

Internet influences a transaction in three stages [3]:

- First – when customer looks up product and price information,
- Second – when an order is placed,
- Third – when the order is delivered.

Internet simplifies both processing market information and the selling process itself. Aforementioned stages are part of so-called e-commerce – transactions that take place in Internet. E-commerce development influences international trade, for example by such Internet-based B2B solutions as Alibaba [7] or Globalsources [8]. This kind of Internet sites are convenient platforms that make trade exchanges between local and international companies possible. E-commerce, being a new channel for transactions on a very different scale than those encountered before, influences international trade by optimizing the costs, efficiency and value of the transactions. E-commerce noticeably influences several areas: product prices, product supply, revenues of companies, and trade flows between countries [9].

Application of Internet in daily activities of an enterprise both influences and is influenced by other market participants (both other companies and clients). The more the Internet is accepted as a communication and transaction channel on a given market, the more enterprises decide to use it in order to retain their competitive advantage. The fact that the Internet is used by dominant company in a given branch will cause other companies in the same branch to adapt it more quickly. Enterprises should consider not only the Internet influence on their activities, but also changes that are results of its application by other market participants. Analysis of those changes can be performed by Porter five forces model. Internet influences all forces this model is concerned with [10]:

- Threat from new players on the market – Internet lowers entry barriers and makes creation of new enterprises possible. Creation of a new company requires lesser investments (e.g. creation of an online shop is far less expensive than founding a traditional shop).
- Threat from new substitutes – Internet shortens the life-cycle of a product, along with encouragement of innovative solutions in customer service.
- Customer bargaining power – greater access to information about products significantly increases customer bargaining power. The ability to compare offers and prices coming from different manufacturers and to look up substitutes is very easy to achieve. This forces the enterprises to make more careful marketing decisions.
- Suppliers bargaining power – Internet information flow makes the suppliers far better informed about the real situation in their area of operations, which in turn improves their bargaining power.

- Threat from current competition – it is easy to look up company information in the Internet, including its activities and past actions. This has increased the value of transparency and fairness as factors in company success. The customer ability to compare products, resulting in easy switch to competing product, has increased greatly as well.

It is a widespread opinion that the Internet simplifies the actions that improve SME competitive advantage and makes their international expansion possible. ICT grant numerous advantages. This paper, due to its limited size, will present only several main possibilities that social media – one of the most crucial components of the Internet - grant to SME in both improvement of internal workings of a company and in development of export.

3. Social media in enterprises

Social media is a concept that is far more than just consumer phenomena. Nowadays, social media are often used for internal communication, along with staying in touch with both other companies and public administration. Social media grow in their importance and coverage. They quickly evolve from a hub of personal, private social activity into a platform for establishing professional contacts, performing business activity, and making deals. Organizations increasingly rely on process of distributed problem solving, using knowledge and skill of clients and external experts in order to work out innovative solutions to problems they are facing. According to research conducted by McKinsey Institute [11], about 60% of work time of average white-collar worker is taken by research, reading e-mails and replying to them, and cooperation with team members. According to aforementioned research, applying social media as tools in those activities may lead to 25% increase in work efficiency. Social media are used to create task-based, specialized teams (often in form of so-called virtual teams), formed from employees from different departments (or different organization altogether). The advantages from applying the social media as tools in organization are numerous, among others: faster and more intensive information and knowledge flow inside the organization, shorter products development cycle, and faster reaction to signals coming from the market and from the competitors. Various types of social media that can be used by both consumers and by enterprises are shown in Table 1.

Table 1. Applications of social media for use both by enterprises and consumers

Technology	Possible application
Media and file sharing	Upload, share and comment on photos, videos, and audio
Social networks	Keep connected through personal and business profiles
Social gaming	Connect with friends and strangers to play games
Blogs/microblogs	Publish and discuss opinions and experiences
Crowd sourcing	Harness collective knowledge and generate collectively derived answers
Ratings and reviews	Evaluate and rate products, services, and experiences; share opinions
Shared workspaces	Co-create content; coordinate joint projects and tasks
Social commerce	Purchasing in groups, on social platforms, and sharing opinions
Discussion forums	Discuss topics in open communities; rapidly access expertise
Wikis	Search, create and adapt articles; rapidly access stored knowledge

Source: based on M. Chui, J. Manyika, J. Bughin and others, *The social economy: unlocking value and productivity through social technologies*, McKinsey Global Institute, 2012, p. 4

The most intensive use of social media is seen among enterprises that share certain characteristics [12]:

- Large part of enterprises employees are white-collar workers,
- Brand recognition and consumer opinions are considered important for the enterprises,
- The enterprises consider reputation, credibility, and consumer trust important assets
- The products are distributed online,
- The products share certain similarities, for example: they are experimental (e.g. new software applications) or inspirational (e.g. energy drinks).

The research conducted by McKinsey Institute identified 10 different ways of using social media in the process of creating new value in the company [13]. Social technologies can be used towards general improvement of internal workings of the enterprise or in specific stages on the added value creation chain (see Table 2).

Table 2. Ten ways social technologies can add value in organizational functions within and across enterprises

Organizational functions		Across entire enterprise	
Product development	Derive customer insight	Enterprise-wide levers (Social as organizational technology)	Use social technology to improve intra- or inter-organizational collaboration and communication
	Co-create products		
Operations and distributions	Leverage social to forecast and monitor		
	Use social to distribute business processes		
Marketing and sales	Derive customer insights		
	Use social technologies for marketing communication/interaction		
	Generate and foster sales leads		
	Social commerce		
Customer service	Provide customer care via social technologies		Use social technology to match talent to task
Business support ¹	Improve collaboration and communication; match talent to tasks		

¹ Business support functions are corporate or administrative activities such as human resources or finance and accounting

Source: based on M. Chui, J. Manyika, J. Bughin and others, The social economy..., p. 8

For SME that exports its products on a foreign market the following social media applications from previously [13] enumerated are crucial:

- Product development – co-creation – the enterprise can acquire external assets (not only their own R&D) in order to solve design-stage problems. This allows for solving problems that were out of reach for the company until this method was used [14]
- Demand predictions – social technologies broaden the spectrum of potential information sources regarding possible demand for products, making faster reaction to demand changes possible, in turn increasing efficiency of the product distribution [15],
- Market and customer preference research – just as in case of engaging customers in design stage of the project, social media can be useful source of information about the product, brand, opinion regarding competition, and perceptions of the market share. Information acquired in this manner can be used in aforementioned design of product and image, as well as in advertising campaign planning, setting prices, decisions regarding packaging design, and nu-

merous other marketing and promotional activities. Information from social media allow for tracking of effectiveness of marketing operation, evaluation of company's image, as well as tracking activity of potential competitors, which in turn make fast reactions to their behavior possible. Enterprises may use social media for passive data acquisition (analysis of discussions and posts) or they may actively request feedback from their users [16],

- Marketing communication – using social media in marketing communication may improve efficiency of content deployment and simplify its tailoring to target group. Social media are a direct communication channel with a high potential for interactivity with the recipient, which in turns increases the recipient's engagement,
- Lead generation – acquisition of information regarding potential new customers. Users that post information about their lives on their social media walls, including important events (e.g. marriage, birth of a child), are easy targets for a tailored product or service offer [17],
- social commerce (s-commerce) – activities that increase product sales thorough application of social platforms (e.g. by adding a purchase option to company profile) or adding social media components in online shops (e.g. by posting recommendations, “share” button, possibility of posting comments, or plug-ins that use information from a social media portal to present recommendation based of friends' opinions) [18],
- Customer service – social media can be used in improvement of customer service in several ways. First, social media can serve as a customer service communication channel, partially taking over the role of a call center – or even completely replacing it. Moreover, in such case, questions and answers delivered in such fashion can create a product and brand information database that grows over time. Second, social media allow also for customer engagement in the role of brand ambassadors – people who talk with other customers and share their knowledge [19]. This application can also be useful in case in which a crisis scenario begins to develop – social medial allow for a quick reaction and fast application of damage control in customers' perception of the brand [20].

SME can profit from social media in following way: their use can increase sales and revenue, increase company visibility which in turn causes an influx of new customers, and gain access to new markets.

4. Examples of social media usage

Considering the great number of social tools and usually limited resources available to SME, one of crucial aspects of using social media is to make choices adequate to the profile of the enterprise. Making a wrong decision in either choice

of the medium or scale of its use can negatively influence the condition of the company. Table 3 presents base, easiest to use tools available in social media and potential gains their use may provide [21].

Table 3. The benefits of different types of social media

Type	General description	Tools for page creation	Benefits	Cost
Blogging	Targets both companies and individuals	Easy tools available for creating pages, possibility to use various content tools to make it more interesting	Easy to integrate with official webpage, an indicator of innovativeness and willingness to engage your customers	Depends on the excess of used content
Facebook	Targets both companies and individuals	Easy tools available for creating pages and editing design, developer support pages	Potential to connect to potential customer and to gather opinions about products, useful tool for advertisement and sales promotion	Free (for setting up page, and standard features)
LinkedIn	Targets both companies and individuals	Easy tools available for creating pages and editing design	Possibility to find people you may work with and to find people that are active in given market (for generating further leads) or establishing yourself as an expert in a given field	Free (for setting up page, and standard features)
Twitter	Targets both companies and individuals	Easy tools available for creating pages and editing design, developer support pages	Possibility for short promotional discussion about idea or product, ability to promote some other content with short catching messages	Free (for setting up page, and standard features)

Source: based on International Trade Centre materials

SME must not base their behavior on actions of large enterprises – both available resources and goals differ greatly. Large company can delegate employees and dedicate significant resources to social media activities, while SME cannot. But even using simplest tools may provide significant results. An example of SME that uses social media is WORK[etc], a digital services and specialized software development enterprise. WORK[etc] is the name of the company, founded in 2009 by D. Barnett, as well as the name of company's product. WORK[etc] is a web-based solution that simplifies company management, meant for smaller companies with remote teams working away from company offices. This software product provides system for customer management (CRM), project and sales management, invoice management, and a platform for cloud-based cooperation for employees, functional regardless of the device they use in their work [23]. Company founder worked out the attributes of the flag product based on his experiences with remote work. Most of the 22 employees of WORK[etc] work remotely. The product is constantly improved, for example by increasing means of personalization, adaptation to most

recent operating systems available on the market, and inclusion of tools for social media profile management [24]. This strategy is very efficient, as Deloitte Technology Fast 500 Asia Pacific 2013 ranking, in which WORK[etc] was classified on 75th place, with rate of revenue growth in the last three years reaching 427% [25]. The company uses following social media in its activity: a blog, integrated with company main WWW site, Facebook profile (for both the company and numerous employees), LinkedIn profile, Google+ profile, and a Twitter account. Those tools serve to provide a channel of communication to customers, allow for acquisition of new customers, make development of new ideas possible, provide promotion of offered products, and serve as platform for internal communication for the company itself.

5. Conclusion

Internet and ICT influence both the enterprises and environment they operate in with no regard to enterprise size or the branch it operates in. There are numerous papers in the source literature regarding Internet influence on trade flows that are results of reduced transaction costs, lower costs of information acquisition regarding new markets and potential customers, easier access to new markets, and other factors. In case of SME, the Internet is considered a tool that can significantly increase competitive advantage of an enterprise and cause increase in sales, including export sales. In this paper, due to its size limitations, the author focused on social media as a specific tool and presented possible means of taking advantage of them in company activities, especially in export. From the described applications of social media applications in activities of exporting SME, the most important applications are: improvement of your product, improvement in external and internal communication, higher sales, marketing and advertising, market research and customer service.

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