

HOW AN OLD-FASHIONED TRADE PROMOTION AGENCY REPOSITIONED ITSELF AS AN E-BUSINESS LEADER: A CASE OF THE KOREA INTERNATIONAL TRADE ASSOCIATION

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ABSTRACT

With the development of the Internet environment, exporters and importers came to find business opportunities online. The *Korea International Trade Association (KITA)*, the largest trade promotion agency in Korea, launched its own B2B trade platform, *tradeKorea* (www.tradeKorea.com), and shifted its activities from offline to online, overcoming obstacles then through cooperating with international leading players, networking with overseas Korean businesses, and offering various training programs on online marketing. KITA's case proved how an old-fashioned trade promotion agency repositioned itself as a market leader, utilizing its existing strengths and riding the emerging e-business trend.

INTRODUCTION

In the past, Korean exporters and importers used to make use of offline marketing channels, such as international exhibitions, trade delegations, etc. In line with that, Korean trade promotion agencies have mainly focused on organizing offline promotion activities of that kind. However, with the development of the Internet, more and more exporters and importers came to find business opportunities online. To meet this growing demand, the *Korea International Trade Association (KITA)*, the largest trade promotion agency in Korea, launched its own B2B trade platform, *tradeKorea* (www.tradeKorea.com) in 2008, and facilitated trade business of Korean SMEs, making it prominent among other B2B e-marketplaces with some differentiating marketing strategies.

KITA'S ROLE IN KOREA'S ECONOMIC DEVELOPMENT

Established in 1946 to represent Korea's international traders, KITA has played a major role in Korea's economic development and contributed in making Korea one of the world's most preeminent trading nations. Today, as Korea's largest trade association with 65,000 member companies, it continues to support Korea's trade business community through hosting conventions & exhibitions, conducting trade-related research, training specialized traders, and connecting Korean enterprises with the global trade community. Also, by running the *World Trade Center Seoul (WTCS)*, it has provided office space (*Trade Tower, ASEM Tower*) as well as Seoul's major facility for domestic and international exhibitions and conventions (*COEX*, the venue of the G20 Seoul Summit in 2010) for the community.

Historically, the Korean government pursued policies promoting export-oriented light industries in the 60s and heavy industries in the 70s, making it conducive for large companies to lead Korea's economic development. In the early stages of industrialization, Korean economic policies concentrated mostly on supporting large companies. SMEs, on the other hand, were confined, partly by such policies, to doing

sub-contract work. Compared with large companies, SMEs needed infrastructure which would enable them to engage in international trade, so KITA has focused on infrastructure and service for SMEs.

KITA'S NEW TRADE PROMOTION STRATEGIES THROUGH THE INTERNET

To help companies reduce trade transaction costs and to facilitate overseas marketing, KITA has been supporting SMEs through various IT projects. The development of the Internet and e-business markets has led KITA to secure e-trade infrastructure to lead the goal of making Korea the number 8 economy in the world with one trillion dollar trade volume. Since 2003, together with the Korean government, KITA has been working on establishing the *u-TradeHub* (www.uTradeHub.or.kr), a system that supports e-trade services. This project aims to provide companies with one-stop service for logistics, customs, settlements and other trade related operations. Along with *u-TradeHub*, KITA established its own B2B e-marketplace, *tradeKorea* in 2008, and has provided online marketing tools for free.

TRADEKOREA'S DIFFERENTIATING MARKETING STRATEGIES

Though the global e-marketplace could serve as a low-cost and efficient marketing channel for SMEs, there were several obstacles. Korean SMEs had limited knowledge of online marketing and its advantages. They preferred the traditional marketing channels, such as international exhibitions and face-to-face meetings with foreign traders. Also, many SMEs were reluctant to use the e-marketplace due to language barriers.

As its first priority, KITA focused on using its resources in expanding the market itself and concentrated on the promotion of how to do online marketing. In collaboration with *Alibaba.com*, the world's No.1 B2B e-marketplace, and *tradeindia.com*, India's largest B2B e-marketplace, KITA co-hosted online exhibitions and face-to-face meetings, as follow-up events in 2009 and 2010 respectively. Also, KITA has organized annual conferences on online marketing with global IT companies such as *Google*, *eBay*, *Alibaba.com*, *tradeindia.com*, etc.

Along with promotion activities with international players, KITA made an effort to attract overseas Korean businesses to strengthen the network among them and with domestic businesses at *tradeKorea*. In collaboration with the *World Federation of Overseas Korean Traders Associations*, KITA made a special section for business between overseas and domestic traders at *tradeKorea* and came to build the largest database of overseas Korean businesses in Korea.

In addition, KITA has organized various training programs and seminars. Though many Korean trading companies realized advantages of online marketing, they didn't think of trying it out, due to language barriers and lack of knowledge on how to use it. Cooperating with *eBay*, KITA co-organized training programs on online marketing at its IT training center in 2008 and 2009. In addition, KITA opened training seminars by itself in its eleven domestic branches.

CONCLUSION

With the development of the Internet and e-business markets, KITA successfully shifted its focus in trade promotion activities from offline to online. KITA proved how an old-fashioned trade promotion agency repositioned itself as a market leader. KITA's case would be a benchmark for any trade promotion agencies in other countries that hope to find new business opportunities in the e-business area.