

E-Business within New Zealand

By Brigitte Reed, Trade New Zealand eMarket Services National Manager

Abstract: *E-business uptake within New Zealand has been relatively slow compared to the uptake in some of New Zealand's major trading partners, including the United States, United Kingdom and Australia. The main factors behind the slow growth in New Zealand have been the perceived high costs of the technology and a lack of awareness of the benefits that e-Business can bring to the nation's companies.*



E-business uptake within New Zealand has been relatively slow compared to the uptake in some of New Zealand's major trading partners, including the United States, United Kingdom and Australia. The main factors behind the slow growth in New Zealand have been the perceived high costs of the technology and a lack of awareness of the benefits that e-Business can bring to the nation's companies.

These results and key themes are visible across all the key consumer and business-focused research projects that have been undertaken in the past 12 months. Despite the long time frame, the state of pick-up hasn't really improved or changed between them.

The first is a recent study on e-business readiness, released in 2003, which was conducted by the Economist Intelligence Unit, and ranked New Zealand 17th (out of 60 countries) in terms of e-business readiness. New Zealand's score was a readiness rating of 7.78 out of 10. In 2002 NZ had 18.37 Internet users per 100 people. Australia was ranked 9th in terms of e-business readiness, with a score of 8.25 out of 10, and in 2002 had 34.27 internet users per 100 people. Sweden ranked 1st, with the USA, Netherlands and United Kingdom together in 3rd place.

Earlier, New Zealand's Ministry of Economic Development had commissioned its own e-Readiness survey in May 2002, which revealed that around 33% of businesses in New Zealand are engaged in electronic B2B (business to business) activities. Another third said they had e-business systems linked to internal systems. Yet 90% said there were barriers to taking their e-business initiatives further. Their concerns in order of importance were: costs, a lack of proven benefits, concerns over loss of direct customer contact, security issues, and lack of skilled staff.

This year, and most recently, Trade New Zealand conducted a series of focus groups with representative New Zealand businesses. The purpose of the focus groups was to ascertain the current level of uptake of e-business amongst New Zealand exporters rather than the general business populace, as a specific set of businesses within New Zealand and our core client group.

One of the most common themes as a result of this research was that there seems to be a real lack of awareness of e-business amongst exporters in New Zealand. The biggest concerns of the exporters that participated in this research were the perceived high costs of the technology, combined with the lack of confirmed business benefit.

To analyse this information, a key conclusion is that many of the companies interviewed were most comfortable to wait for e-business processes and models to prove themselves. One of the reasons believed to be behind the sluggish uptake is that 95% of businesses in New Zealand are small businesses employing less than 15 people. Small businesses just don't have the capital and the freedom to adopt new methods of doing business that are still unproven.

Some of the other barriers to entry that were outlined by the groups were the perceived difficulties in implementing an e-business system, i.e. associated costs, lack of knowledge, and access to suitable resources. Some of the companies, which were interviewed; stated they wouldn't even know where to start when it comes to e-business. Most businesses also thought it would be another 5-10 years before e-business becomes commonplace. Another common belief in New Zealand about e-business is that the only people who benefit from trading online are larger businesses.

However international (and national) research completed to date has revealed that e-business actually enables both small and large businesses to compete more equally.

Trade New Zealand believes that e-business needs to be positioned as an extension to the traditional methods of doing business, that is, to show that e-business can act as an additional sales channel; allowing companies to compete more equally with bigger businesses; and provide greater efficiencies such as reducing double handling and paper based processes.

In an effort to address these trends Trade New Zealand has already started rolling out and will soon step up a significant programme within New Zealand to promote the use of e-business in exporting, as well as a series of services it has developed for businesses. The programme includes launching an E-business Guide and a new website (www.marketnewzealand.com) with an online trade enquiry system for automating, validating and distributing international enquiries for business.

The E-Business Guide is planned for launch later in the year and sets out step by step a development plan for exporters undertaking e-business, and helps with planning, issues and the relative costings from the initial stages through to fully-fledged e-commerce.

MarketNewZealand.com has already been launched and contains a searchable directory of over 2000 New Zealand exporters that have passed export-related capability criteria. For many, the system has provided a web presence that they never had before and for others, the automated trade enquiry system is quickly proving to them the value and ease of doing business online. Over two thirds of the profiled exporters have already received a validated trade enquiry online and currently 600 enquiries are in the process of being pursued. Export wins include a monthly contract for seafood to Malaysia; a significant contract for the supply of fresh produce to Taiwan; and promising numbers of meetings and trials for a number of wineries.

www.emarketservices.govt.nz, New Zealand's personalised home page to the international alliance's website, is also proving its worth with local case studies and resources being received well by exporters.

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