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## A Empirical Study on the Ways of Searching for Foreign Buyers and the Performances Improvement of Exporting Companies in China

– Focused on the Exporting Companies in the Pearl River Delta  
Economic Zone –

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## I. Introduction

### 1. Research Background and Objectives

Since China's joined into WTO, Chinese economy has been developed rapidly through international trading. Most of Chinese companies are finding and transacting with foreign partners in global market. A large quantity of exporting companies had emerged with the tide of the times. In the future, development of international trading for economy in China will be highlighted.

However, in recent years, Chinese exporting companies are confronted with some critical situations in international trade because of global financial crisis of 2007–2008. This has a tremendous negative impact on the development of exporting companies in China. Therefore, in the long run, the key to the exporting companies' survival and sustainable development is to find partners in global market in a practical and healthy way as soon as possible. It is said that the hardest part of starting a foreign business is to find buyers or to get customers. it is more critical for small and medium–size exporting companies.

The fast changes of internal and external trade and market circumstances, together with the advent of e-commerce, could make exporting companies to use diverse ways of finding foreign buyers in global market. And the performances of exporting companies can be different according to the application of different ways of finding foreign buyers. Based on this, it is necessary to research the ways of finding foreign buyers adopted by exporting companies in China in order to work out the most efficient ways of finding foreign buyers and to improve the companies' performances.

Therefore, the specific objectives of this paper are set as follows. Firstly, this study is to examines, through survey in China, the current status of ways of finding foreign buyers Secondly, this study is to analyze their relationship with performance through developing hypotheses and regression analysis with results of investigation. Finally, this study is to give some practical suggestions to the exporting companies based on the analysis which will help them to

improve their performances.

## 2 Literature Review

The literatures on overseas market expansion have been around for a long time in China, and involved in the study of many scholars. But almost all the literatures focus on the study of overseas marketing strategy, new product development, sales promotion, product pricing and customer service and so on. There is barely studies on ways of finding overseas buyers in China.

The related prevailing literatures in this paper are as follows:

In the research of Jung-han Bae & Yong-ki Koh (2008)<sup>1)</sup>, they stated “investigation and assessment on ways for searching foreign buyer taken by Korean SMEs should be reconsidered”. The study first gives a clear explanation to the specific ways of finding foreign buyers, and basing on the questionnaire survey, it aims to provide effective ways and suggestions of finding foreign buyers with the small-medium size foreign trade enterprises in Korea. And it was one of the first independent studies on the methods of searching foreign buyer and their performance of exporting companies.

In the study of Li Lan & Xu Ming (2003)<sup>2)</sup>, they pointed out that knowing how to find foreign buyers in the targeted market is very important topic for trading companies. In their study, considered the practical situation of exporting companies in China, they gave a classification of the ways to find foreign buyers by differing positive ways from negative ways.

The book, edited by Nian-xiang Chen and Si-yu Zhang (2008)<sup>3)</sup>, is the

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1) Jung-han Bae & Yong-ki Koh, “A Study on the Methods for Searching Foreign Buyer and their Performance of Exporting Companies –Focused on the exporting companies in Taegu and Kyeongsangbuk-do-,” KOREA INTERNATIONAL COMMERCIAL REVIEW, Vol.23, 2008, pp.87-104.

2) Li Lan & Xu Ming, “A Study on how to find new Customers in Foreign Market-places”, SHANGDONG FOREIGN ECONOMIC RELATIONS & TRADE, Vol.06. 2003. p.18.

3) Nian-xiang Chen and Si-yu Zhang, All Roads Lead to Export(2nd Edition), 2008,

bestseller in China. This book, with the experts' rich experiences in international trading, contains almost all of the ways of finding foreign buyers of Chinese exporting enterprises. The traditional ways, like trade fairs participating and special professional tips of the experts have been introduced. In the study of Lim, Cheon Hyeok & Park, Nam Kyu (2009)<sup>4</sup>, they stated that electronic trade reduced additional costs generated from the issuing and management of paper documents, and overcomes the physical limitations of commercial transactions as well as the geographical and time limitations resulting from trading with foreign countries. therefore, it could also be used for finding foreign buyers.

This paper, basing on these prevailing literatures, aims to make further study of the ways of finding foreign buyers for exporting companies in China. The innovations in this paper as bellow: firstly, only focused on the first step in the International business – the ways of finding foreign buyers for Chinese exporting companies, and then, with the aim of making suggestions for exporting companies in China on choosing suitable ways of finding foreign buyer based on their characteristics.

### 3. Research Methodologies

Reliability is the extent to which a variable or set of variables is consistent in what it is intended to measure (Hair et al., 2005)<sup>5</sup>. Reliability is determined by Cronbach's alpha, a popular method for measuring reliability (Mukherjee and Nath 2003)<sup>6</sup>.

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China Customs Press.

4) Lim, Cheon Hyeok & Park, Nam Kyu, "A Study on the Application and Service Factors Confidence of e-Trade," THE INTERNATIONAL COMMERCE & LAW REVIEW, Vol.43, 2009, p.397.

5) Hair, J.F., Black, B., Babin B., Anderson R.E. and Tatham R. I. Multivariate data analysis (6th edition), Prentice Hall. 2005.

6) Mukherjee, A., and Nath, P. "A model of trust in online relationship banking."

In this paper, methods exporting companies in the Pearl River Delta were investigated, and a survey is conducted by using an e-mailed questionnaire interview and door-to-door interview. This paper will analyze the result of questionnaire investigation with SPSS v19.0 package and in the meantime, test hypothesis.

## II. Ways to Find Foreign Buyers in China

### 1. The Significance

Today, with the integration of globe economy, the development of trading is considered as an important indicator of a country's economic development, and the foreign trade is treated as the core of the international economic relations. Gui-min Zheng<sup>7)</sup> states that in the current pattern of trade that the buyers have the initiative in hands, finding buyers in an efficient and practical way has become one of the most important aspects in the whole trade flow.

There are many ways of finding foreign buyers. As is known to all, such traditional ways have been adopted by most Chinese foreign companies as making direct business trip, setting up overseas branch and so on. Simultaneously, owing to its advantages of low cost, efficiency and swiftness, the e-commerce is applied by more and more exporting companies to find their foreign buyers. Both types of ways have brought about remarkable attainments to the exporting companies. However, the performances obtained differ from way to way of finding overseas buyers. Basing on this, this paper places significance on the researching of efficient and practical ways of finding foreign buyers for exporting companies in China to improve the companies'

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International Journal of Bank Marketing, 21, 1, 2003.

7) Gui-min Zheng, All Roads Lead to Export(2nd Edition), 2008, China Customs Press. p.3

performances.

## 2. The Classification

By combining with the related trade textbooks and related researches, this paper tries to make a systematical classification of ways of finding foreign buyers that adopted the most frequently by Chinese exporting companies. They are broadly divided into two groups, namely the ways of attracting foreign buyers and the ones of locating foreign buyers.

### 1) Ways of attracting foreign buyers

#### (1) Exporting corporations' homepages

The reason why the exporting companies have to build website for themselves is objectively complicated. To begin with, there is a considerable space distance between foreign buyers and them. Thanks to the emergence of e-commerce, foreign buyers can get all the information they need through the computer and internet, which saves money as well as time<sup>8)</sup>. Therefore, the enterprise website is without doubt the predominant channel of doing international business for sellers and buyers<sup>9)</sup>. With the view of keeping up with the pace of modernization and internationalization, exporting companies must pay much more attention to the website building.

#### (2) Promotional materials issued by China

##### ① Advertising in off-line promotional materials issued by China

There seemed to be an increase in the number of regular readers and authors of professional promotional materials issued by China for Chinese goods seemed to increase in recent years. Yu-nong Lin<sup>10)</sup> said that there was

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8) Li Lan & Xu Ming, op.cit. p.2

9) Zhong-hui Wang, *International Trade Online*(1st Edition), 2009, China Customs Press.

no doubt that it would help to promote the sale volume of the products if the exporting enterprise uses similar promotional materials for propaganda and advertising, because there is an increasing number of potential foreign buyers paying attention to the promotional materials. Therefore, advertising in promotional materials issued by China for Chinese goods is also a feasible method to attract foreign buyers.

② Advertising in on-line promotional materials issued by China

As this paper has introduced above, with the popularity of Internet and the development of IT industry, E-commerce is now in the ascendant (Zhong-hui Wang, 2009). Simultaneously, owing to the advantages of low cost, high efficiency and favorable swiftness, more and more exporting companies would like to apply e-commerce to attract their foreign buyers. The sellers, as well as the buyers would like to pay the attention to advertisement in on-line promotional materials to attract business partners.

(3) Promotional materials issued by other foreign countries

① Advertising in off-line promotional materials issued by foreign countries

Compared with advertising in promotional materials issued by China for Chinese goods to attract foreign buyers, advertising in promotional materials issued by foreign countries may be a better way of finding buyers, by the reason that it could be a practical method to keep up with the international market and to gain great attention by foreign buyers.

② Advertising in on-line promotional materials issued by foreign countries.

It is the last but not the least method to attract foreign buyers in this paper. Like the way of advertising in on-line promotional materials issued by China for Chinese goods, it is also a method of great advantages by using promotional materials website issued by foreign countries to advertise.

From what is mentioned above, five ways of attracting foreign buyers for

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10) Yu-nong Lin, All Roads Lead to Export(2ndEdition), 2008. China Customs Press. p.247

exporting companies in China have been covered.

## 2) Ways of locating foreign buyers

The followings are specific ways of finding foreign buyers that will be presented concretely one after another.

### (1) Trade platform

#### ① Chinese local trade platform<sup>11)</sup>

Jin Ming<sup>12)</sup> said that for most businessmen, trade platform is not so much a platform as a tool used everyday, especially trade platform of B2B. There are many advantages in using trade platform to find foreign buyers, including reducing costs, saving troubles and controlling consumer source by them, which makes trade platform a really useful method to find customers for exporting companies of small-scale and low competitive power<sup>13)</sup>.

#### ② Global trade platform

Generally, except for some famous Chinese trade platforms, most of Chinese trade platforms pay their attention only to domestic trade. Therefore, more and more exporting companies may as well choose overseas marketing platforms to find their foreign buyers in China.

### (2) Off-line marketing

#### ① Participating in products display in China

Liu Tong<sup>14)</sup> states that searching foreign buyers in trade fairs is a traditional method to find foreign importers in China, which is also being considered as an effective marketing method. It is true that an increasing number of

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11) Alibaba and Made-in-China are famous trade platforms of B2B in China. Tulaoge is also a popular B2B trade platform for small and medium-sized exporting enterprises.

12) Jin Ming, *All Roads Lead to Export*(2<sup>nd</sup>Edition), 2008, China Customs Press..p.58.

13) Wang Sheng, "The Development and Maintenance of Oline Customers," Bachelor's thesis of ZHEJIANG BUSINESS TECHNOLOGY INSTITUTE, 2011.

14) Liu Tong, *All Roads Lead to Export*(2<sup>nd</sup>Edition), 2008, China Customs Press. p.22.



exporting companies prefer e-commerce in finding their customers, and trade fair is another popular way to be used by businessman as well. Trade fairs can get foreign buyers together and make marketing more professional and focusing, which at the same time makes competition greatly aggravated. Trade fair is a mode of advertisement in essence, with the purpose to find buyers and sell their products favorably. Trade fair is a good chance to get in touch with foreign buyers with face-to-face.

② Participating in products display in other foreign countries

As with products display held in China, there are also many products display activities in other foreign countries every year. The first thing to be sure is the good chances to meet foreign buyers if participating in products display in other foreign countries. And if exporting companies can catch the chances, numerous business opportunities could be brought about to them. Nevertheless, it's hard to overlook the economic burden. Therefore, exporting companies could make choice according to their situation.

③ Direct business trips

Business trip is a direct way to meet with foreign buyers face to face. Actually, it is a more effective chance to cooperate with foreign clients and may achieve a pleasant mutual development. However, it requires a considerate planning before adopting this method accordingly due to its high cost.

④ Using overseas branch

Actually using overseas branch to find foreign buyers is the method only for the exporting companies that have branch office abroad. Usually, this kind of exporting companies is the one of considerable scale with economic strength. To small and medium-sized foreign trade enterprises, using overseas branch to find foreign buyers is not a viable option.

### 3. The Performance

As aforementioned, the way of finding foreign buyers has become diversified

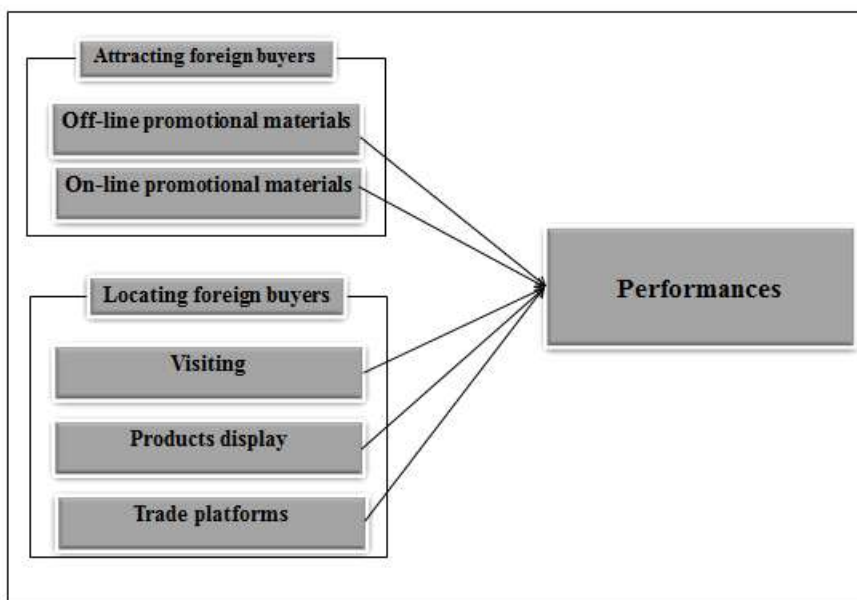
from one exporting company to another. Therefore, it is necessary to make researches on the ways of finding overseas buyers for exporting companies in China to work out the most efficient ways of finding foreign buyers and improve the enterprises' performances, which may bring increase in amount of inquiry and amount of contract.

### III. Research Model and Hypotheses

#### 1. Research Model

There are many ways of finding foreign buyers. Besides the ways of finding foreign buyers mentioned in chapter 2, there are still some ways to get contact information, basing on previous researches, such as trade directory and recommendation of business partners and so on. However, through these ways one can only get the contact information, such as telephone number, fax number, etc. In other words, it couldn't bring any improvements in performance if one doesn't take any further such actions as paying direct visit, making prompt contacts, etc. to find foreign buyers. Therefore, in this paper no study of these ways will be explored.

Jung-han Bae & Yong-ki Koh (2008) states that in addition to the traditional ways of searching foreign buyers, on-line marketing as a new tool has been widely used in finding potential foreign buyers. Therefore, after discussing the concrete ways of finding foreign buyers for exporting companies in China, this model tries to make study and analysis on five factors, basing on previous researches and relative textbooks: off-line promotional materials, on-line promotional materials, visiting, products display and trade platforms.



[Figure 1] Research Model

## 2. Hypotheses

### 1) Ways of attracting foreign buyers

#### (1) Off-line promotional materials

Advertising in off-line promotional materials is one of the ways of attracting foreign buyers introduced in this paper. It is often shown in such forms as brochure for products promotion, promotional materials containing products catalogue, commercial publicity page and products leaflets magazines, which are issued and allocated both at home and abroad. In recent research, advertising in catalogue for product promotion is a channel to find foreign buyers<sup>15)</sup>. Therefore, the following hypothesis is tested:

Hypothesis 1: Advertising in off-line promotional materials associated with

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15) Yu-nong Lin, op.cit, p.249.

performance of exporting companies.

(2) On-line promotional materials.

Advertising in on-line promotional materials is also treated as a way of attracting foreign buyers in this paper. With the advantages of low cost, high efficiency and favorable swiftness, on-line promotional materials can be defined as the most convenient and feasible method to attract foreign buyers. Dan-feng Chen<sup>16)</sup> claims that advertising in on-line promotional materials have much more superiorities to traditional methods of attracting buyers. And more and more businessmen want to make the most out of the website to develop potential customers. Therefore, the following hypothesis is proposed:

Hypothesis 2: Advertising in on-line promotional materials associated with performance of exporting companies.

## **2) Ways of locating foreign buyers**

(1) Visiting

Visiting is another way of locating foreign buyers. It is often defined as the way of contacting with foreign buyers in the overseas targeted marketplace. In this paper, direct business trip and appointing overseas branch to search the foreign buyers are included. Tong-gong Zhang and Cai-yun Qin<sup>17)</sup> states it is a better means of using overseas branch to develop potential foreign partners. Based on these observations, the following hypothesis is proposed:

Hypothesis 3: Visiting directly associated with performance of exporting companies.

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16) Dan-feng Chen, *All Roads Lead to Export*(2<sup>nd</sup>Edition), 2008, China Customs Press. pp.7.

17) Tong-gong Zhang and Cai-yun Qin, "The Development and Maintenance of Oversea Customers for family-typed Exporting Enterprises," *Practice in Foreign Economic Relations and Trade*, Vol.02, 2005, pp.35-37.

## (2) Products display

Products display is a common public relations activity, comprising trade exhibitions, trade fairs and trade shows, to promote new products and develop foreign customers. Xu-chu Cao<sup>18)</sup> says that owing to it provides a chance for companies to make contact with many foreign importers at a short time, this way has attracted great attention of businessmen. Based on these observations, the following hypothesis is proposed:

Hypothesis 4: Participating in products display associated with performance of exporting companies.

## 3) Trade platform

Trade platform provides an online trading and communicating for enterprises as well as individuals. It covers a series of service of online-trading and online-management, including advertising, consultation and negotiation, online-purchasing, online-payment, feedback service and transaction management<sup>19)</sup>. Now, the main trade platforms, frequently used by businessmen, are B2B, B2C and C2C. Li-juan Sun<sup>20)</sup> claims that for most businessmen, B2B has emerged as a viable business modal. Based on these observations, the following hypothesis is proposed:

Hypothesis 5: Using trade platform associated with performance of exporting companies.

# IV. Empirical Analysis

## 1. Measurement of Research Variables

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18) Xu-chu Cao, *All Roads Lead to Export*(2ndEdition), 2008, China Customs Press. p.18.

19) <http://blog.naver.com/jino76?Redirect=Log&logNo=130008930213&from>

20) Li-juan Sun, *All Roads Lead to Export*(2ndEdition), 2008, China Customs Press. p.47.

This paper is to analyze survey questionnaire which is made for assessment on ways for searching foreign buyers and to suggest their implications for improvement of ways for searching foreign buyers of foreign trade companies in China. This research method employed here is based on empirical data collected through questionnaire surveys distributed to the people who are employee in foreign trade companies will influence the performance of people using different ways of finding foreign buyers.

According to the review above, five major variables influence performance: off-line promotional materials, on-line promotional materials, visiting, products presentation activity and trade platforms.

## 2. Descriptive Analysis of Data

The survey respondents for this study were recruited from June, 2012 to August 2012 and the participants were solicited through distributing questionnaire by email and visiting. Table 1 shows that the summary of the questionnaire survey's data.

[Table 1] Summary of Data Collection

| Item                     | Description                                                             |
|--------------------------|-------------------------------------------------------------------------|
| Period                   | 2012/06/23-2012/08/31                                                   |
| Respondents              | Foreign trade companies in the Pearl River Delta Economic Zone in China |
| Collected Questionnaires | 196                                                                     |
| Usable Samples           | 196                                                                     |

The following table 2 and table 3 present the descriptive statistics for the respondents.

Table 2 shows that of the 149 respondents, the companies covered 35.6% as large number of the respondents whose number of employee focus on 11-50.

Table 3 shows that the years of the company covered 38,5% and 36,9% to engage in international trade focused on 1–5years and 5–10years.

[Table 2] Survey companies' general information of the number of employee

| Number of employee | Frequency | Percentage(%) |
|--------------------|-----------|---------------|
| 1–10               | 17        | 11.4          |
| 11–50              | 53        | 35.6          |
| 50–100             | 39        | 26.2          |
| 101–300            | 28        | 18.8          |
| 300 above          | 12        | 8.1           |
| Total              | 149       | 100%          |

[Table 3] Survey companies' general information of the years engaged in international trade

| Years engaged in international trade | Frequency | Percentage(%) |
|--------------------------------------|-----------|---------------|
| Less than a year                     | 9         | 6             |
| 1–5                                  | 57        | 38.5          |
| 5–10                                 | 55        | 36.9          |
| 10–20                                | 28        | 18.8          |
| Total                                | 149       | 100           |

Tables 4, and table 5 clearly showed that 48,2% of respondents chosen that the reason of foreign buyers–development is the most challenging step to do international trade, 22,6% of respondents chosen the reason of foreign market investigation, and 18,7% of respondents chosen the reason of execution and fulfillment of contracts. The results indicated that foreign buyers–development is the most challenging step to do international trade for foreign trade companies in China. 40,8% of respondents answered deterioration of market conditions was the most common reason to end partnership with foreign customers, and 32,7% of respondents chosen the reason of product price problem. The results indicated that the most common reason to end

partnership with a foreign client is the deterioration of market conditions.

[Table 4] The most challenging step to do international trade for exporting companies in China

| What is the most challenging step to do international trade? <sup>21)</sup> | Frequency | Percentage (%) |
|-----------------------------------------------------------------------------|-----------|----------------|
| Foreign market investigation                                                | 86        | 22.6           |
| Overseas buyers development                                                 | 183       | 48.2           |
| Financing                                                                   | 34        | 8.9            |
| Execution and fulfillment of contracts                                      | 71        | 18.7           |
| Linguistic barriers                                                         | 5         | 1.3            |
| Others                                                                      | 1         | 0.3            |

[Table 5] The most common reasons to end partnership with a foreign client for exporting companies in China

| What is the most common reason to end your partnership with a foreign client? <sup>22)</sup> | Frequency | Percentage (%) |
|----------------------------------------------------------------------------------------------|-----------|----------------|
| The problem of product prices                                                                | 122       | 32.7           |
| The problem of product quality                                                               | 59        | 15.8           |
| Deterioration of market conditions                                                           | 152       | 40.8           |
| Change of main cooperation business                                                          | 7         | 1.9            |
| Partnership deteriorated                                                                     | 17        | 4.6            |
| Risk of foreign exchange                                                                     | 16        | 4.3            |

#### 4. Reliability and Validity Test

##### 1) Reliability Test

Nunnally and Bernstein (2009)<sup>23)</sup> stated that “ An inspection of Cronbach’s

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21) This is the multiple – choice questions.

22) This is the multiple – choice questions.

23) Jum C. Nunnally and Ira H. Bernstein, *Psychometric Theory*, NewYork: McGraw-



alpha ( $\alpha$ ) coefficients reveals that, among the six  $\alpha$  coefficients, all constructs are greater than 0.6, indicating acceptable reliability.” As shown in table 6, the reliability scores of all the constructs were found to exceed the threshold set by Nunnally; all measures demonstrated good levels of reliability (greater than 0.6). The average scale of them is 0.770; especially reliability scale even achieved the largest reliability of 0.808

[Table 6] Reliability Coefficient Test

| Variable                       | Number | Alpha |
|--------------------------------|--------|-------|
| Off-line promotional materials | 2      | .790  |
| On-line promotional materials  | 2      | .808  |
| Visiting                       | 2      | .789  |
| Products display               | 2      | .794  |
| Trade platform                 | 2      | .749  |
| Performance                    | 2      | .710  |
| Average                        |        | .770  |

Note: n=149

## 2) Validity Test

Factor analysis identifies the underlying structure within a set of observed variables (Miyazaki and Fernandez 2000)<sup>24</sup>. SPSS (Statistical Package for the Social Sciences) software was used in the assessment of validity. To measure convergence and validity, exploratory factor analyses were first conducted (with rotation) to detect the significance of the hypothesized factors; after this, principal components analysis was used as the extraction method for confirmatory factor analysis with Varimax rotation. According to table 7, the

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HillBookCo., 1978.

24) Miyazaki,J., and Fernandez, K. The antecedents and consequences of trust in online purchase decisions. *Journal of interactive Marketing*, 16,2,2000

KMO (Kaiser–Meyer–Olkin) value is 0.811. The acceptable level provided by Kaiser<sup>25)</sup> is a KOM value of large than 0.70, indicating that the factors are suitable for factor analysis. To determine the underlying structure, the research first examines the correlation matrix to determine its appropriateness for factor analysis. The KOM value of the test statistic for sphericity was based on a Chisquare transformation of the determinant of the correlation matrix was large (0.811), and the associated significant level was extremely small (0.000). As shown in Table 7, we concluded that that data were approximately multivariate normal data. Furthermore, the correlation matrix contained sufficient co–variation for factoring.

[Table 7] KMO and Bartlett’s Test

|                                                 |                  |          |
|-------------------------------------------------|------------------|----------|
| Kaiser–Meyer–Olkin measure of sampling adequacy |                  | .811     |
| Bartlett’s test of sphericity                   | Approx.chisquare | 1222.704 |
|                                                 | df               | 66       |
|                                                 | sig.             | .000     |

For the next step, to determine that off–line promotional materials, on–line promotional materials, visiting, products display and trading platform are separate variables; a confirmatory factor analysis was conducted through SPSS v19.0. Since each variable was measured by the multi–item constructs a principal component factor analysis with a varimax rotation was conducted to check the unidimensionality of items, Table 8 indicate six separate factors. All six scale concerns were included in an exploratory factor analysis.

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25) <http://www.pinggu.org/bbs/viewthread.php?tid=463603&page=1>

[Table 8] Factor analysis–rotated component matrix for factors

|                                                             | Component |      |      |      |      |      |
|-------------------------------------------------------------|-----------|------|------|------|------|------|
|                                                             | 1         | 2    | 3    | 4    | 5    | 6    |
| Off–line promotional materials from China                   | .885      |      |      |      |      |      |
| Off–line promotional materials from other foreign countries | .830      |      |      |      |      |      |
| On–line promotional materials from China                    |           | .850 |      |      |      |      |
| On–line promotional materials from other foreign countries  |           | .815 |      |      |      |      |
| Overseas branch                                             |           |      | .894 |      |      |      |
| Business trips                                              |           |      | .857 |      |      |      |
| Products display in China                                   |           |      |      | .903 |      |      |
| Products display in other foreign countries                 |           |      |      | .896 |      |      |
| Foreign trade platform                                      |           |      |      |      | .898 |      |
| Chinese local trade platform                                |           |      |      |      | .807 |      |
| Increase in inquiry                                         |           |      |      |      |      | .881 |
| Increase in contract                                        |           |      |      |      |      | .881 |

## 5. Empirical Data Analysis

This section presents the statistical results of the measurement validation. And then, a total of 5 hypotheses in this study were proposed and tested by using structural equating modeling. The results of the study are listed in Table 9.

[Table 9] Hypotheses testing results

| Hypotheses       | R <sup>2</sup> | F      | Sig.  | Beta  | t      | Sig. | Results         |
|------------------|----------------|--------|-------|-------|--------|------|-----------------|
| Hypothesis 1     | .354           | 41.518 | .000a | -.130 | -1.967 | .051 | Non-significant |
| Hypothesis 2     |                |        |       | .588  | 8.898  | .000 | Significant     |
| Hypothesis 3     | .362           | 28.953 | .000a | .497  | 7.568  | .000 | Significant     |
| Hypothesis 4     |                |        |       | .216  | 3.285  | .001 | Significant     |
| Hypothesis 5     |                |        |       | .285  | 4.334  | .000 | Significant     |
| *p<0.05 **p<0.01 |                |        |       |       |        |      |                 |

According to Table 9, regression analysis indicates that the way of advertising in on-line promotional materials( $t=8.898$ ,  $p<0.01$ ), visiting( $t=8.898$ ,  $p<0.01$ ), participating in products display( $t=7.568$ ,  $p<0.01$ ), and Using trade platforms( $t=3.285$ ,  $p<0.01$ ) are significantly related to performances. thus, hypotheses H2, H3, H4 and H5 are accepted. the way of advertising in on-line promotional materials( $t=-1.967$ ,  $p>0.01$ ) is not significantly related to performances. That is H1 is not supported in this study.

## V. Conclusions and Limitation

The first step in establishing an international trade relationship is to find foreign buyers or get foreign customers. Under the change of internal and external trade and market circumstances, with the generalization of e-commerce, the ways of finding foreign buyers adopted by exporting companies have become diversified. Therefore, this study has attempted to find out the most efficient ways of finding foreign buyers and to propose some practical suggestions for exporting companies in China.

And then, managerial implications of this study are proposed as follows.

First, the results of this paper indicate that the way of advertising in off-line promotional materials is a non-significant method to develop foreign buyers for

exporting companies in China. When we concluded that this hypothesis was not acceptable, we are saying that this result is different from that of the previous researches which pointed out that advertising in off-line promotional materials is an effective way to find foreign buyers. Possible explanations are that off-line advertising materials for finding foreign buyers is not more effective tool in global market and due to the long update cycle of trade information and the limited coverage of readers of off-line advertising mode, it meets its transformation from paper media to digital media in China. To achieve more readers, advertizing materials are used to issue in both paper form and on-line form. Owing to the development of e-commerce, international traders can get the information of their partners from promotional materials from both paper and on-line version .

Second, based on the previous literatures, advertising in on-line promotional materials is considered as a smart way of attracting foreign buyers. And the results of this paper indicate that this way is an effective method to develop foreign buyers for exporting companies in China. It implied that more and more exporting companies would like to apply this way to attract their foreign buyers, owing to the advantages of low cost, high efficiency and favorable swiftness.

Third, business trips and using overseas branches can be considered as the specific ways of finding foreign buyers by visiting in global market in this paper. The results of this paper also indicate that visiting is an effective method to develop foreign buyers for exporting companies in China. The size of the exporting company is what should be considered when use these two specific ways. For the exporting companies that have considerable scale and economic competitiveness, it is confirmed to be a significant and workable channel to cooperate with foreign buyers in both ways. The reason is that both ways could help the exporting company and its customers to learn directly more about each other through the face-to-face communication. As a result, both ways may help them to achieve a healthier and smoother mutual development. However, as to the small and medium-sized enterprises, using

overseas branches to find foreign buyers is not a viable option. By contrast, owing to the favorable performance of business trip, it could be a smart choice to make business trip to find foreign buyers. In order to achieve effective performance from business trips, they need to make pre-planning before adopting a certain way.

Fourth, according to the results, participating in products display is another main method to find foreign buyers. Therefore, this way should be used more widely and frequently to develop foreign buyers by the exporting companies in China. However, it is not just a matter of signing the contract. There are many details which should be noted from the beginning to the end of the activities. Before the display, working out comprehensive plan, making well preparation and getting the detailed information about the companies that will present are the essential parts.

Finally, the results of this paper indicate that the way of using trade platforms is also a significant method to develop foreign buyers for exporting companies in China. There are many advantages in using trade platform to find foreign buyers, including low cost, time saving and customer source controlling, which makes trade platform a really useful method to find customers for exporting companies of small-scale and less competitiveness. Therefore, the using of this way can be increased accordingly when developing foreign buyers. However, key points to find foreign buyers in trade platforms for exporting companies are to make timely respond to customers' inquiry, contact actively with potential buyers and maintain the close relationship between regular buyers, etc. Moreover, as more and more trading platforms are being founded, it is even more important to select the effective ones.

There are some aspects to be improved in this research. Several suggestions are put forward for further research.

First, considering the amount of factors, this paper only focuses on the study of the ways of contacting with foreign buyers and their functions in improving the exporting company's performance. The ways of getting foreign buyers' addressee will not be further discussed in this paper. Therefore, the

way of securing information and contacting with foreign buyers can be researched studied as a further study. Second, the data were collected from the exporting companies in Pearl River Delta Economic Zone in China, a singular and limited area of study. Therefore, a large sampling area needs to be considered. If future research collects data from a wider rang, the results will be stronger and more generalizable. Finally, this paper used simple statistical and analytical tools. Therefore, certain potentially viable relationships were not examined. Further studies can apply more sophisticated tools so as to include more types of relationships.

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## ABSTRACT

### A Study on the Ways of Searching for Foreign Buyers and the Performance of Exporting Companies in China

–Focused on the Exporting Companies in the Pearl River Delta Economic Zone–

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As market is more and more mature, the survival environment of exporting companies is getting severer, which throws exporting companies into great pressures of the process of growth and development. For most businessmen, the hardest part of starting a foreign business is to find buyers or to get customers, which is more critical for small and medium-size foreign enterprises. The fast changes of internal and external trade and market circumstances, together with the advent of e-commerce, led to the diversified of the way to find foreign buyers for exporting companies. But the performance differs in using different ways of finding foreign buyers.

Therefore, this study examines the status of the methods of finding foreign buyers and performance of exporting companies in China. Based on the investigation of the ways of finding foreign buyers, this study tries to find out the most efficient ways of finding foreign buyers for them. And this study tries to propose some practical suggestions for the exporting companies based on the analysis that will help them to improve companies' performances.

Key Words: the ways of finding foreign buyers, exporting companies in China