

Web Site Utilization in SME Business Strategy: The Case of Canadian Wine SMEs

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Abstract

It is well known that the global wine industry has undergone considerable change in the last decade. This paper conducts empirical research focused on how small and medium Canadian wineries utilize the internet in their marketing and business strategies to provide information to consumers, create relationships with consumers and utilize online e-commerce channels to sell more or all of what they produce. Based on content analysis of the web sites of a randomly selected sample of Canadian wineries, this research found that a very high proportion of SME wineries utilize websites in their marketing and business strategies. A high proportion of wineries utilize their sites for providing information. The proportion of wineries that have developed the capability for the entire purchase to be conducted over their websites is relatively small, and very few wineries utilize their web sites for creating and developing relationships with existing and potential consumers. Avenues for future research are explored.

Introduction and Purpose of the Paper

It is well known that the global wine industry has undergone considerable change in the last decade. Worldwide competition in the selling of wine has intensified: old world producers of Europe are under assault by the new world producers of Australia, California, and Chile (Echikson, 2004; Mora, 2006). Central to this intense competition is a worldwide oversupply of wines (Pretorius, 2007). When those in the wine industry refer to an oversupply of wine, they are referring to the fact that not all producers of wine are able to sell wine at desirable prices. This has led to wine being sold off at lower prices and perhaps even some dumping of wine (i.e. wine being made into petrol) (Pretorius, 2007). In a global context of oversupply and consolidation, innovation and marketing must play key roles in success of a wine business (Story et al 2007). In short, most wine SME businesses are finding it increasingly difficult to secure retail shelf space and since most exist in remote locations (as opposed to close to their consumer base), one of the best possible alternative strategies to ensure survival is often an increasing focus on their direct marketing channels to wine consumers (e.g. mail order, wine club, cellar door, and online channel modes). Accordingly, the heart of this paper is studying how small and medium Canadian wineries utilize the internet in their marketing and business strategies to provide information to consumers, create relationships with consumers and sell more or all of what they produce.

Two major wine clusters dominate the Canadian wine scene – both of which have grown enormously over that same decade of intensifying competition and consolidation in the global context. The Ontario wine cluster includes Niagara, Pelee Island, Lake Erie North Shore, while the British Columbia wine cluster is centered in the Okanagan Valley.

Although there has been consolidation in the Canadian wine industry led by such major multinational companies as Vincor (now part of Constellation Brands) and Jackson Triggs, the majority of the firms in the industry are formed and remain as small and medium sized enterprises (SMEs) (Story et. al. 2005).

Over the same time period, business use of web sites as integral tools in marketing strategies has also intensified. From the early days of web usage, the adoption of distribution channels via the Internet was viewed as particularly advantageous for small and medium sized enterprises as the Internet was seen as a way of ‘leveling the playing field’, making it possible for entrepreneurial businesses to reach and sell to markets denied to them through existing more traditional channels (Hoffman and Novak 2000).

Academics have commented on the need for more research to be undertaken on all aspects of the wine industry, to further knowledge in the area (Dowling and Getz, 2001; Hall et al., 2000; Getz, 2000). Despite the vital role that marketing and innovation might play in Canadian wineries, there appears to be a paucity of empirical research into marketing and innovation in this industry. Considering the high proportion of wineries in Canada that can be classified as small or medium, the lack of research regarding SME wineries in particular appears a definite gap. While recent research has shown that web-based marketing ranked 4th among 13 marketing tool choices among B-B companies (Traynor and Traynor, 2004), little is known about the use of web sites by SME wineries in their quest for connecting with and selling to potential wine consumers or in encouraging tourists to visit wineries as part of their tourism or travels.

Given the importance of web sites as a marketing tool, the purpose of this paper is to report on a study designed to assess winery web site usability in the Canadian wine industry. Recent writings and research on the topic of the utilization of web sites as a marketing tool focus on the contributions that web sights can make in three main areas: (Nielsen, 2000; 2002; 2003): providing needed consumer information, providing an e-commerce capability to allow consumers to purchase products via the web site, and encouraging the development of relationships between companies and their customers/potential customers and among and between interested groups or individuals who may wish to be part of a community related to the product or company in question. Accordingly, this study focused on assessing whether and how Canadian wineries accomplish these three major tasks:

- (a) providing information to consumers/potential consumers about the winery, its wines, its attractiveness as a tourism stop or destination,
- (b) providing a channel for consumers to purchase wine from the winery, and
- (c) fostering relationships with virtual visitors to the winery and fostering a sense of community among these virtual visitors.

The work is designed to be make a contribution to both academic literature and to SME winery owner/operators directly in providing baseline information that will assist in assessing and improving web sites and developing marketing strategies utilizing web sites effectively. The work aims to contribute preliminary research to the gap in the literature concerning usage of websites as a marketing/business tool for Canadian SME wineries. It may also be useful to organizations that work on behalf of wine industry constituents, including industry associations as well as government branches operating to

build the Canadian wine industry. The context for this paper involves the SME wineries operating in the Ontario wine industry.

To accomplish these goals the paper is organized as follows. The next section provides a short background on the Canadian wine industry. Then the literature on characteristics of good/strong websites is reviewed briefly. Study proposition are developed from the literature review, and the methodology employed in the research is described. Next, the paper presents the empirical results of the research. The paper closes with a discussion of the findings, implications of the research for the SMR literature as well as SME winery owners and operators.

Background Literature

Overview of the Canadian Wine Industry

Similar to trends in other wine regions of the world, the proportion of Canada's production under the control of large multinational companies has increased significantly as evidenced by the recent takeover of Vincor by Constellation Brands in 2006. However, it is important to note that a majority of Canadian wineries remain small or medium in size and overall the industry is still quite fragmented (Story et. al., 2005). As of June 2004, there were 120 licensed Ontario wineries. These wineries employed an average of 7 full time employees (Story et al., 2005). In spite of this dominance by relatively small firms, Ontario's wine industry has considerable economic impact: "The industry generates approximately \$724,000,000 in sales and another \$360,000.000 in induced sales" (Bramble et al., 2004:45).

A differentiating feature of the Canadian wine market is that in most provinces a large proportion of retail sales of alcoholic beverages are under control of government-based organizations. Retail regulation in many Canadian provinces has meant that it is exceedingly difficult for the majority of small and medium sized wineries (SMEs) to obtain shelf space in the government-controlled outlets – they may be refused because they do not produce enough product on a regular basis and/or they do not have the marketing/business acumen to allow them success in gaining this shelf space. In Ontario, the largest seller of wine by far is the Liquor Control Board of Ontario (LCBO).

These characteristics of the Canadian industry have led to several outcomes. First, Canadian consumers are exposed to a high degree of choice in wine purchases. The LCBO, for example, is among the largest purchasers of wine in the world allowing economies of scale and scope with respect to the availability of wines in Canada. Chart 1 (constructed from data from the Canadian Vintners Association, <http://www.canadianvintners.com/canadianwines/statistics.htm>) depicts the breakdown pattern between imported and domestically produced wine. Clearly, Canadian wine drinkers consume considerable volumes of imported wine and the level of wine imports has been increasing.

A second implication of the LCBO and its counterparts in other provinces is a high degree of introspection within the wine industry such that it is more efficient for wineries to market wines to a single large volume customer (such as the LCBO or its equivalent) than to seek the development of out of province or export markets. At the same time, relying on a single distributor is a risky strategy for obvious reasons that include the significant negative repercussions if the winery is not successful in gaining an

LCBO listing or if it gets de-listed. Many small SME wineries rely on cellar door sales for the bulk of their sales – consequently, attracting consumers to the winery and making the sale at the winery is a very significant marketing challenge for the majority of Canadian SME wineries.

Within this Canadian context, it is useful to examine the literature on the role of web sites for businesses and SMEs in particular as it may apply to the SME wineries facing these marketing challenges of (a) marketing and selling their wines through distributors such as the LCBO and others, and (b) attracting potential wine consumers to wineries in order to sustain and increase cellar door sales.

Marketing Wine

The overwhelming majority of the academic work on the wine industry relates to wine marketing and relates to this study insofar as marketing competency is a factor often linked to business success.

Mytelka and Goertzen (2003, 2004) as well as Bramble et al. (2004) reinforce the size-related concern related to distribution that was noted earlier in this paper - that access to the LCBO is a particular challenge for small wineries. Though the causes for this difficulty are up for debate, it still remains a barrier to success based on size. Another size barrier, one pointed out by both Mytelka and Goertzen (2003) and Kevin Nullmeyer (marketing director for the Wine Council of Ontario, personal conversation, July 14, 2004), is that a winery can realistically only expect to sell between five and ten thousand cases through their one retail store or through licensees (sales directly to restaurants). To grow above this point, wineries must develop further sales channels. For new wineries,

this means either exporting (to other provinces or countries) or working successfully with the LCBO. Both Bramble et al. (2004) and Madill et al. (2003) argue that exporting is a priority for future growth.

A review of business/management literature reveals that marketing orientation and expertise is considered critical to success in business and is related to long-term business performance (Deshapande, Farley, and Webster 2002; Gebhardt, Carpenter and Sherry, Jr., 2006; Jaworski and Kohli, 1993; Kennedy, Goolsby and Arnould, 2003; Narver and Slater 1990). Focusing on SME businesses does not change the central role that marketing plays in achieving success - marketing is deemed to be an important skill for the success of SMEs generally. However, much research in the SME sector (albeit outside of the wine industry per se) has noted that SME owner managers are often deficient in their marketing skills and competencies (Orser and Riding 2003) while larger organizations have stronger marketing skills and experiences (AMA Task Force on the Development of Marketing Thought 1988).

The wine research literature is characterized by comments on the need for increased emphasis on marketing by wineries (particularly small ones), to ensure success in the future (Beverland, 2000; Getz, 2000; Lockshin, 1997; Mora, 2006; Story et al 2007). Despite these 'calls to marketing action', it appears that small and medium-sized (SME) wineries may not have strong marketing management competency (Corkindale and Welsh 2003). In fact, Corkindale and Welsh (2003: 5) note that "small firms develop and implement marketing strategies under severe resource limitations; they typically lack specialized marketing expertise and have problems gaining it; and, there is often a difference in marketing objectives compared to those of larger businesses".

The Role of Web Sites in SME Marketing Strategy

While there has been an explosion of research and writing examining many aspects of the use of the web in relation to marketing and business strategy (including such subjects for example, as characteristics of web users, attitudes to websites, online privacy, online advertising, trust and privacy), the focus of this study is to examine key characteristics of web sites in order to determine whether wineries are following currently recommended practices in the design and implementation of their web sites.

Accordingly, the focus of this examination of previous literature is on characteristics of web sites with a view to understanding the characteristics of ‘good’ web sites, and the characteristics of ‘bad’ web sites.

Although websites can and should be tailored to the specific goals/objectives of the companies that sponsor them, there are three major goals that web sites serve in marketing strategy. The first is to provide information to virtual visitors. As such, the web site can be assessed on the basis of how well it serves this function. Background literature suggests that the key characteristics of web sites in effectively providing information to consumers and other visitors includes both website functionality elements as well as information elements themselves. For example, in the website functionality domain, homepage functionality is viewed as critical “The first immediate goal of any homepage is to answer the questions ‘Where am I?’ and ‘What does this site do?’ (Nielsen, 2000: 166). Issues here include the homepage providing easy access to online purchase, winery information and relationship building elements present on the website (i.e. joining a wine club). Website background information deemed important includes winery history, profiles of principals, description of the setting, products and prices as

well as contact information (Nielsen, 2000; 2002; 2003). The characteristics of effective websites are not simply the existence of certain functions (e.g. search function), but also whether the function is set up properly and functions well when used by consumers (Nielsen, 2000;2002;2003). Therefore, the literature suggests that it is important to assess whether SME websites are set up to function well.

A second major goal of company websites is to provide an electronic channel so that the product can be purchased via an online channel. In order to offer an e-commerce option to consumers, the web site will need to incorporate a number of features that will enable the consumer to complete a purchase transaction on line such as provision of privacy and security policies, methods for consumers to understand pricing and shipping and so on. A strong on line channel will work on developing trust to ensure that consumers feel comfortable in providing financial information in order to make payment and that they feel comfortable shopping on the site (Nielsen, 2000; Schlosser, White, and Loyd 2006).

A third goal of company websites is to foster relationships with consumers/potential consumers. The development and nurturing of such relationships is key to marketing as it is practiced in today's world and is reflected in the American Marketing Association's new definition of marketing as well as many writings on the tasks essential to the marketing function (Heide and Wathne 2006; Palmatier, Dant, Grewal, and Evans 2006). As well, current views of the role of web sites include the opportunities to create community among those consumers who might visit a site. For example, consumers of Harley-Davidson Motorcycles have created a community among themselves focused on the commonality of their ownership of this brand of motorcycle.

In the wine industry, it may be possible to foster communities among consumers who have visited and enjoyed the wines of a particular winery (Novoa, Marques, Ramos, and Fernandes 2007). Ways to create and develop a sense of community among consumers would allow them to add information to the site, contribute tasting notes and recommend or talk about various wine and food matches, wines for occasions, experiences of winery visits and so on.

Web sites have become recognized as an integral component of the marketing strategy for companies operating in today's economy. Because they offer particular advantages to SMEs in reaching geographically dispersed consumers, one would expect that most Canadian wineries would have web sites. One would also expect that such web sites would be geared toward accomplishing the three major goals ascribed to websites (providing information, providing an e-commerce channel and establishing and nurturing relationships).

The literature suggests that a number of the characteristics of good web sites are viewed as very basic or essential in that they would represent the minimally accepted standard for a web site (e.g. that the web site functions, has no broken links, is updated regularly and so on), others would be more sophisticated and represent characteristics of quite highly developed web sites (e.g. the focus on maintaining a web site that fosters a sense of community among virtual visitors interested in wine, wine and food). Generally, the provision of information via a web site is considered to be a more basic function than is the creation of relationships/sense of community (Nielsen 2000; 2002; 2003).

Hoffman and Novak (1996) emphasize the importance of flow as an additional desirable attribute of websites.

Given that investment in websites is resource intensive and that SMEs are recognized as having fewer resources to invest in marketing than do larger firms, one would expect that web sites associated with wine SMEs would be more focused on providing information about the winery and its products and less focused upon creating relationships with consumers. Because sales of wines direct from the winery are important in the wine industry, it is also expected that the majority of wineries will have fully developed e-commerce sites.

Given the authors' could uncover no previous work documenting the use of web sites by SME wineries, this study is exploratory in nature. Based on observations from the extant literature on web sites and that on wineries as SMEs, five propositions were formulated to guide the study and analyze the data:

Proposition 1: A large proportion of Canadian SME wineries will be found to utilize web sites as part of their marketing/business strategy.

Proposition 2: A large proportion of Canadian SME wineries will utilize web sites in providing information to consumers. The type of information that is provided and how effectively is it provided will be explored empirically.

Proposition 3: Web sites of Canadian wineries are likely to have fully functioning e-commerce capability. Details on the online channel and how effectively is it provided will be explored empirically.

Proposition 4: A relatively low proportion of Canadian SME wineries will utilize web sites in developing and fostering relationship with consumers/potential consumers. Mechanisms utilized to foster relationships and/or a sense of community will be explored empirically as will the effectiveness of the sites in developing relationships.

Proposition 5: Web sites of Canadian wineries are more focused on providing information and less focused on creating relationships.

Finally, it is expected that there will be differences between wineries which have an LCBO listing or not in the development of company websites. It is expected that LCBO listed wineries will have both the experience in developing multiple channels of distribution as well as the resources to develop and maintain web sites which are more

sophisticated in design and usability compared to SME wineries that do not have LCBO listings. This view leads to the sixth proposition tested in this research:

Proposition 6a: Websites of LCBO listed wineries will have better overall visual appeal, will be better in facilitating on-line sales, and how easy the website is for consumer use compared to websites of non LCBO listed wineries.

Proposition 6b: Websites of LCBO listed wineries will be better in providing information, more enjoyable to visit and create a more positive overall impression.

Methodology

This study employed empirical research in order to examine the research propositions advanced above. Study design involved content analysis of a sample of randomly selected Ontario SME winery web sites. Content analysis is a quantitative approach that allows ‘open-ended’ data to be categorized, explored and evaluated (Dziedzic, 2007; Harwood and Garry, 2003). Kassirjian (1977:9) states “the distinguishing characteristics of content analysis are that it must be objective, systematic, and quantitative”.

The study focused on describing and assessing how winery SME websites (a) provide information, (b) foster e-commerce, and (c) create relationships with consumers. A research coding instrument was developed to guide the content analysis. This instrument consists of three major sections corresponding with these three themes. The researchers utilized existing research to identify best practices associated with each of these tasks/theme – then designed the instrument to measure whether the web site accomplished particular tasks (for example, provided information about the companies wines, history of the winery) and how effectively it accomplished these tasks (for example effective use of photographs, effective placement of navigation buttons and so

on). Overall visual appeal, level of enjoyment, and impression of the website were also assessed as they were thought to be related to flow (Hoffman and Novak, 1977).

Two coders were employed as research assistants to independently code each website. The goal of such coding is to increase the reliability on dimensions analyzed. Assessments made by each coder are compared and in cases where there is considerable variance in the assessments, the coders return to the site and attempt to come to an agreement on the coding issue. Preliminary analysis of inter-coder reliability shows little divergence.

The two coders were trained extensively on the research instrument and coding approaches. The initial version of the coding instrument was designed, tested independently by five members of the research team (the authors and research assistants) on five separate websites. Based on these pre-tests, the instrument was revised and adopted for the remainder of the study (the instrument is available on request from the authors).

In order to select a sample of wineries for the study, the researchers utilized wine listings available from the websites of the Canadian Vintner's website and the Wine Council of Ontario. These lists were collated and dual listings were deleted. The result was a sampling frame consisting of 88 individual Ontario wineries. A simple random sample of fifty wineries sample was selected from this list following the procedures outlined in Tull and Hawkins (1980: Chapter 11). The sampling frame has the strength of allowing the selection of a simple random sample, but is not a complete list of all Ontario wineries.

In the search for the winery websites included in the sample, the process followed was to use Google, then if no web site was identified, to use MSN, and finally to use Yahoo. Any winery that did not have a website after following this process is listed in the winery data as not having a website.

To determine whether a winery included in the sample possessed an LCBO listing, the LCBO website was accessed and the winery's name was inputted into the LCBO search function. If a listing was shown the winery was coded as having a listing, if no listing was shown, the winery was coded as not having an LCBO listing.

Findings

A total of 37 wineries have been content analyzed and coded in their entirety at this juncture (June 2007) in the research process. Of these wineries, 34 (91.9%) have an operating web site. One winery did not have a website and one winery reported that its website was under construction and one winery's website was not functioning and could not be viewed. All of the winery web sites studied were in English (5.9% also were available in French. No other languages were available.). Study findings are summarized below in relation to each of the propositions presented earlier as the focus of this empirical research.

Proposition 1. As expected, a large majority (91.9%) of wineries were found to be utilizing web sites as part of their marketing /business strategy. Only three wineries in the sample did not have functioning web sites.

Proposition 2. As expected, a large proportion of wineries utilized their web sites to provide information to consumers. Three-quarters of the wineries (75.0%) had

URLs that were viewed as simple and appropriate for the winery – making it easy for consumers to access this information. The winery name was prominently displayed in 89.7% (30) of the winery websites. Two types of information were assessed with regard to each winery: (a) information about the major functionality provided, and (b) information about the winery itself. Information about functionality included noting whether the homepage made readily accessible online purchase, community elements (e.g. dining advice), search, help, winery background information, and contact information. Winery background information includes whether a site map is available, the history of the winery, a description of high profile members of the organization, a description of the production process, the setting of the winery, products being produced, prices (without having to enter the purchase process), and external written content about the winery. Table 1 summarizes the research findings with respect with information provision to consumers.

INSERT TABLE 1 ABOUT HERE

Highlights from Table 1 show that there is considerable variability among the dimensions of website functionality and information provided. The only piece of information that is available at all sites is the winery telephone contact. Other facets of contact information are also provided by a large proportion of the wineries on their websites (email, hours of operation, street address and directions). Fewer websites provide background information on history of the winery, profiles of winery principals, production processes, winery setting, products and prices. Homepage accessibility to various other sections of the site is very variable. Only about one/half of the sites make

online purchase functionality available from the homepage. As well, site maps are available in less than 20% of winery web sites.

Table 2 examines the effectiveness of the information presentation.

INSERT TABLE 2 ABOUT HERE

Highlights from Table 2 show that spelling and grammar mistakes and the provision of a search function are very rare. No website has a help function. Navigation through the website is usually helped by having easily identified navigation buttons on the home page. Photographs appear in many wine sites – although the content of the photos is quite variable. More than half of the wineries do not keep text segments short in their websites (51.5%), and very few sites facilitate consumer information search (only 20.6%). As well, almost half the sites did not make effective use of graphics.

In assessing the effectiveness of how information is presented, Table 2 shows that 74.73% of wineries were coded as presenting information well or very well, which leaves about one-quarter of the wineries which are not effective on these basic dimensions of web site functionality. About one-quarter of the sites are not easy to use and only half the websites had strong visual appeal.

Proposition 3. Lack of support for proposition 3 was found in that the websites of Canadian wineries were not generally found to have fully functioning e-commerce capabilities. Table 3 shows that 17.4% of the websites allowed online sales to be transacted totally with the winery website. Twenty-nine percent of the websites had no on line sales functionality. The other e-commerce channels are divided between websites that involve a third party to complete the purchase (23.5%), and the 29.4% of wineries that require sales initiated online to be completed offline.

In preparing this data, one of the coders found a website that takes consumers completely through the purchase initiation process before notifying the consumer that a telephone call will follow to complete the purchase transaction. No way to avoid the telephone call was offered. Once this occurred, coding procedures were altered so that the purchase initiation process was not activated.

INSERT TABLE 3 ABOUT HERE

With respect to on-line sales functionality, only 38.2% fostered online sales very well or well. A particular weakness was that less than one-third of the sites provided clear pricing information (31.8%). The sites were stronger in use of logical order forms (76.6%), and in providing information to make purchases (72.9%).

Proposition 4. The proportion of Canadian SME wineries utilizing web sites in developing and fostering relationships with consumers is summarized in Table 4.

INSERT TABLE 4 ABOUT HERE

No web site was found that created an online community well. Nor did any of the web sites studied allow visitor to visitor contact. A number of websites ranging from 2.7% to 54.1%, depending on the activity, did some relationship creation activity. Less than one-third of the web sites offered wine club memberships (29.7%) and just over one-third had winery newsletters (37.8%). As Table 4 shows, with the exception of the 29.7% of websites providing a feedback form, creation of relationships focused exclusively on the company creating relationships with visitors rather than fostering visitor to company or visitor to visitor relationships. Overall, the sites were judged as very ineffective in creating online relationships and community.

Proposition 5. Strong support for proposition 5 was found in this study by comparing the answers to the questions that asked how well can this web site provide information, with how well can this website create an online community. The t ratio of 27.0 was significant at the .000 level and demonstrates that the websites are significantly better at providing information than in developing and creating relationships.

Proposition 6a and 6b. Table 5 shows that just over two-thirds of the web sites (67.7%) created an overall positive impression while about one-half were enjoyable to visit (51.5%) overall. Twenty-one of the 37 wineries had an LCBO listing (56.8%) while 16 did not (43.2%).

INSERT TABLE 5 ABOUT HERE

To test proposition 6a and 6b, six overall attributes of websites were examined using t-tests to determine whether LCBO wineries are different from non LCBO listed wineries. Partial support was found for the proposition that websites of LCBO wineries will be seen as better in design and usability. The t test analysis showed that LCBO wineries were significantly better in terms of the visual appeal of the website, the level of enjoyment related to the overall experience of the website and the impression the website proved. However, there were no significant differences with respect to how easy the website was to use, how poorly or well the website provided information, or how well the website facilitated online sales.

Discussion and Conclusions

This empirical study provides preliminary research concentrated on examining SME use of websites in marketing and business strategy while focusing on the wine industry sector. The results show that indeed most wineries have adopted web sites as

part of their strategies, and that most utilize their web sites to provide information to consumers. Use of sites to provide an on line sales channel reveal that a variety of approaches is taken by these firms. The same number of wineries (29.4%) provided no e-commerce channel as provided a channel allowing sales to be initiated online, but completed offline. Less than 20% allowed the total sale to be transacted in its entirety on the winery website. An additional 23.5% utilized a channel that began the sale on the winery website then moved the consumer over to a third party website to complete the sale. Less than one-half of the wineries therefore (43.5%) allowed sales to be completed from beginning to end on the web. Future research is needed to focus on the reasons why these approaches to online sales have been adopted by the SME wineries. The authors expect SME wineries to develop stronger on line sales capabilities in the future.

In spite of recent writings that stress the utility of web sites in fostering a sense of community among web visitors, Canadian wineries were found to be weak in the use of their web sites to create relationships with consumers or potential consumers. No evidence was found that SME wineries have tapped into this strategy. Somewhat surprisingly, less than one third of wineries have created wine clubs for online visitors. There appears to be considerable scope for wineries to develop and strengthen relationships with winery consumers using their web sites.

Having an LCBO listing appears to be related to positive web site development in a number of key areas including visual appeal, overall impression and enjoyment. However, these wineries are not different from other wineries in terms of other dimensions including how easy the website was to use, how poorly or well the website provided information, or how well the website facilitated online sales. Further research is

required to assess other dimensions such as size and age of the winery are related to website development.

The study provides key baseline data concerning the websites of Canadian SMEs in the wine sector. This data contributes to the literature concerning wine sector SMEs in particular on this important strategy. It also provides valuable insights for wineries concerning how their web sites might be assessed and improved. These implications must be assessed in light of the study strengths and weaknesses. The weaknesses of the study include lack of data on the strategies of the wineries in order to provide context to better interpret the web site implemented by that site. However, the study benefits from a well constructed simple random sample, careful coding (including multiple coders) that allows increased confidence in the coding that involves judgments.

Future research is required to expand this research into the other regions of Canada as well as into other key wine regions of the world. Comparisons of Canadian strategies with those of wineries in other countries would provide valuable insights on the use of web strategies in one industry internationally. Future research is also needed to focus on SMEs operating in other sectors. In this fashion, a more fully developed understanding of web use strategies will be developed.

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Table 1: Website Information Provided

Website Functionality	% of Wineries That Provide Info
Homepage Makes Purchase Online Accessible	52.9
Homepage Makes Community Elements Accessible	63.2
Homepage accessible to winery background	82.4
Homepage makes contact information accessible	98.5
Site map available	17.6
Website Background Information	% of Wineries Presenting Info
History	74.6
Profiles principals	69.1
Production process described	38.2
Winery setting described/shown	59.7
Products profiled	85.3
Prices provided (without entering purchase process)	75.0
External information about winery provided	50.8
Winery telephone contact available	100.0
Winery email contact available	89.7
Winery hours of operation available	80.9
Winery street address available	97.1
Directions to winery available	86.6

Table 2: Effectiveness of Website Information Presentation

Website Effectiveness	% of Wineries That Engage in Practice
Basic Usability	
URL simple and appropriate	75.0
Winery name prominent	89.7
Navigation buttons on Homepage	97.1
Navigation buttons easily identified	88.9
Navigation buttons location	
Across top	63.6
Down left hand side	42.4
Down right hand side	15.2
Across bottom	39.4
Navigation buttons remain same	77.3
Links always change colour once visited	4.4
Help function exists	2.9
Search function exists	11.8
Can tell when site updated	76.5
Use of Photos	
External photos of winery	61.8
Internal photos of winery	72.1
Landscape photos of winery	85.3
Photos of winery staff	48.5
Photos of wine bottle labels	32.4
Product photos (mug shots)	52.2
Glamour photos	60.3
Lifestyle photos	36.8
Assessment of Presentation of Info	
Text segments kept short*	48.5
Spelling or grammar mistakes found**	97.1
Formatting facilitates info search***	20.6
Graphics pixilated**	83.8
Graphics positive***	55.8
Colour scheme consistent*	80.9
Overall	
Homepage clearly demonstrates site purpose***	73.5
Overall assessment of visual appeal****	50.0
Overall assessment of ease of use*****	75.7
How well does this website provide info*****	74.7

* Always ** Never *** Agree or strongly agree **** Impressive or very impressive
 ***** Easy or very easy ***** Well or very well

Table 3: Provision of E-commerce Channels to Consumers

On-Line Sales Functionality	% of Wineries
Can conduct purchase (whole or part) on-line	70.6
Total online sale can be transacted with winery	17.6
Sale can be transacted – 3 rd party involved	23.5
Sale initiated online – completed offline	29.4
On-line Sales Support Provided[^]	% of Wineries
Product descriptions in purchase section	75.0
Can check stock levels	52.1
Shipping costs stated before purchase	39.6
Shipping times stated before purchase	16.7
Is return policy	4.2
Is privacy policy	12.3
Sales promotions are provided	18.8
Assessment of On-Line Sales Functionality	% of Wineries
Order forms follow logical sequence	76.6
Site provides sufficient info to make purchases*	72.9
Pricing information is clear*	31.8
Overall comfort in providing personal info**	62.5
Overall comfort in shopping on site**	66.7
Overall how well does site foster online sales***	38.2

[^] Includes only those 24 wineries with at least some e-commerce channels

* Strongly Agree or Agree ** Very Comfortable or comfortable

*** Very Well or Well

Table 4: Creation of Relationships/Community

Creation of Relationships	% of Wineries
Company to Visitor	
Shares information about winery activities	13.5
Offers wine club membership	29.7
Asks for email address (no order necessary)	20.3
Company has newsletter	37.8
Allows account creation	2.7
Offers Advice	
About food matching/dining	54.1
About storage	35.1
About recipes	28.4
About age ability	40.3
Visitor to Company	
Provides feedback form	29.7
Provides chat room	0.0
Visitor to Visitor	
Allows visitor to visitor contact	0.0
Assessment of Creation of Community	
Website creates community online well	0.0

Table 5: Overall Assessment of Winery Websites

	% of Wineries
Level of enjoyment*	51.5
Website creates positive impression**	67.7

* Good or excellent ** Positive and very positive

Chart 1: Wine Consumption in Canada, 1995-2004.

