

Online to go global?

South Australian SME Wineries: Exporting and the Internet

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ARE FIRMS USING THE INTERNET as a tool to benefit their activity or is it simply a computer connected to the phone line? Given that the Internet offers businesses a new tool, is it being used now to overcome traditional constraints or are firms thinking mainly in terms of future uses?

A study of the wine industry in South Australia provides some insight and presents a significant avenue for research. This research addresses the question: what is the nature and extent of Internet use for marketing purposes among small and medium enterprise (SME) wineries in South Australia and to what extent has existing usage of the Internet assisted in overcoming export barriers?

THE INTERNET AND MARKETING

With corporate and domestic usage a relatively recent phenomenon, almost every researcher has his/her own description of what the Internet offers business users for marketing. Much hinges on the researcher's opinion as to what marketing encompasses—is it merely promotional activity or does it include coordination, relationships and management as well as more general communication, planning and distribution activities? Overwhelmingly, the Internet literature has a focus on advertising and sales (Bennett 1997; Samiee 1998; Stevens and Howson 1997), although attempts to integrate the Internet into a broader marketing concept are beginning to suggest the Internet can assist with various business processes (Ainscough and Luckett 1996; Ashill et al. 1997; Hymers 1996; Morgan 1996; Poon and Swatman 1997; Sola 1996).

The Internet enables low-cost, speedy communications via e-mail to almost anywhere in the world (Ashill et al. 1997; Brown and Henderson 1997; Hamill and Gregory 1997; Morgan 1996; Quelch and Klein 1996). The firm can gather information from suppliers, agents and customers via e-mail and feedback forms on the website cheaper and in a manner that is more timely than prior methods (Hamill and Gregory 1997, p14). The extent of accuracy and the up-to-date nature of electronic feedback can greatly assist the export firm with initial planning and on-going operations (Hoffmann and Novak 1996, p.7).

A website is the basic marketing use for the Internet, (Bennett 1997; Ainscough and Luckett 1996; Hamill 1997; Hamill and Gregory 1997) and is best thought of as an online, electronic brochure, although Davenport (1996, p.263) describes four types (or stages) of websites:

- Stage 1. A company information site
- Stage 2. (Stage 1) plus a site with a catalogue
- Stage 3. (Stages 1 and 2) plus online ordering without payment facilities
- Stage 4. (Stages 1 and 2) plus online ordering with payment facilities.

Access to the Internet and World Wide Web gives a user access to an enormous amount of information that is suitable for market research. This is one of the greatest marketing uses for the Internet. Hamill (1997) and Hamill and Gregory (1997) discuss market intelligence along with marketing and sales promotion as well as communications, whilst Samiee (1998) proposes the Internet as a tool for gathering information, promotion and generating revenue. In survey results (Bennett 1997, p.335) firms rated assistance with market research as an important use of the Internet.

The view presented in Ashill et al. (1997) suggests that in a marketing framework the Internet represents a tool that impacts on the total value chain; upwards to suppliers and downwards to customers. The Internet is beginning to be used for 'information exchange within the value chain...(and) within the wider marketing network' (Ashill et al. 1997, p.893). In addition to providing intelligence to the firm, such as identifying low cost and substitute sources of supply, it also provides the opportunity to distribute information and services to the marketplace for customers and suppliers. Morgan (1996) presents similar views of service provision to customer and supplier marketplaces and discusses customer support, payments and settlements as well as the commonly accepted market research and sales.

From this Morgan (1996) and Ashill et al. (1997) perspective, Hamill and Gregory's (1997) position of communication and intelligence as two of the three uses for the Internet is a limited view as these are in fact operational functions for which the Internet can be of assistance, rather

than integration into the way business is carried out. The advent of the Internet environment entails a significant shift in thinking (Brannback 1997; Doyle 1995; Hoffman and Novak 1996; Morgan 1996; Wehling 1996). It offers the opportunity, and may in fact demand that you 'change the way you do business' (Verity 1994). This necessitates a model to categorise the marketing uses for the Internet and expand on the business activities the Internet then lends itself to.

The marketing uses for the Internet discussed in the literature can be categorised into four areas, (i) use for business processes, (ii) revenue generation, (iii) information gathering and distribution and (iv) financial transactions. These categories are used in Table 1 to group the most commonly discussed uses and benefits of the Internet in relation to firm activity. The uses indicated are 'non-technology' oriented to ensure that wineries in this research can identify their usage in layman's terms. This is essential given the fact many wineries with Internet connections are most likely new to business use of the Internet.

With this view of Internet uses, it is possible to examine how these reduce the constraints of the SME in relation to export activity. Does the Internet offer a resource to meet the needs of the SME or can it even change the demands of the SME export process?

THE INTERNET AND EXPORTING

Quelch and Klein (1996, p.63) argue that 'any company that establishes a site on the Internet automatically becomes a multinational company'. The firm can offer information, product sales, payment and distribution to anywhere in the world with relative ease in comparison to 'traditional' activity. Importantly for SMEs, the Internet has partly levelled the international playing field (Ainscough and Luckett 1996; Davenport 1996; Hamill and Gregory 1997), providing a gateway for firms to engage in international trade. The smallest firm can now use the Internet for sales and to provide customer service globally (Hamill 1997; Hoffmann and Novak 1996; Quelch and Klein 1996; Morgan 1996; Paul 1996). Firms can automate sales and ordering processes through a website and distribute information such as stock-

lists, 'specials' and other marketing activities quickly and easily.

Small and medium firms now have access to information and distribution channels that were once the exclusive domain of large firms (Bartran et al. 1997; Poon and Swatman 1997; Quelch and Klein 1996). The SME can incorporate the Internet into its business processes, use the Internet to exchange information, generate revenue and assist transaction processing. This may position the firm beyond what the SME can achieve in a 'traditional' exporting context.

Due to its size, the SME is largely reliant on external distribution channels whose costs impact on the perception of export barriers. The Internet is rapidly changing the nature of, and need for, distribution channels; information and transaction use of the Internet brings the customer into closer ties with the firm's value chain (Hoffmann and Novak 1996). This can shorten the distribution channel, impacting on time and cost, assisting the SME to overcome barriers to export it perceives.

Sky Net (skynetair.com.au), a division of Northline Freight, has developed a web-based distribution solution specifically for the wine industry, automatically generating customs declarations and various other forms. This decreases the time taken for order processing and increases the simplicity of export finance paperwork, particularly for the SME winery.

The Internet predominantly uses English as a standard language (*The Weekend Australian* 1999, p.39) which reduces language problems associated with export activity. This is likely to impact on SMEs—less staff, less likelihood of diverse backgrounds and hence languages spoken. Informational reasons are commonly cited as barriers to SME exporting. As discussed above, the Internet offers an enormous volume of information from market research and legislative requirements to competitor and possible distributor details.

Financing is an export barrier the SME faces. The SME is likely not to have the financial resources to pay for production and carry the negative cash-flow for the period that export sales payments may take. Immediate payment is pos-

Table 1. Marketing uses for the Internet

Business processes	Revenue generation	Information	Financial transactions
Communication	Sales	Market research	Facilitate payment
Reduce costs	Advertising	Customer survey	Chase up payment
Customer service	Boost image	Country information	Aid transactions
Save time	Grow exports	Building relationships	Instant payment
Keeping agents updated	E-mail newsletters	Culture 'exposure'	Banking
E-mail pricelists	Edge over rivals	'Explore' the world	
Avoid representation	Lower marketing cost	24 hour information	
Distribution channels	Database marketing	Customer feedback	
Make export easier	Relationship marketing		

Source: the author, based on the literature

sible in Internet based transactions, utilising the various credit cards that are readily available. Westpac Bank has recently launched Impex, a product that enables web-based letters of credit, export direct collection and various other trade documentation. This decreases the time taken for payment processing and increasing the simplicity of export finance paperwork (Impex 1999). Whilst the SME faces monetary resource constraints, giving rise to perceived export barriers such as the cost of communicating with overseas distributors and customers, the business process uses of the Internet may offer a tool to overcome these barriers (Quelch and Klein 1996).

The marketing uses for the Internet discussed in the literature suggest a direct link between its use and overcoming the export barriers that SMEs may perceive (shown in summary form in Table 2). The literature research clearly signals a possible role for the Internet in assisting SME wineries in South Australia to overcome barriers to export. The four categories of Internet use for marketing (Table 1) may offer the SME an opportunity to overcome the barriers to export it perceives. A research design based on this framework developed from the literature enabled an empirical study of this relationship.

METHOD

The research was a cross-sectional study based on primary data gathered in a mail survey. Data was collected from a census survey of all 256 wineries in South Australia in 1998. This survey included populations of 197 SME and 59 large wineries. The South Australian Wine and Brandy Industry Association (SAWBIA) database was used to ensure the census population was reached. Using tonnes processed as the key determinant variable for defining SME wineries gives a precise boundary of the population—those processing less than 1,000 tonnes (MacGregor 1999). The population is reliably identifiable (through ANZWID 1999) and enables a comparison between large and SME wineries.

OBJECTIVES

As this research is essentially exploratory, the following objectives were developed to ensure the data gathered could begin to add to the building of a framework for research in this area. These objectives were (i) the level of Internet connection amongst South Australian wineries (ii)

to examine the level of export activity among wineries with and without an Internet connection, (iii) to identify what uses South Australian SME wineries have for the Internet and (iv) to identify what perceived barriers to export using the Internet has overcome.

RESPONSE

The total response from the mail survey was 23.44%, limited primarily through the time available in which to collect data and the resource constraints of the project. Although lower than other research, it compares with Hamill and Gregory's (1997, p.16) response rate of 20%, from which the framework was developed.

Table 3 shows the number of wineries in each size class, the percentage of the census the size class represents, the number of responses received from each class and the percentage of total response that each class represents. The response rate of SME and large wineries is similar, with the SME rate at 23.86% and large at 22.03%. SMEs comprise 76.95% of the census population and returned 78.33% of the response population, whilst large firms represent 23.05% of the census population and 21.67% of the response population.

To establish the reliability of the response representing the census population, a Chi Square Test was calculated to test that there is no difference in the distribution by size between the responding and non-responding wineries. The calculated Chi Square Value is 7.57, which is not statistically significant at $\alpha=0.05$. It is concluded there is no significant difference in the distribution by size between responding and non-responding wineries. Examination and testing of

Table 3. Survey response overview

Tonnes Processed	No.	% of population	Response	% of responses
<20	45	17.58	7	11.67
20-49	36	14.00	8	13.33
50-99	40	15.6	11	18.33
100-249	36	14.00	8	13.33
250-499	26	10.16	6	10.00
500-999	14	5.47	7	11.67
SME Total	197	76.95	47	78.33
Large Total	59	23.05	13	21.67
TOTAL	256	100.00	60	100.00

Table 2. Perceived barriers to exporting

Operational	Informational	Resource	Attitudinal
Product suitability	Market information	Time	Inexperience
Processing payment	Selecting agent	Staff numbers	Bureaucracy
Distribution	Market research	Cost of advertising	Too Small
Language barriers	Selecting market	Communication cost	Not interested
Production capacity	Home legislation	Staff experience	Risk
Size of firm	Foreign legislation	Financial resources	Too busy

Source: the author based on the literature

the responses received in the first and last 20 surveys received gives some insight into possible non-response bias in the assumption that those received last are likely to be similar to those not responding. Using t-tests, there was no significant difference in: (i) the distribution of the percentage of production exported; (ii) the perception of export barriers; or (iii) the incidence of Internet connections. Although limited, this shows an absence of statistical significance that the survey results are influenced through a non-response bias.

INTERNET CONNECTIVITY

Table 4 shows the incidence of Internet connection among the size classes of SME wineries in South Australia, i.e. the wineries that have, at least, a computer, a modem and dial-up access to the Internet. The industry exhibits an average rate of Internet connection of 72%. Large wineries have a 100% rate of connection compared to the SME rate of 64%. It is fairly clear through observation of the percentage connected that a relationship exists between a winery's size and having an Internet connection. This is sufficient to propose that size is a factor related to wineries in South Australia having an Internet connection.

DEGREE OF CONNECTION

Table 5 presents the degree of Internet connectivity among the Internet connected wineries in South Australia; that is

Table 4. Internet connectivity

Size: Tonnes processed	Internet connected %	Internet not connected %
<20	57	42
20-49	50	50
50-99	54	45
100-249	50	50
250-499	100	0
500-999	86	14
1000+ (large)	100	0
SME average	64	36
Industry average	72	28

Table 5. Degrees of Internet connectivity of connected wineries

Tonnes processed	E-mail %	Website %	On-Line transactions %
<20	100	75.00	25.00
20-49	100	75.00	25.00
50-99	100	33.33	0
100-249	100	50.00	0
250-499	100	16.67	0
500-999	100	83.33	16.67
1000+ (large)	100	53.85	23.08
SME average	100	53.33	10.00
Industry average	100	53.49	13.95

the percentage of those wineries connected to the Internet which have (i) e-mail, (ii) websites or (iii) on-line transaction capabilities. The incidence of e-mail is tied to having an Internet connection, with 100% of those connected to the Internet having such facilities. Although this may be considered a standard 'package' of Internet connections, two wineries that connected to the Internet in 1997 did not have e-mail facilities until 1998. VanWyck (1999) notes that e-mail is often overlooked, but it can offer a powerful tool for the most inexperienced user to engage in e-business.

There is no significant difference between connected SME and large wineries with regard to having a website; 53.33% of SMEs and 53.85% of large wineries (Table 5) have a website. The wine industry has 53.49% of connected wineries with a website. There is a larger difference in the incidence of on-line transactions between SMEs (10%) and large wineries, (23.08%) suggesting that SMEs have not adopted the Internet to the same extent as large wineries. The connected group has a 13.95% rate of online transactions. This is in agreement with Davenport's (1996) notion that most firms are at the first level of electronic brochures, although the distribution agreements with agents, distributors and large retail chains may influence the willingness of wineries to engage in online selling. One respondent said he did not want to 'cut off my nose to spite my face'—selling online would 'upset' others in the distribution chain and could possibly result in a drop in total sales. This decision poses a significant consideration for strategic direction.

EXPORT LEVELS AND THE INTERNET

If the Internet possibly assists in overcoming export barriers, do those SME wineries connected to the Internet export a higher percentage of their production than the non-connected SME wineries? Table 6 shows the average percentage of production that was exported by connected and non-connected SME wineries in the four-year period 1996-1999. The four-year average of the connected SME wineries (17.00%) is greater than the average of the non-connected SME wineries (13.84%). The percentage of production exported has grown each year in the four-year period for each category except the non-connected SME wineries, which had negative growth in 1998-99.

Table 6. Percentage of production exported

Size and Internet category	1996	1997	1998	1999	4 Year average
SME-Internet connected	11.37	13.94	19.04	22.92	17.00
SME Non-Internet connected	7.88	13.3	18.94	15.25	13.84
SME combined total	9.99	13.69	19	19.93	15.65
Large wineries	22.13	24	34.9	38	29.76
Response total	11.89	15.31	21.94	23.47	18.15

Connected SME wineries experienced 101% growth in the four year period 1996-99 compared to non-Internet connected SME wineries growth of 94% in the same period. The connected SME average is above the industry average of 97%, the non-connected SME average is below the industry average. Using the SME data to calculate a t-test to determine whether SME wineries connected to the Internet export a greater percentage of production than non-connected SME wineries at $\alpha=0.1$ gives a t-statistic of 1.69. The t-statistic is greater than the t-Critical of 1.64 (one-tail), rejecting a hypothesis of no difference. Connected SME wineries export a greater percentage of production than non-connected SME wineries is supported.

CURRENT MARKETING USE OF THE INTERNET

The current marketing use of the Internet among SME wineries is shown in Table 7. Communicating is the top use of the Internet. The three top uses, all involving communication are international communication (80%), local communication (77%) and keeping in touch with agents (63%). These are the only aspects used by over 50% of SMEs. Important to SMEs is that 50% have used the Internet to save time, a potentially significant impediment on SME activity. The Internet is used by 33% of SMEs for international sales, a higher number than for local sales (30%). Interestingly, 10% of SMEs have used the Internet to avoid the need for foreign representation—perhaps the beginning of a wider move to dis-intermediation through Internet use.

Applying the groupings for Internet use (Table 1) to the results in Table 7, Business Process Use has the most application among SMEs, followed by Information, Revenue Generation and Financial Transaction uses. In comparison

to large wineries, SMEs have less usage of the Internet for marketing in 24 of 34 areas. The data from Table 7 is used to perform a t-test to examine whether SMEs use the Internet for marketing to the same extent as large wineries in South Australia. At $\alpha=0.01$ the t-statistic is 3.09, larger than the t-critical value of 2.73. On the basis of the statistical significance specified here, SME wineries do not use the Internet to the same extent as large wineries in South Australia.

INTERNET ASSISTANCE TO ACTIVITY

Table 8 shows the perception of assistance the Internet has given SMEs and large wineries in the areas of Exporting, International Marketing and Sales. Assistance to exporting is at a similar level to SMEs (37%) and large wineries (39%) whilst for assistance with sales, the SMEs (27%) perceive

Table 8. Internet assistance to activity

Tonnes processed	Internet has assisted export	Internet has assisted international marketing	Internet has assisted sales
<20	25	50	75
20-49	50	25	0
50-99	17	17	33
100-249	75	50	0
250-499	33	33	50
500-999	33	17	0
Connected SMEs	37	30	27
Large	39	54	23
<i>SME Don't Know</i>	13	20	33
<i>Large Don't Know</i>	8	8	39

Table 7. Current Internet marketing uses

Marketing use	SME %	Large %	Marketing use	SME %	Large %
Communicating – international	80	84	Sales – international	33	31
Communicating – locally	77	77	E-mail stocklists	33	23
Keep in touch with agents	63	69	E-mail newsletters	33	39
Save time	50	77	Advertising – local	30	46
Assist export	50	54	Reduce costs	30	46
24 hour information	50	62	Sales – local	30	15
Information on countries	47	39	Advertising – international	30	46
Offer customer service	43	62	Market research – foreign	30	39
E-mail pricelists	43	54	Gain edge over rivals	27	62
Building relationships	40	69	Chase up payments	23	0
Boost image	40	54	Facilitate payment	23	15
Make export easier	40	54	Aid transactions	23	62
Relationship marketing	37	62	Database marketing	23	39
Customer feedback	37	62	Market research – local	20	31
Help to go international	33	23	Avoid foreign representative	10	0
Banking	33	23	Customer survey	10	15
Lower the cost of marketing	33	31	Arrange finance	3	8

marginally more assistance than large wineries (23%). Large firms (54%) perceive much more assistance with international marketing than do SMEs (30%). The high number of 'don't know' responses of SMEs for international marketing (20%) and sales (33%) and that 39% of large wineries don't know if the Internet has assisted sales activity provides a major signal for policy development in the area of education, information and assistance.

OVERCOMING EXPORT BARRIERS

Table 9 shows the response levels of those SME wineries that indicate the Internet has overcome perceived export barriers, collected into the four types of Internet use outlined in Table 1. Informational and Resource barriers are perceived as being higher in terms of the Internet helping to overcome them; the Cost of Communicating (40%), Market Information (27%), Market Research (27%), Time (20%).

The Internet has also helped overcome Operational and Attitudinal barriers perceived by SMEs, but to a lesser extent. Only 3 barriers (Financial, Risk and Low Industry Support) have not perceived to have been overcome by using the Internet. Although by no means conclusive, this is sufficient to confirm a relationship between using the Internet and overcoming perceived export barriers.

THE LINK BETWEEN INTERNET USE AND OVERCOMING BARRIERS

A core concern of this research is to examine the relationship between the four individual use types for Internet marketing and of overcoming perceived export barriers. Table 10 show the percentage of SME wineries that use the Internet for the particular marketing use and those that do not. The table then shows the percentage within each group that perceive the Internet has overcome the relevant barrier type. The tables are used to examine the impact of using the Internet for marketing and overcoming perceived export barriers.

In Table 10 the SME wineries that use the Internet for Business Processes have a far greater perception of overcoming barriers using the Internet than those that do not use the Internet for Business Processes. None of the SMEs that do not use the Internet for Business Processes perceive the Internet has overcome any of the barriers to export. The highest perceptions of connected SMEs are in overcoming resource (54%) and informational barriers (46%), although perceptions in the area of operational barriers are still considerable (23%). Responses in regards Informational Use are similar to Business Process use; higher perceptions are evident for overcoming resource barriers (59%), followed by informational (55%), operational (27%) and attitudinal barriers (18%). Of the SMEs that do not use the

Table 9. SME barriers overcome with Internet assistance

Informational	%	Resource	%
Information on markets	27	Cost of communicating	40
Market research	27	Time	20
Finding agent	13	Cost of advertising	13
Finding distributor	10	Inexperienced staff	7
Market selection	10	Staff numbers	7
Foreign legislation	10	Financial resources	0
Operational	%	Attitudinal	%
Production capacity	7	Bureaucracy	7
Language differences	7	Too inexperienced	7
Product suitability	3	Too small to go it alone	3
Receiving payments	3	Too risky	0
Transport problems	3	Low industry support	0

Table 10. Relationship between use and overcoming perceived export barriers

Internet marketing use	Use/not used	Operational % overcome	Resource % overcome	Attitudinal % overcome	Informational % overcome
Business process	Yes (87%)	23	54	15	46
	No (13%)	0	0	0	0
Information	Yes (73%)	27	59	18	55
	No (27%)	0	13	0	0
Revenue generation	Yes (63%)	29	68	16	53
	No (37%)	9	9	9	18
Financial transactions	Yes (57%)	24	77	18	53
	No (43%)	15	8	8	23

'Interestingly, 10% of SME wineries have used the Internet to avoid having a foreign representative. Using the Internet for sales, customer service, newsletters, wine tasting notes and various other activities may result in an effect of dis-intermediation.'

Internet for Information purposes, only one respondent perceives the Internet has assisted in overcoming export barriers; that being resource barriers.

The 63% of SMEs that use the Internet for Revenue Generation activity have a greater perception that the Internet has assisted in overcoming export barriers (Table 10). The largest differences in perception are resource (68%-9%) and informational barriers (53%-18%). There is less difference in operational (26%-9%) and attitudinal (16%-9%) barriers. The order of greatest perception of overcoming barriers for Financial Transaction use is the same as the previous three uses, resource (77%), informational (53%) operational (24%) and attitudinal (18%) barriers.

Although not tested, the weight of the responses provide some support that use of the Internet for marketing purposes does overcome export barriers. The perceptions of assistance from the Internet in overcoming export barriers are strongest for overcoming resource and informational barriers, followed by operational and attitudinal barriers.

CONCLUSION

From this research it is possible to see that using the Internet for marketing can overcome perceived export barriers. Important to note though are the key signals for development highlighted: (i) SMEs are not as likely as large wineries to connect to the Internet; (ii) SME wineries are not likely to use the Internet for marketing to the same extent as large wineries; (iii) basic Internet functions are well utilised, but SMEs are likely to not currently use many of the potentially time and resource-saving uses the Internet offers for marketing activity and (iv) besides statistical links, there is little evidence of knowledge concerning the '1+1=2' benefits that link perception of barriers and marketing uses to overcoming export barriers. This points to the need for education and information strategies at a policy level by government and industry bodies to ensure the South Australian wine industry remains globally competitive into the 'new environment'.

Interestingly, 10% of SME wineries have used the Internet to avoid having a foreign representative. Using the Internet for sales, customer service, newsletters, wine tast-

ing notes and various other activities may result in an effect of dis-intermediation. This has important implications for the distribution chain, distributors, agents and retailers. Shortening the distribution chain and maximising the added value of all activities may increase the global competitiveness of the wineries that effectively integrate the Internet into business activity. This may begin to change rapidly with upcoming launches of wine related Internet services such as sawine.com.au and skynetair.com.au that seek to extend the marketing and logistical boundaries of the SME winery through a 'virtual enterprise' of strategic alliances.

FURTHER RESEARCH

As discussed, the Internet is a relatively new tool for business activity; the suggestions for further research are by no means exhaustive. What follows are the suggested key areas for research that have significant importance in using the Internet to benefit business activity:

1. The effect of the Internet on the use of intermediaries, whether or not the role of the intermediary changes or is in fact replaced through Internet use
2. The education and information needs of SMEs to increase the uptake of Internet technologies.
3. The impact and use of the Internet along the value chain. Specifically how the Internet affects transaction, co-ordination and administration costs. How does the Internet increase international competitiveness in building competitive advantages along the wine industry's value chain.
4. The possible 'segmentation' of the commercial sector the Internet creates. Do 'like deal with like', creating two commercial sectors, on and off-line communities? What effect does this have on 'psychic distance' between commercial communities?
5. The possible creation of a new market place; 'Internet Shoppers'. If the Internet provides an 'alternative (to the real world)' (Hoffmann and Novak 1996, p.2) what effect does this have on psychic distance and niche marketing. Does market selection shift from the firm to the market, is it a case of 'if you build they will come' — the niche finds the product rather than the product finding the niche? Alternatively does it become a combination of both?

'What remains to be seen is whether wine industry members can undergo the paradigm shift necessary to integrate the Internet into the way they do business and, given costs, whether they want to shift.'

LIMITATIONS

This research and thesis has several limitations that must be considered. The research was carried out in an industry with high exposure to export activity and high awareness of the need to export. The industry has a heavy reliance on the use of agents to export and each component of the value chain is relatively independent of demand stimulus and uses very much a production concept of business activity. A long, independent chain such as this may have very different perceptions to export barriers and business marketing activity. Whilst this offers the Internet a valuable position for co-ordination and communication the results may not reflect the precise needs, capabilities or opportunities of other industries.

Secondly, the variables measured are perceptions, with the exceptions of the percentage of production exported and marketing uses of the Internet. The responses are subjective perceptions of export barriers and barriers overcome. Whilst the responses and discussion is held to be valid, in applying this data it must be remembered that it is perception based. Thirdly, this research was conducted with very short (and rigid) timeframes and very little access to resources. As a result no follow up of non-respondents was possible, resulting in a relatively low response rate and indicative measures only of possible non-response bias.

CONCLUDING REMARKS

The Internet has entered the world of business; it offers tools that can extend the characteristics of the SME and enable activity on a global basis. Using the Internet can overcome perceived barriers to export; as such it offers firms and governments unprecedented opportunities for increases in global competitiveness and export growth. What remains to be seen is whether wine industry members can undergo the paradigm shift necessary to integrate the Internet into the way they do business and, given costs, whether they want to shift.

A fundamental necessity is for research, literature, education, policy and public attention to move away from examining the phenomenal growth of the Internet and the 'dreaminess' of what e-commerce 'can' do. This attention must engage in practical research and discussion of how the Internet is, and can be, used by firms to increase efficiency in operations, management and marketing.

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