

UNIVERSITY OF MACAU
FACULTY OF BUSINESS ADMINISTRATION

**Internet use of manufacturers in low-voltage electrical
product market in China**

**Thesis presented to the Faculty of
Business Administration, University
of Macau for granting of EMBA
Degree**

Tim Fujian Li

M-98-6169-2

January 2001

Table of Contents

Chapter 1 Low voltage electrical product market in China

1.1 Low voltage electrical product	1
1.2 Sales chain	2
1.2.1 Design companies	2
1.2.2 Distributors	3
1.2.3 Manufacturers	3
1.2.4 Pricing system	3
1.3 Major competitors in China market	4
1.4 Objectives of this thesis	6
1.5 Scope and limitations of the study	6

Chapter 2 Internet

2.1 Internet	7
2.1.1 Internet timeline	7
2.2 Definition of terms	8
2.3 E-commerce	12
2.4 Internet is changing the manufacturing industry	12
2.5 State of the art of technology	14
2.5.1 Telecommunications and Personal computer	14

Chapter 3 Internet and LV electrical product market

3.1 The framework of E-commerce	17
3.2 Literature review	17
3.2.1 Strategic business value of the Internet	18
3.2.2 Strategic customer value of Internet	19
3.2.3 Value chain analysis for Internet	20
3.2.4 Internet – an alternate shopping channel	20

3.3 Internet and LV electrical product market	21
Chapter 4 Internet use in ABB (Case study)	
4.1 Corporate background	24
4.2 Strategy about Internet	25
4.3 ABB Mall	26
4.4 Internet for manufacturing	28
4.5 Internet program for executives	29
4.6 Internet for employees	29
4.7 Internet is not the panacea	30
4.8 Internet use in ABB (China)	30
Chapter 5 Survey and analysis	
5.1 The purpose and method of survey	33
5.2 State of Internet in China	33
5.2.1 Internet structure and control	33
5.2.2 Five interconnecting networks	35
5.2.3 Cable TV network	37
5.2.4 Internet access	37
5.2.5 Internet charges	39
5.2.6 Internet users & domain name registration	39
5.2.7 Laws and regulations related to E-commerce in China	40
5.3 Major application of manufacturer website	44
5.4 Questionnaire survey	53
5.4.1 Data types	53
5.4.2 Determining the sample frame and sample element	54
5.4.3 Data collection modes	55
5.4.4 Question developing	55
5.4.5 Limitation of the survey	57

5.5	Survey statistic	57
5.5.1	Internet use	58
5.5.2	Manufacturer website	60
5.5.3	Five manufacturer websites	60
5.5.4	Distributors	62
Chapter 6 Conclusions & suggestions		
6.1	Conclusions	64
6.1.1	Initial stage of Internet application in China	64
6.1.2	E-stores cannot replace distributors in China	65
6.2	Suggestions	66
6.3	In the future	67
Questionnaire		68
Reference		73