

The Internet Challenge

By Maxwell Thomas

Walking through the vendor booths at the New York International Gift Show, I am always amazed at the sheer number and variety of products and vendors. The majority are from the US and are focused on landing a big US account - negotiations are straightforward, the terms are clear, and the distribution channel is familiar. But many of these US vendors are also aware of the large foreign-market potential - offering increased sales in new markets (where their product might be unknown or hard to get) and the potential hedge against seasonal US sales.

However appealing foreign sales may be, most US manufacturers hesitantly venture into global markets - mostly because of poorly enforced international copyright laws, operational capacity restrictions and requirements to meet the demands on the home front. Of course there is the distributor who offers overseas sales, but frequently such representative relationships fall short of both parties' expectations, or the difficulty of establishing credibility and trust weakens the relationship.

If any single country has excelled at overcoming these issues to bring US companies overseas, it is Japan. With the second-largest GDP and economy in the world, Japan represents a huge market in which most sellers want to participate. Since the 1950's, Japan's trading companies have cleared the path for manufacturers to sell to Japanese consumers, and consumers around the world. These trading giants have provided everything from product sourcing, representation, distribution, even financing - usually in exchange for exclusive representation.

These trading companies have created the world's largest continuous distribution network. Brokering everything from steel to soap, Japan's top trading firms once accounted for 4% of all global trade. The trading companies have maintained their influence on global trade mainly

because of the sheer size and entrenchment of their distribution networks.

Now, the Internet challenges the trading companies, and many traditional business relationships, in a way that promises to transform forever the way businesses interact. The key to this change is direct communication between buyers and sellers, resulting in lower costs, fewer distribution layers, greater product flow, and, most importantly, more control in the hands of buyers and sellers.

To understand how this is possible, imagine a place - a marketplace if you will - where a Japanese retail store can contact any supplier in the world...in Japanese. Let's say this retailer wants to buy fashionable candle holders for his home decor store in Okayama. With just a few key strokes (in Japanese) he can send out a request for candle holders to all suppliers from around the world - in Korea, China, America, Brazil, Italy, Germany, Canada, England, etc. He can request a sample and receive it in a matter of days. He can ask the supplier questions (in Japanese) about the product and company, and receive answers directly from the supplier (in Japanese). If the item is not made in Japan, he can quickly check the customs and import regulations to make sure the product is okay for Japan. Once he has found a product and supplier he likes, he can then finalize the terms of the deal and negotiate the price - all in Japanese. He can then receive competitive bids on shipping from international carriers who want to give him the most service for the least cost. He can even receive quotes from financial institutions who will help him finance the transaction. He can do all of this with the aid of a guide - who will steer him through each step and help him maintain complete control.

And he can do all of this for FREE.

That's the power of the Internet - come to life in a real-world example

that brings immediate value to all parties involved. Pundits claim the Internet will cut out the middleman, thus increasing efficiencies and lowering costs. Critics argue the Internet simply creates a new middleman, but one that is less effective as communication will breakdown and operational havoc will thrive where (traditional) middlemen once smoothed the way. Of course, critics frequently fail to mention that while the Internet might simply become a techno replacement, it saves money, increases efficiency and maximizes value unlike any middleman could before.

This image of seamless, direct transactions between product vendors and buyers from around the world is not that far away. Manufacturers have already started selling their products directly to wholesale buyers, even consumers - mostly through the Internet. Also, the recent explosion of B2B sites brings buyers and sellers together to support multiple transactions from auctions to complete online transactions. There are even 'dot-coms' in Asia, America and Europe which make it easy for vendors to have an e-commerce site up and running in minutes.

Here at US-Style.com, our driving mission is to make the vision of truly global interaction between buyers, sellers and service providers a reality. We believe the power of the Internet is its ability to put control in the hands of the users - with great reliability and at little cost. If we do our job right, buyers and sellers around the world will be able to communicate and transact directly - in their own language - and without the expense or limits of distributor relationships.....or even trade shows.

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