

# Exploration on Disposition Before Exports of Digital Trade

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**Abstract:** In digital trade practice, it is very common that businessmen have not been in capable of making sufficient preparations before their export transaction. It's worth while to pay more attention to the perspective study. This paper begins with a failure case in which the new foreign trade salesman does not know the products and does not understand the market and has not made preparations for export. The paper makes international market environment survey including international economic environment, international political and legal environment and cultural environment abroad. Besides, the paper makes systematic international market commodity survey. The paper acquires ways to find overseas customers such as setting up a website, participating in the exhibition, making use of the enterprise directory,utilizing the internet. business information websites including the China Commodity Network: <http://ccn.mofcom.gov.cn>, the China Alibaba Network: [www.alibaba.com](http://www.alibaba.com). and advertising.The paper explores deeply investigations of trade barriers,ie., through domestic commercial institutions, with the help of other countries' industrial and commercial institutions, chambers of commerce, trade associations and Chinese embassies abroad, with the help of banks and other financial institutions, through other customer surveys and commissioning professional credit investigation agencies.

**Keywords:** Digital trade; Preparations; Export transaction; Environment survey; Overseas customers; Trade barriers

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In June 2006, Tom passed the interviews at various levels and finally successfully entered Zhejiang Jinyuan Import and Export Co., Ltd., a circulation-oriented foreign trade enterprise, to become a foreign trade salesman and make export business. In foreign trade enterprises, whether foreign orders can be received or not is the main index to evaluate the performance of foreign trade employees. So Tom has been hanging around the Internet looking for orders every day after work. After 1 month of surfing the internet, he did not receive a single order. Tom was confused by the work of foreign trade salesmen. How do you think you can get an order?

It is impossible for a skilled woman to cook rice without rice. Tom has a wrong idea of docking orders and thinks that orders can be received only on the Internet. The failure is because they do not know the products and do not understand the market and have not made preparations for export. As a new foreign trade salesman, if you want to successfully get orders, you should patiently prepare becoming familiar with products, understanding the market, finding customers and other export preparation work.

## 1. International market environment survey

### 1.1 International economic environment

The international economic environment refers to the scale and economic characteristics of the market. The market scale includes two aspects: population and income distribution. Population refers to population number and growth rate, population age structure, family size and population mobility. Income distribution involves per capita GDP (An IMF publication states that GDP measures the monetary value of final goods and services - that is, those that are bought by the final user - produced in a country in a given period of

time). per capita disposable income, employment situation and income distribution. Economic characteristics include infrastructure and economic development. Infrastructure involves transportation (domestic transport, ports, equipment and external routes), energy, communications, commercial facilities, urbanization, etc. The level of economic development involves economic development stage, economic growth rate and economic structure.

## **1.2 International political and legal environment**

The political environment includes political stability, the degree of government intervention, national sentiment, economic and trade policies, and bilateral relations between import and export countries. The legal environment includes the laws and regulations of import countries and the practice of international laws and regulations. The laws and regulations of import countries involve foreign trade law, product liability law, patent law, import licensing system, import quota provisions, customs law, trademark law, foreign exchange management law, entry-exit inspection and quarantine law, bill law, anti-dumping law, anti-monopoly law, etc. The international laws, regulations and practices involve bilateral treaties (agreements), multilateral treaties (agreement), international practices (UCP600, URC522, etc.).

## **1.3 Cultural environment abroad**

The foreign cultural environment involves educational level and religious belief. The educational level includes the number and level of schools and scientific research institutions, the situation of teachers, the level of national education (average number of students in schools at all levels of every 100,000 population, literacy rate) and the level of investment in education funds. Religious beliefs include religious festivals (Christmas, Ramadan), religious taboos (Hindu taboo beef, Buddhist vegetarian, Islamic taboo pork, etc.) and religious organizations. Others include customs, language, aesthetics, attitudes and values.

## **2. International market commodity survey**

The contents of commodity survey in foreign markets are as follows: the first is the market commodity supply including the source and channel of commodity supply, other manufacturers, production capacity, quantity and inventory, and the analysis of substitutes and complements. The second is the market demand for commodities including customers' requirements and opinions on commodities such as commodity quality, specifications, packaging and trademarks, customers' purchasing mode, purchasing motivation and taboo preferences, peak and off seasons of customer demand and consumption level. The third is the market commodity price including the analysis of the commodity price in the international market and the relationship between the price and the change of supply and demand. As a foreign trade salesman, we should determine the target and scope of market research in view of the market situation faced by enterprises and the problems to be solved urgently such as product marketing, product life and advertising effect.

International market commodity survey needs making research plans. The first step is to determine the information needed. It mainly includes international market environment information, international market product information, international market promotion information, international market competition information. The second step is identifying the source of information. International market information sources fall into two categories. The third step is to determine the research methods used like field visits, telephone surveys, correspondence surveys, market trial marketing (experimental methods). The fourth step is to determine the funding and time required for the investigation. The level of funds and the length of time will directly affect the feasibility of research projects.

How are we to obtain international market information? The first is the direct source. We can dispatch investigators to the target market for investigation, entrust institutions functioning abroad to make investigation, obtain information from market feedback from sales outlets around the world, entrust intermediaries in the country where the market is located to collect relevant information and we can also get the information from government agencies in import and export countries (e.g. the Ministry of Commerce, Customs, SAFE, etc.). The second is the indirect source. We can get information from international organizations such as UN, FAO, International Chamber of Commerce, IMF, WB, WTO, networks such as search engines, professional e-commerce websites,

professional exhibitions and markets such as Canton Fair, Yiwu Commodity Market, libraries such as physical libraries and electronic libraries, other organizations such as embassies abroad, banks, consumer organizations, industry associations and related enterprises.

How are we to carry out research work? It mainly includes collecting, processing and analyzing data. It can be completed by investigators or by a professional research company outside the enterprise. The way of network investigation can be adopted. Results need be analyzed, reports need be compiled and data need be collated.

Commodity survey in foreign markets needs to master classification of overseas customers. Overseas customers are classified into import intermediaries (importers, import commissioners, import agents, import distributors), import wholesalers (comprehensive wholesalers, professional wholesalers: shelf wholesalers, cash dealers, part-time wholesalers, mail-order wholesalers, bulky commodity wholesalers), overseas retailers (department stores, supermarkets, stores, shopping malls, membership marketing, automatic machine sales, franchise organizations) and manufacturers.

### **3. Ways to find overseas customers**

The first way is to set up a website. The contents include the introduction of enterprises like business scope, business mode, economic strength, company name, address, telephone, fax, website, e-mail and product introduction like product name, specification, number, quotation, product standard.

The second way is to participate in the exhibition. The main domestic trade fairs for import and export commodities are the China Import and Export Commodity Fair (Canton Fair), sponsored by the Ministry of Commerce and the People's Government of Guangdong Province and hosted by the China Foreign Trade Center. The Spring Fair is held in late April and the Autumn Fair is held in mid-late October. The group exhibition method is for provinces and municipalities directly under the Central Government to form groups, for the Chamber of Commerce to divide halls, for groups and halls to be united and for industries to arrange exhibition. It is known as China's First Exhibition. There is also the East China Import and Export Commodity Fair. It is jointly sponsored by Shanghai, Jiangsu, Zhejiang, Anhui, Fujian, Jiangxi, Shandong, Nanjing and Ningbo. It is held in Shanghai on March 1 every year. It's the regional international economic and trade affair with the largest scale, the largest number of businessmen, the broadest radiation area and the highest turnover.

Exhibitions of major countries in the world include the Cologne Hardware Exhibition, the Frankfurt International Automobile Exposition, the Berlin Electronic Consumer Goods Exhibition, the Dusseldorf International Clothing Exposition, the Las Vegas International Clothing Exposition, the New York International Toy Exposition, the American International Home Textiles Purchase Fair, the Las Vegas International Consumer Electronics Exposition, the British Edinburgh International Air Exhibition, the International Food and Beverage Exhibition, the British Furniture Exhibition, the International Pharmaceutical and Cosmetic Manufacturing Exhibition, the France Paris International Exposition, the International Food Industry Exhibition, the International Automobile Industry Exhibition, the Italy Milan Clothing Exhibition, the Milan Machev International Trade Exposition, the Japan Motivation International Gift Exposition, the Japan International Consumer Goods Fair, the Japan (Osaka) China Textile Garment Fair, the Japan International Household and Indoor Textiles Fair, the Middle East Household Goods, Gifts and Household Textiles Fair, the Dubai International Automotive Parts Fair.

The third way is to use the enterprise directory. The lists of world-renowned enterprises includes the North American Manufacturing Enterprise List, which provides information about more than 170,000 manufacturers of industrial products covering more than 70,000 products in North America, the European Manufacturing Enterprise List, which provides information about more than 180,000 manufacturers of industrial products in 17 European countries including basic contacting information and product information, the American Manufacturing Enterprise List, in which more than 500,000 excellent enterprises can be consulted and linked, the World Yellow Page, which provides links to 128 directories of companies from 92 countries as well as inquiry services for 4926 products from 98 countries and the World Trade Guide, one of the largest directories of products and services in the world, which provides a

directory of more than 950,000 enterprises worldwide available for free search of global business opportunities and HS customs codes for products and which also provides services such as the WTO Guidelines, the China Market Access Guidelines and the Guidelines for Medium-sized and Small Enterprises.

The fourth way is to use the internet. Business information websites include the China Commodity Network.cn, the China Alibaba Network, the Global Resources Network., the European Yellow Page, the American Import and Export Network, the French Export Network, the German Business Link, the Italian Industrial Trade World, the Japan Export and Trade Consultant.

Alexa.com is a member company of amazon.com, the world's most famous e-commerce website and it's the most authoritative third-party bandwidth monitoring website in the Internet. International search engines include Google, Yahoo, MSN and Search online.

The fifth way is advertising. Advertising media include newspapers, magazines, television, radio, direct mail, outdoor billboards, the Internet and other media. Advertising agents can be selected for publicity. Advertising agent is an independent enterprise organization, which usually produces and arranges advertisements for customers and collects commissions from customers. Publicity should consider market coverage, advertising quality, market research, public relations and other marketing services, advertising costs, etc.

The sixth way is to use other methods. Information of importers can also be obtained from relevant banks or consulting institutions. Foreign clients are introduced by trade promotion agencies or friendly associations at home and abroad. Partners are introduced by business offices or foreign embassies in China. Market reports on special products can be obtained by establishing regular contacts with international economic organizations, foreign business intelligence agencies, research institutions, consulting companies and databases.

#### **4. Investigation of trade barriers**

Before supplier selection, it is necessary to verify the registration of enterprise legal person, interpret the financial audit reports of suppliers and production enterprises, understand the production capacity, operation capacity and operating conditions of enterprises and calculate the actual production capacity of enterprises.

The main ways of investigating customers' credit are through domestic commercial institutions, with the help of other countries' industrial and commercial institutions, chambers of commerce, trade associations and Chinese embassies abroad, with the help of banks and other financial institutions, through other customer surveys and commissioning professional credit investigation agencies.

The main trade barriers in the customer's country include the following circumstances. The commodity is under anti-dumping investigation or anti-dumping duties have been levied in the customer's country. The commodity has other trade barriers such as green barriers in the customer's country. The commodity has special technical requirements in the customer's country, e.g., the two environmental protection directives in Europe.

Domestic trade barriers include the following circumstances. The commodity is prohibited by foreign trade laws or other laws and administrative regulations. The commodity belongs to the commodity of export restriction including export goods restriction and export technology restriction. Technologies that are restricted to import and export within the scope of the catalogue of technology for import and export are subject to licensing administration. Commodities can not be imported or exported without the permission of the State. All technologies listed in the Catalogue of Technologies for Import and Export Restrictions in China and the Catalogue for the Administration of Import and Export Licenses for Dual-Use Items and Technologies have to be licensed and the import and export operators have to obtain the licence for related technologies, otherwise they will bear all legal liabilities arising therefrom. The corresponding catalogue of managed goods can be consulted on the website of the Ministry of Commerce.

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