How e-commerce is different and what should SMEs do?
The “Box and Ladder” theory

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Traditional business is confined to a box

Limited by:
- Geographical proximity
- Supply capacity
- Limited demand
- Knowledge and skills
- Communication channels and etc.
moving online = walk out of the box
...and become invisible in the CROWD
to be visible, you need to be TALL, or get a ladder!
Who can benefit the most from e-commerce

• **First movers:** early adopters of e-commerce
• **Tall Guys:** have a great product or service
• **Ladder users:** learn to use tools provided by internet companies: search engine, e-commerce platforms, social media, etc.
• **Ladder builders:** build your own tools! At least a company website
G1. First Movers

“In the new world, it is not the big fish which eats the small fish, it’s the fast fish which eats the slow fish.”

- Klaus Schwab, founder of WEF

For SMEs: **Employ Yong People!**
For Governments: **Embrace the Change!**
G2. The Tall Guys

Standardized products → unique and interesting products

Potential opportunities for cross-border e-commerce

Top selling Argentinian products on Taobao (China)
G3. Ladder Users

Internet thinking: traffic, conversion rate, fan base, thumbs-ups

**Blockbusters:** most sold, but not necessarily most profitable

**Honey pots:** huge discounts to attract customers

**Meatballs:** not attractive, but can fill stomach!

Internet thinking: transaction records is my most valuable asset online!
G4. Ladder Builders

- Big internet companies are not yet everywhere
- Next billion internet users come from developing countries
- More success stories: flipkart, Mercado Libre, Netshoes, Taobao
- Protectionism won’t work, because companies are becoming nationless and technology evolve rapidly
Thank you!
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