A Framework for the Implementation of (internet) Marketing by the Wine Business

Steven Goodman
Lecturer - School of Marketing
Researcher - Wine Marketing Research Group
University of South Australia
GPO Box 2471
Adelaide   SA   5001
Telephone: +61 8 8302 0092
Facsimile:   +61 8 8302 0442
Email: steven.goodman@unisa.edu.au

Abstract

Using four categories identified in earlier research (Goodman 2000), this paper discusses activities for which the internet can be used for marketing in the wine industry along with the benefits that may arise from such use. Data is then presented that suggests the four categories of internet use possibly represent sequential stages for adoption of a wine business specific marketing framework to develop competitive benefits. Details of the actual competitive benefits generated are discussed before the framework is presented and discussed for future research and practical business application.

Introduction

With constant pressure on the wine business to increase efficiency and productivity, the internet is a tool for even the smallest wine business to increase marketing activity. It is for this reason the word ‘internet’ appears in brackets in the title of this paper; the internet use examined in this research entails any use of the internet for marketing activity, rather than high-technology, highly-complicated e-commerce. Firms are still experimenting how to use the internet for profitable business activity. Academics have hypothetically examined the possible business uses for the Internet and how it may change the way business is conducted (Ainscough & Luckett, 1997; Davenport, 1996; Hamill, 1997; Hoffmann & Novak, 1996; Morgan, 1996; Paul, 1996; Quelch & Klein, 1996). Although some exploratory empirical research has taken place (Daniel & Wilson, 2002; Hamill & Gregory, 1997; Lymer, Johnson & Morgan 1997; Lynch & Ariely 2000; Poon & Jevons, 1997; Sparkes & Thomas 2001; Stevens & Howson, 1997), academic research lags behind business practice. As business itself is still struggling to use the internet profitably, this research examines internet use for marketing and management purposes and how this use influences the creation of competitive benefits. Importantly, this research examines practical activities of the wine business and presents a framework for the wine business to begin to use the internet for the benefit of their organization.

Literature Review

Internet Marketing
This research uses a concept of internet marketing that has an activity focus. Goodman (2000) proposes that internet use for marketing can be categorized into four activity-based categories, namely (i) Financial Transactions, (ii) Information, (iii) Business Processes and (iv) Revenue Generation. This framework was used to organise the literature.

**Information Use**

Haynes et al (1997, p.231) state that the most important use of the internet amongst participants in a mail-survey was as a tool for ‘obtaining and disseminating information’ and Bennett (1996, p.335) concludes that the greatest assistance the firm gets from the internet is as an information-gathering tool. Daniel and Wilson (2002) note that this type of use may represent a good starting point for those yet to adopt the internet, as notion supported by Peet et al (2001) that suggests accessing information is the early stage of internet use by SMEs. This use of the internet is commonly accepted (Ainscough & Luckett 1996; Benjamin & Wigand 1996; Hamill & Gregory 1997; Hamill 1997; Hoffman & Novak 1996; Paul 1996; Samiee 1998; Sparkes & Thomas 2001) as the most ‘fundamental’ use of the internet, and hence as the first stage of adoption. Ashill et al (1996, p.193) offer a view relevant to this research; suggesting the internet is at its most useful when used as an information exchange along the value chain, highlighting the need to examine the value system of an industry. The internet provides for a shift in one-way information flows, to two-way information exchange, on to 1:1 dialogue between suppliers and customers (Kiani 1998). Lynch and Ariely (2000) conclude that retailers of wine should provide transparent information on quality and other aspects of wine to assist in reducing the search costs of consumers.

Web sites present simple tools to both distribute and gather information (Hamill & Gregory 1997). Many firms are using them to conduct market research and examine competitor offerings (Goodman 2000; Haynes 1997), using the seemingly endless resources available (Hamill 1997). The information available for research is so vast that the practical problem is selecting web site addresses, reliable sources and doing so in a timely manner. Heinen (1996) describes the chaotic nature of the internet’s architecture leading to problems with sourcing information, as does Sandelands (1997) whilst Rowley (1996) points out the biggest problem with the internet is retrieving exactly what you want. Mathur et al (1998) conclude the World Wide Web is an information distribution system and as such all firms should actively use it in their business activity. As a medium, the information is rich, dynamic and visual (Herbig and Hale 1997). As an information source it has greater influence on decision making than any other medium (Hoey 1998). Daniel and Wilson (2002, p331) point out that for the smaller firm, information use is the place to start with adopting the internet. When integrating the internet into marketing practice, though, it is essential to move beyond Information and engineer the fundamental processes in the business (Sandelands 1997, p.11), to use the internet to work with, and automate, information flows; this is one of the challenges facing marketers in the twenty-first century (Culkin et al 1999, p.6). This is addressed in Stage Two (Business Process Use) of this framework.

**Business Process Use**

Although information transfer is one of the greatest uses of the internet, it is how the information can be used that gives greatest scope for firms to move beyond traditional constraints. Establishing business processes using the internet that automate information dissemination may provide opportunities to increase the effectiveness and efficiency of business communications and coordination (Ainscough & Luckett 1996; Ashill et al 1997;
Kiani 1998; Morgan 1996; Poon & Swatman 1997; Sola 1996). Quelch and Klein (1996) conclude that using the internet for automating business activities will redefine business processes themselves, creating new opportunities for innovative firms. Both Morgan (1996) and Rowley (1996) position the internet as a tool to provide sales support to consumers and trade customers through the use of online catalogues and searchable databases for problem solving. This level of sales support is so important it may well be viewed as redefining the distribution functions of intermediaries (Rowley 1996, p.35). Sandelands (1997) agrees with this view in the discussion of online support for agents and distributors, whilst Ghosh (1998) suggest this level of service can be the same as the service levels provided by a ‘human’ sales force. More simply, using the internet for business processes enables existing sales staff to ‘focus more on the customer’ (Moncrief & Cravens 1999). Heinen (1996) gives the examples of Sun Microsystems saving over US$1 million simply by compiling the most commonly asked questions and answers to problems and posting them as FAQs and Robins (2000, pp.250) notes that IBM were able to offer high precision, high speed customer service cutting days off turnaround times.

A business can centre its operations on a web site and carry out its activities much less expensively, appearing larger and more capable than it is without incurring higher costs (Herbig & Hale 1997). In fact the coordination costs may drop through automation (Benjamin & Wigand 1995) as web-centred operations can be much less labour intensive once established (Haynes et al 1997) and provide greater levels of communication with customers (Palumbo & Herbig 1998; Rowley 1996), ultimately enhancing activity between distribution channels (Palumbo & Herbig 1998, p 255). This ‘formalising’ of Information Use of the internet into Business Process Use is a viable Second Stage of integrating the internet into marketing. The Third Stage of adoption addresses the fundamental nature of business to generate revenue.

Revenue Generation

Whilst much of the internet hyperbole of the past has concentrated upon the expectations of huge revenue earnings, most pioneer internet marketers achieved little but ‘red ink’ from their online ventures (Rowley 1996, p.26; van Wyck 1999a). Using the internet for revenue generation need not however be directly related to internet sales (Gilbert et al 1999, p.21). ‘Companies who use the internet, not only for advertising, but for email and customer order(s), increase their hours of business’, as well as the total market and potential revenues (Paul 1996, p.30). Although the smallest firm can use the internet to achieve sales to anywhere in the world (Hamill 1997; Hoffman & Novak 1996; Quelch & Klein 1996; Morgan 1996; Paul 1995), the internet is better regarded as a tool for promoting products and thereby generating revenue through all channels of distribution, traditional as well as online (Samiee 1998). Surveys (Heinen 1996, p.7) found that, as early as 1996 (some four years before the technology sector ‘bubble’ burst) less than one third of companies that had a Web site expected to sell anything on it, little wonder the crash given this outlook. Gulati and Garino (2000, p.8) suggest that the internet should create demand so that when a consumer has selected the item they like they can buy it wherever they want to.

Email offers many opportunities for revenue generation; in fact Rowley (1996) and van Wyck (1999) suggest the firm can engage in selling online through using email alone. Using traditional database management techniques, or ‘new economy’ Customer Relationship Management (CRM) software, the firm can use the information it gathers through research and various business processes to implement internet based relationship marketing (Kiani
1998; Moncrief & Cravens 1999) more cheaply than previously possible. Aldridge et al (1997) suggest using a tailored magazine or email newsletter to stimulate demand and generate revenue. Developing from Robins’ (2000) hotel example, the firm can gather and use data on past guests to automatically email incentives around their birthday, or other tailored needs; this is the effective use of the internet to disseminate information, using internet driven business processes with the aim of generating revenue; hence this would be third level internet use for marketing. Using the internet for generating revenue, as reflected in the literature, may be dependant on internet use for gathering and distributing information and integrating internet use into business processes. Rather than actually generating direct sales via an online site, the internet needs to be assessed in relation to the contribution to total revenue generated for the firm amongst all available channels of purchase. A manufacturer could then proactively take on brand management through sending consumers email newsletters that promoted retail outlets that were undertaking promotional offers. Taking this one final step, to Stage Four (Financial Transactions) may well round out the business and marketing cycle

Financial Transactions

The fourth category of internet use in marketing is that of financial transactions. Quelch & Klein (1996) note that using online payments, a firm of any size can do business with a customer anywhere in the world, twenty four hours a day, seven days a week. Financial transaction use of the internet enables payments and settlements of accounts with ease (Morgan 1996), and (security issues aside) encourages people to do business with you when they come to your Web site (Heinen 1996). A credit card enables payment when an order is placed (Heinen 1996) and is a reliable instrument for commerce (Palumbo & Herbig 1998). Business use of the internet to process financial transactions offer many benefits. Order processing via the internet is well under half the cost of transacting the same order via traditional catalogues (Gulati & Garino 2000, p.109). It is not just cheaper for the firm accepting the order though; Palumbo & Herbig (1998) note that it is cheaper to take and place orders, thereby offering cost savings to customers who do business with a firm that is using the internet for financial transactions.

The firm does not have to embrace payments online though in order to facilitate financial transactions (Rowley 1999, p.516). Haynes et al (1997) found that thirty percent of businesses using the internet used it to source finance and capital investments, a notion supported by Sathyhe (1999, p.324) who refers to transactional banking as ‘buying financial products, or services online’ Customers can browse a brochure, but process payment via facsimile, telephone or post and still receive receipts, invoices and various other purchase and transaction information online. Herbig and Hale (1997) found that convincing customers of the safety of paying online is often difficult yet vital to operations. Firms can use the internet for financial transactions without requiring online payments. One such firm is www.winepages.com.au (accessed February 10 2003), a directory style web site that lists supplier details. This site allows businesses to register their company online but the tax invoice is automatically generated via email addressed to the registered firm for payment using traditional cheque and postal facilities. Once payment is received, the financial transaction is completed when www.winepages.com.au record the payment as received and the registered company goes live, with the ‘listing’ displayed on the web site. This enables financial transaction use of the internet without online payment concerns. The financial transaction is documented using the internet but the payment and payment processing use traditional means.
Competitive Benefit

For the purpose of this research the concept of competitive benefit is drawn from Prahalad and Hamel (1990) and Kanter's (1990) work on competitive advantage. Porter's (1985) ‘generic strategies’ are, in using this framework, seen somewhat more as objectives rather than strategies. The four factors included here may be subject to identification, measurement and analysis. It is presented as a functional, practical concept of ‘Competitive Benefit’.

To build competitive advantage in the current (and future) internet enabled environment entails a significant shift in thinking (Brannback, 1997; Doyle, 1995; Hoffman & Novak, 1996). Porter (2001) believes that we must return to the fundamentals, this is the approach taken with this research. Traditionally competitive advantage was seen to arise in two ways; (i) ‘offering lower prices than competitors for equivalent benefits’ or (ii) ensuring the benefits offered are unique and thus offset a higher price (Porter, 1985: p.3). This view defines what a competitive advantage is but not necessarily how to develop it – part of the significant shift in thinking required.

‘In a volatile, intensively competitive world’ says Kanter (1990: p.7), companies need to move away from ‘only using the (Porter’s, 1985) generic strategies to build competitive advantage and incorporate specific actions across the business organisation and processes’. The firm is a collective of learning, which if employed correctly will enable the firm and its business units to develop competitive advantages. This collective of learning, or ‘core competence’ (Prahalad & Hamel, 1990) enables a firm to most effectively organize and direct effort and coordinate the value activities. Kanter (1990) supports Prahalad and Hamel’s (1990) view of core competency. Kanter (1990: p.7) proposes there are a total of four bases of ‘sustainable competitive advantage that guide the actions of successful companies’, namely, (i) core competency (ii) time compression, (iii) continuous improvement and (iv) relationships. The construct of Competitive Benefit presented here is developed from Kanter’s (1990) and Prahalad and Hamel’s (1990) work as a practical, outcome approach to strategy.

Time Compression and Internet Use for Marketing

Kanter's (1990, pp.7-8) concept of time compression comes to the fore with the capabilities and possibilities the internet offers firms and customers. Time taken to search, compare and even consume is much less than previously available before use of the internet for these activities was available. Czinkota and Ronkainen (1997, p.836) note that in the next decade shifts in information technology will lead to quicker production and product delivery. Twenty-four hours a day seven days a week (24/7) the internet delivers information and communication, dramatically compressing time and effectively creating a new environment (Morgan 1996, p.758). The direct entry of information into a web interface can reduce time and delays through increased coordination efficiency (Daniel & Wilson 2002), resulting in ‘shorter order cycle time and subsequent inventory reduction’ (Quayle 2001, p.1149). Using the internet, a firm 10,000km away can deliver a time saving over an offline firm around the corner from the customer; business can be conducted from the desktop of the customer. Internet based networks enable a firm to process sales proposals and orders much quicker and cheaper than conventional networks, (Burrett 1999; Verity 1994, p.7) as well as enabling a customer to save time by directly entering orders into the firm’s computer. E-mail allows
written communication from one side of the globe to the other in a matter of seconds, allowing a customer service representative to formulate an immediate response and reply (VanWyck 1999). Firms can post frequently asked questions (FAQs) and answers on their web site, saving the customer time and the firm time and money (Morgan 1996, p.768). Even the simple act of sending email instead of facsimiles can increase productivity ten-fold through time savings (Sands 2003).

Relationships and Internet Use for Marketing

The internet can impact significantly on a firm as it provides a new medium for interaction (Burrett 1999; Lymer 1995, p.159). The potential exists for the firm to engage in real time dialogue with its customers and suppliers, (Ashill et al 1997, p.896) building relationships through 'genuine 1:1 marketing'. Close firm/buyer relationships are possible using the internet regardless of distance involved, building an integrated value chain from production to consumption. To engage in electronic commerce a customer must supply some personal information, such as an e-mail address (Stevens & Howson 1997, p.215). The firm can use this information to send e-mails to customers, thanking them for their business, inviting them back, telling them what is new and providing discounts as a thank you. Amazon.com has created a 'virtual community' of people interested in books and reading or even just with an interest in following certain topical themes. The website offers to send customers e-mails that highlight relevant new title releases. It also provides on-line customer reviews, as well as strategically placed editorially generated 'consumer' reviews of books and suggested related titles (Bloch et al 1996, p.8; Poon & Jevons 1997, p.32; Stevens & Howson 1997, p.215). Firms can build relationships using the internet that increase the switching costs and raise barriers to entry by other firms. Travel.com allows corporate clients to access their back office systems, make travel bookings and complete payments (Lyons 1999, p.11). The training of staff and the integration of operating systems effectively makes a solid relationship on the basis that the cost of switching to another supplier is possibly higher than the cost of paying a premium to stay in the existing relationship. Lynch and Ariely’s (2000, p.100) findings support the notion of 'relationships'. They conclude that as the wine business reduces consumer search costs it increases the consumers welfare, resulting in purchases more attuned to the consumer’s individual preferences, resulting in increased repeat purchases. Sparkes and Thomas (2001) regard relational level use of the internet as offering a chance to develop long term relationships with customers.

Continuous Improvement and Internet Use for Marketing

A firm can improve the internal levels of communication and information sharing contributing to the process of continuous improvement (Samiee 1996; Sola 1996). E-mailed newsletters and multi-user discussion rooms can encourage dialogue as well as statistical information gathering and sharing, contributing to the firm's effort to continuously improve (Quelch & Klein 1996, pp.67-68). Information on customer usage of FAQ's, customer service functions and other aspects of the Web Site can be analysed to see where the firm can improve its offering and provide better information more quickly (Bloch et al 1997, p.6). Customer service and feedback can essentially be automated online (Ainscough & Luckett 1996; Ashill et al 1997; Kiani 1998; Morgan 1996; Sola 1996); providing measurable, trackable and reliable information to continuously improve the product, including more
intangible product components such as turnaround time and delivery (when coordinating between transport/manufacturer and credit card payments).

Core Competencies and Internet Use for Marketing

The developing notion of ‘virtual firms’ essentially arises as seamless coordination of value chain segments to present as ‘one firm’; to increase the efficiency and effectiveness with which individual members perform their core competency. Rather than one firm vertically integrating several business processes or core competencies, firms can more easily communicate and coordinate activity (Hamill & Gregory 1997; Quelch & Klein 1996), which is the key to generating competitive advantage from the firm’s core competency (Prahalad & Hamel 1990). The literature is beginning to explore the notion of core competency development through the notion of the ‘virtual firm/value chain/organisation’ (Archer & Yuan 2000; Browne & Zhang 1999; Janssen & Sol 2000; Wang 2000; Weber & Kollmann 1998)

Method

Using the knowledge gained from the earlier work (Goodman (2000) and the literature review, initial interviews were conducted. As this was preliminary data investigation the interviews were conducted informally and each interview built on previous interviews (Zikmund 1997). The information collected was not intended to be subjected to data analysis and testing, it was intended to generate sufficient knowledge for the survey instrument to be designed (Zinkham et al 1990). The survey instrument was then designed to capture data for closer analysis. Whetten (1989, p.499) regards this as the time to let logic replace data as the basis for evaluation. The knowledge built up during these discussions was used in conjunction with the literature review to design the survey instrument. This ensured the purpose of the research drove the research design (Churchill 1979; Cooper & Schindler 1998). The earlier work was developed further for this research using interviews (16) with wineries, distributors and trade customers to examine the specific activities used for each category within the wine industry. This enabled the development of the construct relevant to the research context. The activities and benefit variables identified from the literature and developed using initial interviews are shown in Tables 1 and 2. These were used in the multichotomous, multi-item questions in the survey instrument to measure Internet Use and Competitive Benefit.

Table 1 Internet Marketing Activity

<table>
<thead>
<tr>
<th>Information</th>
<th>Business Process</th>
<th>Revenue Generation</th>
<th>Financial Transaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market research</td>
<td>Communicating</td>
<td>Delivering newsletters</td>
<td>Banking</td>
</tr>
<tr>
<td>Checking on competitors</td>
<td>Managing distribution</td>
<td>Making tailored offers</td>
<td>Instant payments</td>
</tr>
<tr>
<td>Announce new products/new releases</td>
<td>Providing customer service</td>
<td>Promoting specials</td>
<td>Making payments</td>
</tr>
<tr>
<td>Product details and/or specifications</td>
<td>Ordering supplies</td>
<td>Promoting to customers</td>
<td>Provide/receive tax invoices</td>
</tr>
<tr>
<td>Information to/from the media</td>
<td>Answering customer questions</td>
<td>Selling to customers</td>
<td>Process payments</td>
</tr>
<tr>
<td>Information to/from</td>
<td>Processing orders</td>
<td>Database Marketing</td>
<td>Pay suppliers</td>
</tr>
</tbody>
</table>
The research is a cross-sectional study of the South Australian Wine Industry in which the data was collected using a mail survey from 800 firms; a census of wineries (261) and distributors (27) and a sample of trade customers (on and off-premise 200) and suppliers to the wine industry (312). The wine industry in South Australia was selected for two reasons, (i) Goodman’s (2000) research investigated the internet use of South Australian Wineries and (ii) it is a non-core IT industry likely to be in the early stages of integrating the internet into
marketing activity. 5-Point Likert scales were used in multichotomous, multi-item scales using the variables contained in Tables 1 and 2. Respondents were asked which activities they use the internet for and what benefits they have realised since using the internet. Churchill (1979) notes that although time consuming, marketers may be better served using this approach and goes on to state that marketing could eliminate many of its problems with varying definitions and abstract concepts if more constructs were developed in this way. The area of the research and its commercial, practical nature, provide the scope for future studies to extend into longitudinal research. It was conducted using SPSS v11.0 for data analysis.

This research uses multi-item measures for each of the concepts. ‘One of the most employed measures of reliability in this sense is the use of Cronbach’s α’ (Bagozzi 1994, p.17). Data were initially subjected to analysis using Cronbach’s coefficient alpha (Bagozzi 1994, pp.17-18; Gerbing & Anderson 1988) within the pre-selected categories of Internet Use to ensure each item was representative of the variable. Pallant (2001) states that if Cronbach’s coefficient alpha is greater than 0.7, the items making up the scale are in fact measuring the same thing. Therefore if the relevant α>0.7 is exceeded, the activities and measurements used to measure the construct are in fact measuring the concept the research design intended to (Bagozzi 1994, pp.17-18; Pallant 2001, p.85). Bagozzi (1994, p.18) regards this as a gauge of the validity of the measure or scale itself. Each measurement scale for the four variables exceeded the required α>0.7. However, with Financial Transactions the reliability of the measure was increased marginally through the deletion of two items. This was undertaken prior to subjecting the data to any testing (these two variables are not shown in Table 2 – they were ‘undertaking credit checks’ and ‘arranging finance’)

Results

The survey had a total usable response of 24.25%, 194 of 800 mailed. This compares with Hamill and Gregory’s (1997, p.16) response rate of 20% from a mail survey of internet use among 500 British firms and Goodman’s (2000) response rate of 23.44% from a mail survey of internet use. T-tests (2-Tailed) were used to test the responses of the first-in and last-in groups for (i) interaction with other firms in the South Australian Wine Industry, (ii) internet use responses for each of the four groups and (iii) Internet Capabilities, i.e. web sites, online payment processing and ordering via web sites and email. To further examine the responses for statistical difference between the first in and last in-groups, the ‘effect size’ was calculated manually. As all mailing left on the same day those who responded last were likely to have similar responses to those who did not respond (Clifton 2001; Kanuk & Berenson1975). Although not universally accepted, Clifton (2001) points out that it gives insight into the likelihood of the presence of non-response bias. There was no statistically significant difference in any of the above three areas, inferring that there is no statistical evidence of any non-response bias in these results. Furthermore, the effect size in most cases was ‘very small’; at the largest effect size it was still deemed ‘small’. At most, only 1.4% of the difference was explained by the data coming from two different groups.

It is important to note that as the Wine Industry is a non-core IT industry and was chosen for this purpose. It is not expected to have high use of the internet and benefits are only likely to be emerging. This was evident in earlier research (Goodman 2000) as well as in the initial interviews. It is not the means as a numerical score that is as important as the order and then the relationships between the two concepts.
Internet Use

Using a 5-Point scale (1=Never and 5=Often), Information Use (2.88, SD 1.08) is the most used category, followed by Business Processes (2.72, SD 1.11) and Revenue Generation (2.18, SD 1.14) with Financial Transactions (2.10, SD 1.03) the least used. A one-sample t-test shows there is a significant difference in the means for each of the four categories (p<.0005). At an industry level highest use of the internet for marketing purposes is for Information Use types of internet marketing, with decreasing amount of use for Business Process, Revenue Generation and Financial Transactions. As the internet is still in its early stages of integration with non-core IT firms, this decreasing pattern of use suggests that Goodman’s (2000) use types are more indicative of internet adoption for marketing than simple categories of use. As such they offer an opportunity for the development of a framework for organizing the marketing effort to adopt the internet.

This decreasing pattern of use, and signal that the categories of internet use are more representative of stages of internet adoption, is likely to be particularly true at an industry level, although at individual firm level there may be minor variations dependant on the position within the value system. The same decreasing pattern of use is seen in the Distributors and Suppliers groups. Wineries also show similar, the fact their Financial Transaction use is higher than Revenue Generation may be explained in the fact that Wineries typically generate 80% (or more) of their revenue through sales to their distributors so have little use for revenue generating activity using the internet. Some of the respondents did show proactive use to support their distribution channels by using the internet to generate revenue for downstream customers; some wineries reported using the internet to promote trade outlets amongst its cellar door customer database members. Wineries may have less use for Revenue Generation, although this also offers them an opportunity to market and generate revenue for the entire value system in a stakeholder approach as suggested in Goodman (2000a). Trade customers have Revenue Generation as their highest use for internet marketing; with the other three use types conforming to the decreasing pattern of use. This may be explained in the fact that this is a retail group whose primary purpose is to generate revenue; it may not have such business demand for many of the other activities.

Internet Use and the Creation of Competitive Benefits

Respondents were asked what benefits they had realised since they had started using the internet. Using a 5-Point scale (1=Strongly Disagree and 5=Strongly Agree), Competitive Benefits from Time Compression resulting from use of the internet are the greatest of the four areas; the industry returned a mean of 3.65 (SD 1.03), with all four industry groups having this as the highest benefit with Core Competencies (2.91, SD 1.03) as the second highest benefits and again, like Time Compression, all four industry groups had this as the second highest benefit area. Continuous Improvement (2.89, SD .99) was the third highest benefit received from using the internet for marketing with three of the four industry groups having it as their third highest. Competitive Benefits in the area of Relationships (2.73, 1.02) were the lowest benefit generated through internet marketing. A one-sample t-test showed there is a significant variance in the mean responses for each of these categories ( p<.0005). Use of the internet for marketing is most likely to result in the creation of Competitive Benefits. The
The relationship between Internet Use and Competitive Benefit was measured using standard multiple regression, the absolute relationship was strong (.615) with the model (Figure 1) returning $R^2 = .379$ and adj. $R^2 = .375$ ($F(1,160) = 97.520, p < .0005$) thus being very highly significant. This supports the notion that use of the internet for marketing does result in the creation of Competitive Benefits to the firm.

**Figure 1 Internet Use and Competitive Benefit Regression Model**

Table 3 details the absolute correlation values from the regression analysis of the strength of the relationships between:

1. Internet Use and Competitive Benefit (Bottom Right Cell)
2. Internet Use and each of the four areas of Competitive Benefit (Bottom Row)
3. The four categories of Internet Use and Competitive Benefit (Right Hand Column)
4. The four categories of Internet Use and each of the four areas of Competitive Benefit

Standard multiple regression analysis was used to examine the strength of the relationship between each type of Internet Use and each area of Competitive Benefits. Siegel (1997: pp.458-459) notes that to see if $X_1, X_2...$ exerts an influence on $Y$, it is sufficient to use just the absolute value, but then to investigate the reliability and predictive value of the model entails using $R^2$ and the F-test. To propose a framework for planning by the wine business, it is necessary to present the strength of the individual relationships. Pallant (2001) concludes that to show a relationship a correlation value greater than 0.3 shows evidence of a relationship and greater than 0.5 shows a substantial relationship. There was no evidence of problems with multicollinearity (Pallant, 2001: p.143) and each passed the F-test at critical value 0.1%. The strength of the association suggest the scope for presenting a practical framework for the wine business.

**Table 3 Absolute Relationship between Internet Use and Competitive Benefit**
From Table 3 shows that Internet Use has a substantial relationship with benefits generated in the areas of Continuous Improvement (.568), Relationships (.537) and Time Compression (.528) and a strong relationship with Core Competency benefits (.468). Those firms with high levels of Competitive Benefit also had high use of the Internet for marketing ($R^2=.428$ and adj. $R^2=.414$, $F(4,161)=30.84$, $p<.0005$), especially the firms with high benefits of Continuous Improvement ($t=4.245$), Relationships ($t=3.443$) and Time Compression ($T=3.014$) which supports the proposition of a framework for implementation of (internet) marketing by the wine business. Use of the Internet for the activities within Goodman’s (2000) categories of Internet Use creates Competitive Benefit. Each of the four categories of internet use also show a statistical relationship with generating competitive benefits through internet use. Information (.509) and Business Process (.558) show a substantial relationship, whilst Revenue Generation (.433) has a strong relationship and Financial Transactions (.340) has a relationship with the creation of Competitive Benefits.

Using respondent’s perceptions of benefits received from internet use, there is a highly significant relationship showing that using each of Goodman’s (2000) categories of internet marketing results in the creation of Competitive Benefit for the firm ($R^2=.366$ and adj. $R^2=.350$, $F(4,159)=22.963$, $p<.0005$), in particular Business Process ($t=3.265$) and Financial Transactions ($t=2.262$). Time Compression benefits ($R^2=.289$ and adj. $R^2=.272$, $F(4,171)=17.344$, $p<.0005$), are most influenced by the use of Business Process ($t=3.304$). Relationship benefits ($R^2=.297$ and adj. $R^2=.280$, $F(4,166)=17.522$, $p<.0005$), are also influenced most by Business Process use ($t=2.706$) and to a slightly lesser extent by Financial Transaction use ($t=2.652$). Core Competency benefits ($R^2=.203$ and adj. $R^2=.183$, $F(4,163)=10.375$, $p<.0005$), are not influenced by any one variable more than another, whilst Continuous Improvement benefits ($R^2=.297$ and adj. $R^2=.280$, $F(4,167)=17.624$, $p<.0005$) are created most through the use of Revenue Generation ($t=3.467$) and Business Process uses ($t=2.066$). This offers some indication of the relative importance of Goodman’s (2000) Four Types of Internet Marketing and the concept of Competitive Benefit in proposing a framework for implementing (internet) marketing activity by firms within the wine sector.

**A Framework for (Internet) Marketing Implementation to Develop Competitive Benefits**

Figure 2 is presented as a suggested framework for the implementation of (internet) marketing by firms within the wine sector. Using the activities outlined in Table 1, the internet can be adopted by the wine business and generate benefits (Table 2) in each of the four ‘stages’. In the planning, an approach can be used for each activity and use type through examining the benefits given in Table 2 and using these as outcomes (Competitive Benefits). Importantly this framework is not ‘rocket science’ nor is it constrained by the management approach taken in planned strategy (Mintzberg et al 1998). It is based upon straightforward,
'typical’ business activities and related benefits as presented in Tables 1 & 2. The wine business looks firstly at how it can use the internet for Information for each of the activities shown in Table 1, with a view to generating outcomes, or Competitive Benefits, as shown in Table 2…and so on for Business Process, Revenue Generation and Financial Transactions. Effectively this is using this framework to organise the marketing effort.

The labels of ‘stages’ are given to each of the four categories of use as the descending mean scores for each of these categories in the wine industry indicated they are likely to be levels of adoption. In this model they are proposed as stages for organising the marketing effort. Logic developed from the literature, the initial interviews and the results show this is likely to be supported with further research. Essentially the four stages of internet adoption offer some structure to the planned implementation of (internet) marketing by the wine business, whilst the outcome-based approach of Competitive Benefit can be viewed as drawing on emergent strategy. This ‘middle-path’ approach essentially entails developing some structure and order to the implementation tasks but the marketing strategy is developed through the pursuit of outcomes within the parameters of Competitive Benefit. This can leave the wine business to develop a continuous flow of relevant benefits.

A key factor is that this framework can be adopted progressively rather than the typically cumbersome process of planned models. The wine business can examine its operations and activity, look at what can be done in each area – and then adopt one area at a time, in the time the business has available. There are simple activities the smallest business, with little marketing skills can use. With the internet it is a case of planning (or at least thinking and making a list) then doing. You do not have to reinvent the business nor spend thousands of dollars on e-commerce solutions just to get the benefits the Internet offers to those in the wine sector. The four stages of adoption or four categories of use offer a practical framework for firms within the wine industry to successfully use the internet and generate benefits for their operations. In the light of the technology sector ‘floundering’ this may offer a way forward for practical (and profitable) use of the internet. It is not reliant on copying so called ‘models’ of excellence based on firms with much media exposure, successful IPOs but little success in business. It offers a framework for creative, strategic use of the internet. The
internet is, after all, a tool for business – and being a winery or a distributor, restaurant or bottle shop is still about operating a business.

**Limitations and Further Research**

This research is limited in two ways. Firstly, due to the incidence of researcher influence and acquiescence bias, telephone follow-up was not possible but non-response bias was examined in other ways. Secondly, this research was conducted in one geographic area and needs to be replicated in other areas. Further research in this emerging area is needed, with possibilities for using this framework in an experimental method to examine and measure firm performance before implementation and progressively during, and then after, implementation. This would involve establishing a ‘hypothetical’ value system, prone to researcher bias, but nonetheless capable of providing solid, experimental data. The research design also allows for longitudinal studies. The design needs to be examined in the context of another geographic setting, with the view to a possible cross-country study. Undertaking this study in an ‘Old World’ producing country may give insight into the marketing direction and strategy being employed.

**Implications and Conclusion**

The framework presented in Figure 2 may have several offerings for the wine business, namely, (i) integrating the internet into marketing activity in a relatively low cost, effective manner, (ii) the generation of competitive benefits for the firm when using the internet for marketing purposes and (iii) a lucid, practical way to plan and organise marketing activity that is easily used. It is suggested here that this framework be utilized to plan and organise the firm’s marketing effort using the internet as a primary tool for implementation rather than as a costly, ineffective centerpiece.

This research examined the benefits generated through internet use amongst the value systems within the South Australian Wine Industry. This suggests that a stakeholder approach to marketing may come to the fore. Wineries used the internet less for Revenue Generation than others. Increased use of all areas of internet use may create more benefits to the value system in a ‘pull marketing’ style strategy. The internet offers a very low-cost way to stimulate demand for products by marketing to the downstream customer’s customers. This ensures the manufacturing firm can have some influence of the success of the products in the final marketplace, something which up until now has been largely cost-prohibitive for most wineries, with the exception of the larger groups. This could possibly be viewed in terms of internet marketing offering a strategy to implement Integrated Channel Management (ICM).

Two years past the technology sector crash of 2000, this research has shown that the internet is much more than e-commerce. To generate Competitive Benefit from the internet entails using this new tool to implement sound marketing strategy. Activities such as those presented in Table 1 are examples of the activities involved in this effort. Use of ‘online payments’ is not necessary to reap the benefits of what the internet offers to marketing practitioners and the wider business community. This suggests that maybe more time and
resources should be spent developing processes, systems and procedures to use the internet for the marketing effort using a framework such as the one presented in Figure 2 rather than devoting those resources to expensive design and programming issues of website development and online transactional capabilities.

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Abstract

Using four categories identified in earlier research (Goodman 2000), this paper discusses activities for which the internet can be used for marketing in the wine industry along with the benefits that may arise from such use. Details of the actual competitive benefits generated are discussed before the framework is presented and discussed for future research and practical business application.

Market analysis includes finding out what groups of customers (or markets) exist, what their needs are, what groups of customers you prefer to serve (target markets), what products or services you might develop to meet their needs, how the customers prefer to use the products and services, what your competitors are doing, what pricing you should use and how you should distribute products and services to customers. Results of this marketing analysis indicates the position, or market "niche", for the organization to work from -- and to be seen as having. Marketing also includes ongoing...