

# **E-Commerce Development Strategy of COSCO**

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Ladies and gentlemen:

Today, we are here discussing E-commerce, an epoch-making concept of operational revolution, as well as its effect and development on our respective business line. Such a discussion will have a far-reaching significance for our future development of E-commerce. E-commerce is a direct product of Internet's explosive development. It is a brand-new development for the appliance of network technology. With Internet's intrinsic characteristics of its openness, gullibility, low cost and high efficiency, E-commerce will not only change an enterprise's activities of production, operation and management itself, but also affect the economic operation and structure of the whole society. From our own practice, E-commerce, on the surface, is the complete process of commercial activities between two or more parties over computer networks. It involves commercial activities between enterprises, enterprises' on-line promotion towards customers, and the digitized process of business flow inside an enterprise. However, seen from the significance implied in its connotation and denotation, E-commerce has promoted a deep earth-shaking revolution on enterprises around the globe, from operational philosophy to marketing strategy, from internal management to organizational culture.

## **I. E-commerce has brought about a global operational revolution**

Currently, there sweeps a forceful, brand-new hurricane of "operational revolution" throughout the globe. That is E-commerce. It does bring substantial benefit to our business and various social circles.

Firstly, E-commerce digitizes traditional commercial process by an electronic vehicle. On one hand, it replaces material flow with electronic flow, which can substantially reduce manpower, material resources and cost. On the other hand, it surmounts the restriction in time and place so that a deal may be conducted in any place at any time, which would increase business efficiency a lot.

Secondly, E-commerce's open and global strong points have created more trade opportunities for enterprises.

Thirdly, E-commerce allows enterprises to enter global digital market with similar cost, which makes it possible for small and medium sized enterprises to have same information as large enterprises' and increase their competitive power.

Fourthly, E-commerce has redefined traditional circulation module and reduced intermediate links and make it possible for producers and customers to make a direct transaction, changing the whole society's way of economic operation to some extent.

Fifthly, breaking time and space barriers on one hand, E-commerce has on the other hand provided true information resources. Therefore, more possibilities are given to realignment of various social elements and it affects the society's economic distribution and structure.

## II. COSCO's Status quo of E-commerce Development

Currently, Internet has brought a drastic increase for E-commerce. EDI technology has got rid of old-styled expensive isolated company network and merged itself with Internet. More and more commercial activities between enterprises are devoted to directly adopting web technology. With its characteristics of gullibility, interactiveness and real-time response, Internet is changing various aspects of modern businesses in a rapid and comprehensive way, from business process to operational philosophy. Taking Internet as a core, E-commerce has become the only platform changing all our habitual thinking and acts.

COSCO has finished its construction of EDI center and EDI network between 1996 and 1997. The EDI network has basically covered more than 50 large and medium sized domestic COSCO Freight and Penavico offices, realizing EDI message exchanges on customs and ports. It has also realized its interconnection with GEIS EDI Center through EDI Center in Beijing and connected COSCO's companies in various regions overseas. At present, COSCO has realized the EDI transfer of data of transportation manifest, cargo plan and container management, entering the forefront of domestic transport industry in the field of E-commerce.

In particular, in January 1997, COSCO formally opened a Website called [www.cosco.com](http://www.cosco.com). and Internet Websites of COSCO's branch company in North America. Europe and such companies as COSCON, COSBULK, COSCO Guangzhou were built up consecutively. Ever since COSCO's establishment of Internet Websites, it has produced certain effects on establishing a reputation, expanding our influence and supplying efficient and convenient services for customers. At the same time, it has paved ways for COSCO to communicate with the outside through Internet and accelerate its information circulation.

In September, 1998, COSCON was the first corporation in China who opened the business of sailing schedule bulletin and booking service on Website, breaking through problems of low speed, low efficiency, big work load and high rate of errors that appeared in traditional service. Instead, it brings freight forwarding directly to the customers' desks so that customers are able to deal with through their own PC all the business formalities of consignment booking, document production and information inquiry that are needed in cargo exporting. On the basis of on-line booking, we

introduced various businesses as transfer inquiry, information bulletin and goods tracking to customers around the globe so that Internet users around the world will be able to conduct commercial activities with the company on line. A suite of on-line promotion system introduced by the company has already had an initial form of virtual E-transport with a strong two-way interactiveness and very high efficiency. Its electronic booking system enable every user on line to book container from COSCO through Internet without any limitation of time and geography. Any customer who is able to be on-line can directly visit COSCO's electronic booking system from his own PC. In addition, our goods transport and transfer inquiry systems also reflect merits of convenience, fastness and accuracy. Such a function allows customers to trace their goods, access to document flows and learn the information on customs declaration, import and export, and the movement of transshipped goods on the web at any time. The Information Bulletin System is able to report immediately on Internet about COSCO's adjustment on sailing schedule and changes in transportation expenses. The successful development of E-commerce has greatly increased technological contents in our efforts on promotion and the newly developed clientele are gathering to us through the global Internet.

Presently, "COSCONET" has begun to take shape. The Website construction of almost 20 COSCO subsidiaries has almost finished and there have realized chains among all the sites and form a framework for "COSCONET". Both from the perspective of image and intrinsic functions, COSCO has established its image on Internet, radiating its influence from there to the world.

### III. COSCO's Development Strategy on E-commerce

1. Satisfying customers' changes of demand around the globe as a driving platform for the development of COSCO's E-commerce
2. Taking a global marketing system as a business platform for COSCO's development of E-commerce
3. Taking the realignment of logistics, information flow and business process as a management platform for COSCO's E-commerce
4. Taking On-line "one-stop service" and "green service" as a service platform for COSCO's E-commerce
5. Taking Internet and COSCO's global information management system as a technology platform for the development of COSCO's E-commerce
6. Taking COSCO-type enterprise culture of centering on customers' needs as a culture platform for the development of COSCO's E-commerce

Thank you!