

Industry Survey  
On  
Key barriers to adopting  
e-Business applications and technologies  
For Trading Companies in Hong Kong

produced by :

E-Business Special Interest Division

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The team would also like to thank **Dr. Edith Mok**, chairperson of EBSID, for her support and guidance; **Dr. Patrick Chau** for reviewing and improving the questionnaire; **Ms. Joan Chan** of HKCS for her administrative support; **Mr. K.C. Yeung** for translating the questionnaire into Chinese, and **Ms. Hetty Lee** for tabulating the survey data.

Many members of EBSID have also contributed ideas and comments to this survey, and are sincerely appreciated by the project team.

## 1. Background

The e-Business Special Interest Division (EBSID) of Hong Kong Computer Society was formed in August 2005. One of its visions is to *'strive to broaden the adoption of electronic business technology and applications in our community'*. In order to focus our efforts, it is felt that the current situation and barriers, if any, should be researched and understood first.

It is also felt that large local and multinational companies have generally adopted e-business much more readily. However small- and medium-sized companies (SMEs) seem to be lagging behind in this area. Hence it is probably more critical to investigate SMEs rather than the other sectors of the business world.

Global e-Business Services Ltd (GO-Business) is a subsidiary of Computer and Technologies Holdings Ltd., a publicly listed company in the Hong Kong Stock Exchange. Since 2000, GO-Business has specialised in the provision of e-Business services to the business community including Government Electronic Trading Services, Electronic Tendering & Procurement and e-Logistics Value-added Services. GO-Business serves over 10,000 customers in Hong Kong, PRC and other parts of Asia.

By joining forces together, it is possible that a large section of SMEs active in trading area can be surveyed, and that the survey will be perceived as objective and vendor-neutral as possible.

## 2. Objectives

The main objective of this survey is to find out the key barriers to e-business as seen from trading SMEs in Hong Kong. Hence it is to answer the question 'WHAT are the key barriers?', rather than 'WHY are these key barriers?'. It is envisaged that the results of this survey may lead to further, more in-depth studies which can address the 'WHY' questions.

## 3. Project team

Many people have been involved during the course of this survey project. The core team consists of three members from the EBSID committee, namely Dennis Lee, Michael Wong and Alex Kwan. There were also a number of volunteers who provided much-needed administrative and clerical support to the project.

The project sponsor is Dr. Edith Mok, chairperson of EBSID.

## 4. Survey Method

The fastest and simplest method of collecting inputs from a large number of SMEs is through questionnaire, which can be sent or emailed to all SMEs in GO-Business's database. GO-Business has kindly provided small gifts for those who send in responses within a week in order to encourage timely feedback.

To safeguard the identities of the survey recipients, all questionnaires are sent from and received back directly to GO-Business. GO-Business then masked out the customer identification on the questionnaires before passing them to HKCS for tabulation.

The design of the questionnaire is also important in that it should be 'user-friendly', i.e. respondents will not be turned off by it. Hence it should display the following characteristics:

1. The number of questions should not be too many, probably not more than 20, and should be able to fit into 2 to 3 pages of A4 paper.
2. Types of questions asked should be simple and easy to answer, such as multiple choices or Yes/No questions. However, there can be spaces for respondents to put in comments where necessary.
3. The terminology used should be free of IT jargons, and questions should be in both Chinese and English. If a respondent's preferred language is already known, then the questionnaire can be in either Chinese or English, rather than in both, in order to conserve space.
4. There will be a few questions on the profile of the respondent, e.g. the industries/business that the respondent SME belongs to; no. of employees; years of operations; etc.

## 5. Schedule

The project schedule was as follows:

Date	Activity
Aug/06	<ul style="list-style-type: none"><li>• Initial discussion with GO-Business on cooperation.</li><li>• Draft questionnaire produced.</li></ul>
Sep/06	<ul style="list-style-type: none"><li>• Survey questionnaire finalized.</li></ul>

	<ul style="list-style-type: none"> <li>• Questionnaires sent to GO-Business customers.</li> </ul>
Oct/06	<ul style="list-style-type: none"> <li>• Received 250+ valid responses.</li> <li>• Data entry and tabulation of data completed.</li> </ul>
Nov/06	<ul style="list-style-type: none"> <li>• Results analysed and summarized in a report.</li> </ul>
Dec/06	<ul style="list-style-type: none"> <li>• Survey report finalized and published.</li> </ul>

## 6. Key Findings

Firstly, the main characteristics of the survey respondents can be summarized as follows:

- 59% are small businesses with 10 or less employees; those with over 50 employees consist of only 15% of the respondents
- Nearly half (47%) have been in business for over 10 years; only 11% are relatively new with 2 or less years of operation
- 59% of the respondents' customers are in Asia, with the majority in China and Hong Kong
- The majority of their customers (58%) are trade customers; with manufacturers (23%) consisting the next largest segment

In terms of e-business usage and participation, the following statistics can be summarized:

- 62% have company websites; of which over half (52%) have had the websites for 5 years or more
- The main reason for company websites is image building (44%), with customer service as a close second (36%)
- For the 38% that do not have company websites, the main reason (57%) given is 'no need and not useful'
- 97% are using emails for communication with external parties
- 64% are making online purchases, although the majority of which (44%) are using internet for less than 20% of their purchases; also 65% of these purchases are in the forms of emails, suggesting that very little e-business systems are involved
- For the 36% that do not purchase online, the main reason (63%) given is that their suppliers do not provide it

- 54% are accepting customer orders online, but for the majority of which (42%) it is less than 20% of their orders
- For the 46% that do not accept online orders, the main reason (68%) given is that their customers do not purchase online.

The survey results are detailed in Appendix B. In conclusion, the following summarizes the key findings of this survey:

- Most of the respondents are making use of the internet to conduct some business activities, such as using websites for promotion and customer services; as well as limited amount of online buying and selling. However, most are still far from actively and strategically exploiting the potential of e-business.
- Those not purchasing or selling online are citing non-acceptance of their counterparts as the main reason for them not to participate. This results in a deadlock situation which may require an external force, e.g. incentives from the government, to break through.

## 7. Recommendation

There are two suggestions for follow-up actions:

- i. Collaborate with Hong Kong Productivity Council (HKPC) for another survey

One limitation of this exercise is that only a very small section of the trading SMEs have been surveyed. To obtain a better picture, it is necessary to survey a larger section of SMEs.

HKPC has one of the largest database of SMEs, which span a cross-section of different industries. In its mission statement, one of its main aim is to 'promote productivity excellence'. Identifying and removing barriers to e-commerce will fit in well with HKPC's mission.

Hence it is worth exploring a joint effort with HKPC to survey a larger pool of SMEs.

- ii. A more in-depth research project

The survey results highlight a key issue, which is that the companies who are not participating in the e-business are putting the other side to blame; i.e. they are saying that their suppliers will not accept orders over the internet, or that their customers will not place orders over the internet.

If this is in fact the real reason, then what can be done about it? If this is only an excuse and not the real reason, then what are the real barriers for these companies and how can those barriers be reduced or removed altogether?

A more in-depth and formal research project would be required in order to obtain meaningful and useful answers to the questions above. Dedicated personnel and proper funding would be required. Possible sources for funding include the HKSAR Government and tertiary education institutions. For example, research funds are available from HKU SPACE to support projects investigating into training requirements in the industries.

iii. Continue the current survey on SMEs in another industry

This survey questionnaire and process has proven to be simple and yet effective. Useful and sometimes insightful results can still be obtained with the minimal resources invested.

The same survey questionnaire (with appropriate modification) and process can easily be applied to another industry with many SMEs, e.g. food and catering, retail, etc. in order to gain some insights into the application of e-business in various industries.

HKCS alone is unlikely to have the necessary connections and relationships to carry out such surveys. Hence it is essential to partner with the relevant trade organisations. However HKCS can act as the leading partner so that the survey will be seen as objective and impartial as possible.

## Appendix A – Glossary

EBSID	-	E-Business Special Interest Division
HKCS	-	Hong Kong Computer Society
HKPC	-	Hong Kong Productivity Council
HKSAR	-	Hong Kong Special Administrative Region
HKU SPACE	-	Hong Kong University – School of Professional and Continuing Education
SME	-	Small and Medium-sized Enterprises

## Appendix B – Survey Questionnaire & Results

<p>1. Your company nature is...你公司的類別是</p> <p>a. 25% Importer 入口商</p> <p>b. 12% Buyer 採購商</p> <p>c. 28% Factory / Manufacturer 工廠 / 製造商</p> <p>d. 2% Carrier 航運商</p> <p>e. 12% Forwarder 轉運商</p> <p>f. 21% Others 其他: _____</p>	<p>2. Your Company size is about...貴公司約有員工</p> <p>a. 59% 10 or Less 少於 10</p> <p>b. 13% 11 to 20. 11 至 20</p> <p>c. 13% 21 to 50. 21 至 50</p> <p>d. 6% 51 and 100. 51 至 100</p> <p>e. 9% 101 or more. 101 或以上</p>
<p>3. How many years has your company been in operation? 貴公司經營了多少年?</p> <p>a. 11% 2 or less 少於 2 年</p> <p>b. 22% 2 to 5 2 至 5 年</p> <p>c. 19% 6 to 10 6 至 10 年</p> <p>d. 47% 11 or More 11 年或以上</p>	<p>4. Your majority customers are in (may tick 1 or more) 貴公司大部分客戶的所在地(可選一個或多個)</p> <p>a. 37% China &amp; Hong Kong 中國及香港</p> <p>b. 22% Asia 亞洲</p> <p>c. 6% Australia 澳洲</p> <p>d. 19% Europe 歐洲</p> <p>e. 14% North America 北美洲</p> <p>f. 2% Others 其他: _____</p>
<p>5. Your major customers are (may tick 1 or more) 貴公司之大部分客戶是(可選 1 個或多個)</p> <p>a. 58% Trade or corporate customers. 貿易或公司客戶</p> <p>b. 10% Consumers. 消費者</p> <p>c. 8% Government or public service providers. 政府或公共服務機構</p> <p>d. 23% Manufacturers. 製造商</p> <p>e. 1% Others 其他: _____</p>	<p>6. If your company has <b>no website</b> please indicate the reason(s) 如貴公司沒有網址, 請指示原因 ..</p> <p><b>(38% of respondents)</b></p> <p>a. 10% Too costly. 太昂貴</p> <p>b. 29% No required skills and expertise 缺乏所需要的技術和專業知識</p> <p>c. 57% No need and not useful. 不需要和無作用</p> <p>d. 4% Others 其他: _____</p> <p><i>For no company website, you may continue Q9.</i>  <i>如貴公司沒有網址的可從問答题 9 起繼續回答</i></p>
<p>7. If your company has a website, for how long? 貴公司如有網址, 已有多少年了?</p> <p><b>(62% of respondents)</b></p> <p>a. 9% Less than 1 year 少於 1 年</p> <p>b. 14% 1 to 2 years 1 至 2 年</p> <p>c. 25% 3 to 4 years 3 至 4 年</p> <p>d. 52% 5 or more years 5 年或以上</p>	<p>8. The major purposes of setting-up your company website are 建立貴公司網址的主要目的是 (may tick 1 or more,可選 1 個或多個)</p> <p>a. 44% To build company and brand public image 建立公司和品牌公眾形像</p> <p>b. 36% As a channel for customers orders &amp; services. 作為顧客下訂單和接受服務的渠道</p> <p>c. 16% As a channel for enhancing investor relations. 作為增進投資者關係的渠道</p> <p>d. 3% For recruitment. 作招聘僱員之用</p> <p>e. 1% Others 其他: _____</p>

# 「電子商貿應用」意見調查

## Electronic Commerce Application Survey

由商貿易及香港電腦學會協辦 Jointly-Organized by Ge-TS and HKCS

請參照電郵填寫問卷編號: Please refer Email

for Ref. No.:

HKCS - - - - -

9. In your daily business, do you use Email to communicate with external parties, e.g. customers, suppliers, 在日常管運中有否使用電郵與公司以外之夥伴例如顧客、供應商等連絡?

- a.  Yes. Please indicate % of communication using emails. 有, 請指出以電郵連絡的百分比 **(97% of respondents)**
- |      |     |                |          |
|------|-----|----------------|----------|
| i.   | 7%  | Less than 20%. | 少於 20%   |
| ii.  | 11% | 20% to 49%.    | 20%至 49% |
| iii. | 21% | 50% to 79%.    | 50%至 79% |
| iv.  | 61% | 80% or more.   | 80%以上    |
- b.  No. Please indicate your reasons. 無, 請指出不使用的原因  
(Please tick one or more 請選 1 個或多個) **(3% of respondents)**
- |      |     |  |
|------|-----|--|
| i.   | 31% | Do not have Internet connection 公司內無互聯網連線            |
| ii.  | 11% | It is not safe or secure to use emails. 用電郵不安全或有保安問題 |
| iii. | 56% | Too much spam and junk emails. 太多垃圾電郵                |
| iv.  | 0%  | Others 其他:   |

10. Do you purchase supplies, materials or services using the Internet?

有否使用互聯網去採購補給品、物料或服務?

- a.  Yes. Please indicate % of purchases using Internet. 有, 請指出以互聯網去採購的百分比 **(64% of respondents)**
- |      |     |                |          |
|------|-----|----------------|----------|
| i.   | 44% | Less than 20%. | 少於 20%   |
| ii.  | 19% | 20% to 49%.    | 20%至 49% |
| iii. | 20% | 50% to 79%.    | 50%至 79% |
| iv.  | 16% | 80% or more.   | 80%以上    |

And please tell us by what Internet means 請說明使用甚麼互聯網手法去採購:

- |    |     |  |
|----|-----|--|
| 1. | 65% | Emails. 電郵                                     |
| 2. | 16% | Online form. 在線方式                              |
| 3. | 18% | Web-Ordering system from suppliers. 供應商的網上訂購系統 |
| 4. | 1%  | Others [其他]: _____                             |

- b.  No. Please indicate the reasons for not using the Internet for company purchases. (Please tick one or more) 請說明不在網上進行公司採購的原因 (請標記 1 個或多個) **(36% of respondents)**
- |      |     |   |
|------|-----|---|
| i.   | 7%  | Company does not provide Internet access. 公司內並無互聯網連線            |
| ii.  | 24% | It is not safe or secure to use the Internet. 用互聯網不安全或有保安問題     |
| iii. | 63% | Our suppliers do not accept Internet purchases. 我們的供應商並不接受互聯網採購 |

- iv. 5% Others 其他: \_\_\_\_\_
11. Do you accept customer orders using the Internet? 貴公司有否用互聯網接受客戶訂單呢?
- a.  Yes. Please indicate % of orders received via the Internet. 有, 請指出網上訂單所佔的百分比 (54% of respondents)
- |      |     |                |          |
|------|-----|----------------|----------|
| i.   | 42% | Less than 20%. | 少於 20%   |
| ii.  | 19% | 20% to 49%.    | 20%至 49% |
| iii. | 13% | 50% to 79%.    | 50%至 79% |
| iv.  | 26% | 80% or more.   | 80%以上    |
- b.  No. Please indicate your reasons for not accepting customer orders using the Internet. (Please tick one or more) 無, 指出不接受顧客網上訂單的原因 (請標記 1 個或多個) (46% of respondents)
- |      |     |   |
|------|-----|---|
| i.   | 13% | Company does not provide Internet access. 公司內並無互聯網連線            |
| ii.  | 15% | It is not safe or secure to use the Internet. 用互聯網不安全或有保安問題     |
| iii. | 68% | Our customers do not purchase using the Internet. 我們的顧客並不用互聯網採購 |
| iv.  | 3%  | Others 其他: _____  |
12. What online services does your company use via the Internet? (Please tick one or more) 貴公司會使用甚麼種類的服務透過互聯網? (請標記 1 個或多個)
- |    |     |                                     |
|----|-----|-------------------------------------|
| a. | 30% | Online searching. 在線搜尋服務            |
| b. | 21% | Online banking. 在線銀行服務              |
| c. | 20% | Online government services. 在線政府服務  |
| d. | 16% | Online trade services. 在線貿易服務       |
| e. | 7%  | Online recruitment services. 在線招聘服務 |
| f. | 5%  | Online advertisement. 在線廣告          |
| g. | 1%  | Others 其他: _____                    |
13. Take Government Electronic Trading Services e.g. electronic trade declaration, dutiable commodities permit, submission of electronic manifest, as an example, what are your consideration factor(s) in choosing a service provider? (Can tick one or more answers) 以「政府電子貿易服務」中的電子出入口報關、應課稅品許可証、電子貨物艙單為例, 你選取電子貿易服務供應商時, 會考慮以下哪些因素(請選擇 1 個或多個):
- |    |     |   |
|----|-----|---|
| a. | 7%  | Service Provider' s brand name 服務供應商之品牌                       |
| b. | 14% | Service Provider' s expertise 服務供應商之專業程度                      |
| c. | 17% | Customer Servicing Quality 客戶服務之質素                            |
| d. | 15% | Guarantee transmission to the Government 傳送資料至政府之保證           |
| e. | 14% | Easy to use and User-Friendly Application Interface 易於使用之系統介面 |
| f. | 12% | High level of Data Security 高度安全之數據                           |

- g. 13% Promotional offer or lower price 推廣優惠或較低價格
  - h. 4% Availability of bonus point scheme for gift redemption 有沒有積分換購禮品計劃
  - i. 4% Availability of other value-added services 有沒有提供其它增值服務
14. What are the benefits you expect from using Government Electronic Trading Services? (Can select one or more answers) 你期望使用「政府電子貿易服務」可為你帶來哪些益處(請選擇 1 個或多個):
- a. 14% Improve data accuracy 提高資料數據的準確性
  - b. 12% Improve data security 增加資料數據的安全性
  - c. 17% Simplify existing operation and business process 簡化現時的運作及商業流程
  - d. 14% Reduce manpower resources 減少人力資源
  - e. 10% Reduce human or typing errors 減少人為或打字錯誤
  - f. 13% Improve transmission guarantee to the Government 增加傳送資料至政府的保證
  - g. 6% Provide updated trade news 提供最新商貿資訊
  - h. 6% Improve competitive advantage 提高競爭力
  - i. 4% Enhance company image 提升公司形象
  - j. 4% Improve relationship with partners, customers and suppliers 改善與合作伙伴、客戶及供應商之關係
15. What other reasons prevent you from using Internet as a trading or service tool? 還有甚麼其他原因妨礙您使用互聯網作為貿易或服務工具?

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**Thank your for your valuable information.**

Remarks備註:

1. 所有問卷資料只會作數據分析之用。All questionnaire data is used for analysis purpose only
2. 首 100 家交回完整問卷之公司，可獲贈「商貿易」文具用品乙份，鬧鐘收音機、計算機、記書座、等任選一款，數量有限，送完即止。我們將於 2006 年 9 月 30 日前以電郵通知領取禮品詳情。The first 100 respondents with a fully completed questionnaire will be rewarded with a Ge-Ts stationary premium (Radio Clock, Calculator, Memo Stand, etc are available for selection while stock lasts). We will inform you of the gift collection details by email on or before 30th September 2006.