WINE AND WEB MARKETING STRATEGIES:
THE CASE STUDY OF ITALIAN SPECIALITY WINERIES

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Abstract
This paper focuses on the web-marketing strategies adopted by the Italian Speciality Wineries (ISWs). The case study concerns a sample of 272 high quality wineries that have been selected to help investigate the level of Internet marketing in use. An analysis of the existing web-sites has been conducted through an adapted 7Cs model. The 7Cs model data analysis has been developed both at a univariate and a multivariate level. The entrepreneurs perception of Internet marketing has been analysed through a specific questionnaire. The results obtained were used in creating a web-marketing strategies map of the ISWs. The strength and weakness factors of the web-marketing models and the expected future developments of these wineries are shown in the paper.

1. INTRODUCTION
The recent and sudden growth of e-business is having a strong impact on entrepreneurs especially in the Small and Medium Enterprises (SMEs) (Wilkinson, 2002). As underlined by Brooksbank *et al.* (2003) e-commerce also represents an important option for the survival and the growth of Small Farming Enterprises (SFEs). The speed of growth and the use of e-business varies in accordance to the country, the sector and the size of the company (Baourakis and Kourgiantakis, 2002). Large companies utilize e-business quicker than SMEs. Access for SMEs is often restricted by several barriers (Beynon-Davies *et al.,* 2003) firstly due to the high initial costs and the maintenance of web-based e-commerce sites (Wilder, 1999). Nevertheless a growing number of studies have recently emphasised the potential of Internet to help SMEs to be more competitive. The main opportunities are described by Hsieh and Lin (1998) as: i) the lack of differences between small and large companies in the space occupied on the web and the same freedom to adopt multiple Internet strategies; ii) the low cost of marketing goods and services globally; iii) the possibilities to implement globalization strategies; iv) the opportunity to maintain efficient after-sales customer services at low costs; v) networking with business partners. The new risk factor which effects the competitiveness of SMEs is the lower costs for bigger companies when entering (through Internet) niche markets dominated by SMEs (Kleindl, 2000).
Internet is an important option for agro-food SMEs. It allows them to market "typical" local food products more effectively in a global context. There is increased interest by consumers and retail distribution chains for these goods (Sparkes and Thomas, 2001). Furthermore the world market is not homogeneous, it is composed of many sub-markets, each of them having particular requirements.
This situation is similar in the international wine market, especially in the ultra-premium ($25-50 a bottle) and icon segments (above $50 a bottle). These wine categories have high product differentiation, a good international trade reputation and face intensive product competition on the major exports markets (Mueller *et al.*, 2003; Bernet and Stricker, 2003). The consumer perception of quality concerning these wines is highly complex. There are many differentiation factors considered by the consumers when buying ultra-premium and icon wines. Consequently, consumers demand lots of information concerning the characteristics of the products for which Internet is the best communication channel (Hsieh and Lin, 1988; Baourakis and Kourgiantakis, 2002). The wine sector can also be considered as a globalisation indicator, because some of the developments in the wine industry are representative of what is happening in other food industries that have still not fully adopted e-commerce (Mueller *et al.*, 2003; Bernet and Stricker, 2003).
On this basis, the aims of the paper are to verify for the Italian Speciality Wineries (ISWs): i) the level of Internet marketing adopted; ii) the web-marketing approaches implemented and the expected future developments for these wineries; iii) the strategic web-marketing models in use and their strength and weakness factors.

First, the impact of e-commerce on the wine sector is discussed through the analysis of the most relevant literature. Secondly the results of the survey conducted on a sample of ISWs is analysed. Finally, the conclusions and the implications of the results are discussed.

2. LITERATURE REVIEW

The definition of e-business and e-commerce found in literature is wide spread and often contradictory. A rational classification of the different definitions is reported by Beynon-Davies *et al.* (2003), whom on the basis of previous studies conducted by Turban *et al.* (2000) and Beynon-Davies *et al.* (2002) regard e-business 'as a superset of e-commerce and in turn e-commerce as a superset of Internet commerce or i-commerce'. Following this approach we regard e-business as the utilisation of information and communication technology to support all business activities (Beynon-Davies *et al.*, 2003). The technology used in business conducted electronically is differentiated even if Internet and in particular the World Wide Web (WWW) is the one that has recently gained the largest notoriety (Chang-tseh and Lin, 1998).

On this basis and according to Chaffey *et al.* (2000), Internet marketing is larger than e-commerce, but it can also be considered a sub-set of e-business. Internet marketing shares some of the characteristics of both direct and indirect marketing (Baourakis and Kourgiantakis, 2002). It permits agro-food enterprises and wineries to get a competitive edge. Sparkes and Thomas (2001) referred to the interactivity and the development of customer relationships as one of the most critical factors of Internet marketing to gain competitive advantage for SMEs. Kleindl (2000) identifies as further sources of competitive advantage: i) access to the international market; ii) the entrance into new markets, especially niche markets, at no additional costs; iii) business efficiency; iv) lower costs in the exchange of information.

Quick market access without the use of middlemen, are reported as another important strength factor by Benjamin and Wigand (1995) even though they underlined the danger of channel conflicts. Businesses can however limit these conflicts by offering different products to on-line customers or by using Internet just for contacts and promotional information (Kleindl, 2000). These problems are obviously still relevant for agro-food products which usually adopt long distribution channels and cannot be delivered through Internet (Baourakis and Kourgiantakis, 2002). As stated by Mueller (2000) reductions in transaction costs through a more intensive use of Internet may encourage new and differentiated intermediation activities from which specific e-market intermediation sites can originate. As described by Berthon *et al.* (1996) the new marketing possibilities of the web regard: i) product information; ii) corporate image growth; iii) interactivity with consumers concerning product development strategies. Furthermore, new opportunities of adopting Internet by small businesses regard, not only more efficient product sales transactions, but also a cost-effective communication method, through which they can conduct research activities concerning products, consumers and markets (Pallab, 1996; Quelch and Klein, 1996). The cost of e-market research is much lower than conventional methods and its use has become more intensive due to the increasing growth of the Internet market (Baourakis and Kourgiantakis, 2002). In this way SMEs can adopt flexible product strategies to meet the needs of their customers.

The access to a wide range of products, services, information and easier communication methods are other favourable factors for SMEs to compete in the global marketplace (Quelch and Klein, 1996). On this basis the global adoption of Internet facilitates the opening of new markets and the development of new products with favourable impact on: i) local production and customer relationships; ii) the development of a consistent level of supply and the entrance on the global market of specialized niche products. In this context the interaction of

Internet is also suited for one-to-one communication and direct marketing instead of the indirect approach of traditional media communication. This permits companies and also SMEs to improve their target marketing strategies. The use of Internet by individuals and or regional sites, to promote rural tourism and local products gives relevant potentiality for less favoured areas. Here, in the past, the development and the sales of speciality products has been greatly limited because of the location and the costs of advertising (Blandford and Fulponi, 1997). In this context, web-portals can also be seen as a further method to increase SMEs participation in e-commerce and to aggressively enter the global markets overcoming the disadvantage linked to their lack of networking (Sparkes *et al.,* 2001; Christie *et al.,* 2003). In this way Internet has become a 'marketing interface' through which information sharing amongst SMEs and other groups is becoming the key factor for focusing strategies on the consumer needs. It allows them to get a new competitive edge linked to: i) the creation of a speciality food network between producers and consumers; ii) consumer loyalty based on the origin of one collective brand (Sparkes *et al.,* 2001).

Integrating e-commerce services and e-commerce support services through web-sites and providers focused on agriculture, agro-food and/or wine, can be considered as another reason for creating collective marketing interfaces between producers and consumers (Mueller, 2000). The ability of the SMEs to build virtual assets such as 'information skills, digital resources and the competency for managing inter-company relations and collaborative events with other companies' (Tetteh and Burn, 2001), is considered as a critical factor to achieve global competitiveness. A full-comprehensive classification of the benefits and barriers of Internet marketing for the consumers and the SMEs was proposed by Hoffman and Novak (1996). They underlined as benefits for the consumers: i) well informed consumer decisions due to easier information access; ii) the consumer driven nature; iii) the complete form of information received; iv) continual access. On the other side, relevant barriers are identified as: i) access costs; ii) the difficulties of use for some people; iii) privacy and security limits. SMEs can receive benefits from: i) competing with other companies on non-price variables; ii) new markets; iii) lower marketing costs; iv) increased consumer satisfaction. On the other side relevant deterrents seem to be: i) web-site construction costs and ii) the difficulties linked to the test performance of marketing.

The lack concerning information and communication technology (ICT) and the lack of skills in their use are pointed out by Feher and Towell (1997) as further difficulties in adopting ICT. These are barriers to SMEs who wish to take full advantage of the new technology. Web-site quality and the lack of web-business experience are often other additional critical variables causing SMEs to miss market opportunities (Thelwall, 2000; Wilkinson, 2002). From a marketing point of view, Internet can also be seen as a new way of segmenting markets and doing something that traditional promotional media cannot. The latest relevant aspect is the advantage of Internet over traditional communication media. This can be underlined as: i) no physical form; ii) interactivity; iii) dynamics; iv) simplified and efficient navigation through large documents; v) friendly (Ainscough and Luckett, 1996). Such aspects determine the wealth of information that represents the powerful advantage of Internet with respect to other communication channels (Zott *et al.,* 2000). Ainscough and Luckett (1996) have also defined four broad categories of relevant ways (interactive brochures, virtual storefronts, information clearinghouses, customer service tools) in which Internet, but especially the World Wide Web, can be used as a marketing tool. They pointed out how, in the rapidly changing environment, organisations may yield the most significant competitive advantages going beyond the informational level. This source of competitive advantage has also been stressed by Ditto and Pille (1998) who have divided into three different categories the degree of consumer impact provided by a web-site: i) informational level, ii) transactional level and iii) relational level. Following this approach Internet is therefore more than an

efficient communication medium. It is also a powerful tool to affirm interactive marketing where an equal input from technology, content and marketing experts help create meaningful and efficient customer relationships.

This marketing perspective of Internet has been further developed both by Kleindl (2000) and Goodman (2003). Kleindl (2000) outlined six new business models emerging through the use of IT involving: i) the delivery of information, products and services to their customers, ii) the efficiency level of supply chain management through B2B connections, iii) the customer relationships development process, iv) the creation of quasi-efficient market structures. Internet could force prices down because it permits customers to choose from a wider range of products, reducing overheads and increasing competition at a global level (Baourakis and Kourgiantakis, 2002). Goodman (2003) proposed the categorization of the use of Internet for marketing into four relevant activities namely i) Financial Transaction, ii) Information, iii) Business Processes, iv) Revenue Generation. These generate a system of competitive benefits linked not only to the compression of time, but also to relationships, continuous (quality and strategic) improvement and core competency development.

All the above aspects determine new challenges for marketers especially at an international level. In this context the emerging competitive variables are related to: i) the brand management, in the global market, ii) the reduced competitive advantage of scale economies, especially regarding advertising and channel control strategies, iii) the growing importance of technology, iv) the organizational adaptations of global business to compete more efficiently in a quickly changing environment, v) the implications related to the dissemination of information strategies with particular regard to product quality and cross-border differences in quality, prices and availability, vi) keeping web-sites costs under control, vii) overcoming language and cultural barriers especially for emerging markets (Quelch and Klein, 1996).
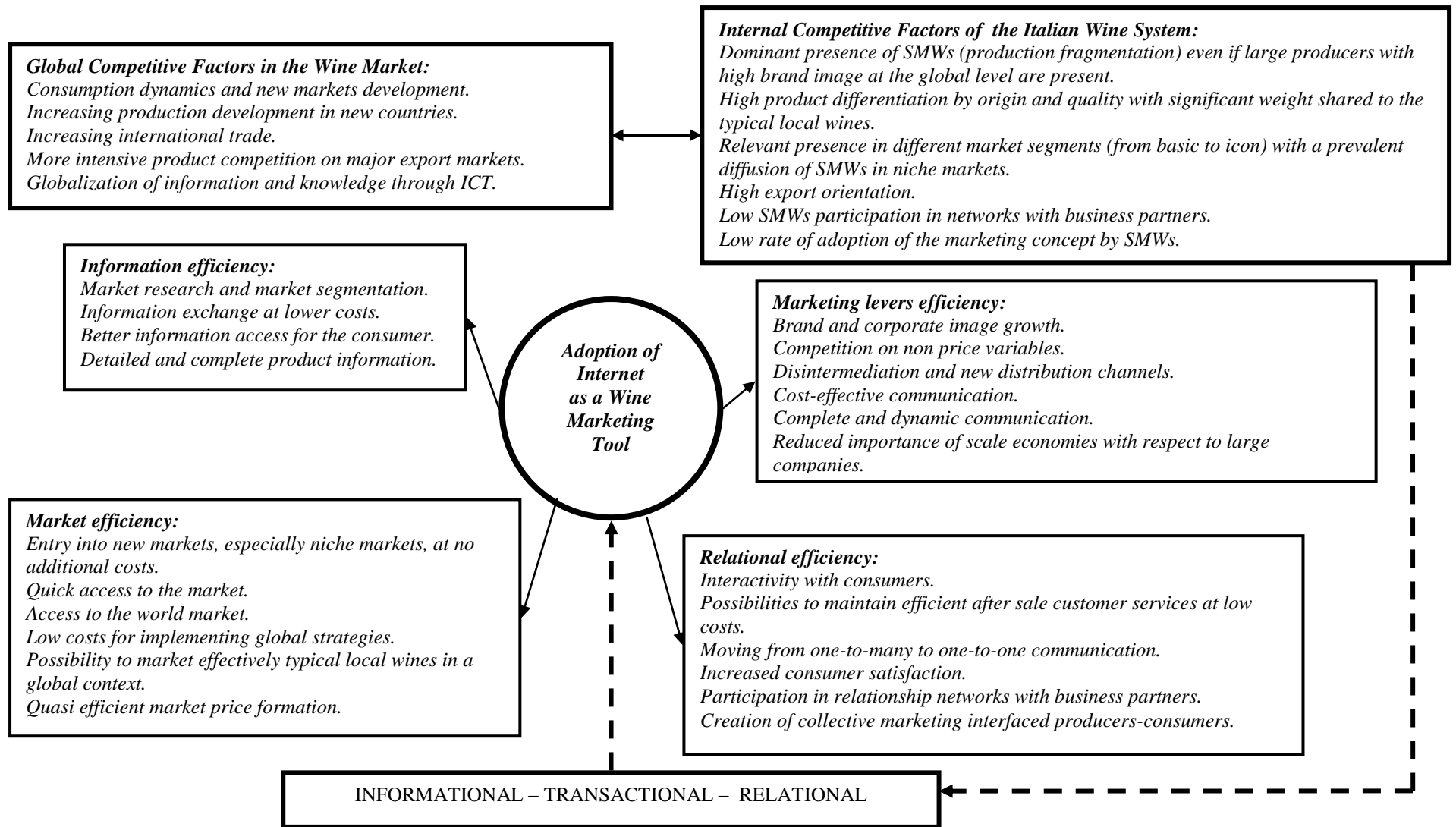
3. THE CASE OF THE ITALIAN SPECIALITY WINERIES
3.1. THEORETICAL FRAMEWORK AND OBJECTIVES OF THE RESEARCH
Taking into account the risk and opportunity factors emerging from the above literature review the present paper develops a theoretical framework, pointing out the interaction of relationships in the system of the Internet wine marketing. As depicted in figure 1 we assumed that the adoption of Internet as a wine marketing tool has been determined by: i) the interaction of the internal and external competitive factors of the Italian wine system, ii) the level at which, according to Ditto and Pille (1998), Internet marketing is implemented. The nature and the intensity of the relationships between the above three groups of factors (internal and external competitive factors, levels of adoption) is determining a variable mix of the four sources of efficiency identified as: i) information efficiency, ii) market efficiency, iii) marketing lever efficiency and iv) relational efficiency.

On this basis and taking into account the general aims stated in paragraph 1, the specific objectives of the research were to analyse: i) the degree of Internet marketing adoption and its variability in relation to the companies' characteristics; ii) the perception of Internet as a relevant marketing means; iii) the web-sites quality and the expected future developments; iv) the relevant variables that discourage entrepreneurs from using web-sites and their future strategic options; v) the strength and weakness factors of the actual web-marketing strategic models.

The main reason that drives the above specific objectives is the fact that the Wine Industry is still a non-core IT industry and the benefits deriving from a higher use of Internet are likely to be emerging (Goodman, 2003). It is particularly true for the Italian Wine Industry for which the adoption rate of Internet is significantly lower than the average for EU countries (Camussone and Ciucciarelli, 2000).

Figure 1 – The Internet Wine Marketing System

Global Competitive Factors in the Wine Market:
Consumption dynamics and new markets development.
Increasing production development in new countries.
Increasing international trade.
More intensive product competition on major export markets.
Globalization of information and knowledge through ICT.

Internal Competitive Factors of the Italian Wine System:
Dominant presence of SMWs (production fragmentation) even if large producers with high brand image at the global level are present.
High product differentiation by origin and quality with significant weight shared to the typical local wines.
Relevant presence in different market segments (from basic to icon) with a prevalent diffusion of SMWs in niche markets.
High export orientation.
Low SMWs participation in networks with business partners.
Low rate of adoption of the marketing concept by SMWs.

Information efficiency:
Market research and market segmentation.
Information exchange at lower costs.
Better information access for the consumer.
Detailed and complete product information.

Adoption of Internet as a Wine Marketing Tool

Marketing levers efficiency:
Brand and corporate image growth.
Competition on non price variables.
Disintermediation and new distribution channels.
Cost-effective communication.
Complete and dynamic communication.
Reduced importance of scale economies with respect to large companies.

Market efficiency:
Entry into new markets, especially niche markets, at no additional costs.
Quick access to the market.
Access to the world market.
Low costs for implementing global strategies.
Possibility to market effectively typical local wines in a global context.
Quasi efficient market price formation.

Relational efficiency:
Interactivity with consumers.
Possibilities to maintain efficient after sale customer services at low costs.
Moving from one-to-many to one-to-one communication.
Increased consumer satisfaction.
Participation in relationship networks with business partners.
Creation of collective marketing interfaced producers-consumers.

INFORMATIONAL – TRANSACTIONAL – RELATIONAL

Furthermore the Wine Industry represents a strategic business for the Italian agro-food system, accounting for 7.1% of its added value and 14% of its export value[1]. It is also largely dominated by small-medium sized wineries (SMWs) which, as underlined for the Australian wine industry by Goodman (2000), have adopted the marketing concept less than larger companies. Italian SMWs are characterised by a strong orientation towards traditional regional wines which often represent super-premium and icon segments. The valorisation of these wines constitute one of the most relevant options for improving the international image of Italian wines. Their strong presence in the domestic niche markets represent an important barrier for the full development of the competitive potential. The adoption of intense web-marketing strategies could help Italian Speciality Wineries to move more quickly from a product to a marketing orientation base becoming more competitive and efficient.

3.2. METHODOLOGY AND SAMPLE

In order to achieve the above research aims a two stage analysis has been conducted. The first stage has been focused on the analysis of the existing web-sites to provide a critical evaluation of their quality in relation to the most relevant marketing objectives and approaches. Successively a direct survey, using specific questionnaires, has been carried out on wineries with web-sites and those without.

For the analysis of the existing web-sites an adapted 7Cs model has been used. The direct survey conducted on the wineries with their own web-sites has been carried out using a specially designed questionnaire that permitted us to collect information concerning: i) the gross output both on the domestic and foreign markets; ii) the relative importance assigned by the entrepreneurs to the different communication methods; iii) the presence of web-site systems for direct sales; iv) the reasons for which the entrepreneurs did not create such procedures; v) the entrepreneurs' opinions about the most relevant characteristics a web-site should implement for being efficient; vi) the utilization of systematic cost analysis for the web-site management; vii) the future options for implementing e-commerce strategies. Information concerning the previous points i) and ii) have also been collected for wineries without web-sites. Further specific questions, analysed in depth for these wineries regard: iii) the entrepreneur's intention of creating web-sites in the short-term; iv) the presence of the company on collective web-sites; v) the relative importance of the different web-marketing objectives for the entrepreneurs.

One relevant aim of the research was to analyse the web-marketing strategies implemented by speciality wineries, so the sample has been drawn from the Italian wine guide "Duemila Vini", edited by the Italian Association of Sommeliers, that represents one of the best known and complete guides on Italian wines. To select the Italian Speciality Wineries with market standing into the highest segments, companies who have obtained, in the year 2005, the award of a "five bunches[2]" of grapes for at least one wine have been chosen. On this basis a sample of 272 wineries were selected. The 7Cs model data analysis has been conducted both at a univariate and a multivariate level. The need to conduct a multivariate analysis are linked to the aim to characterize web-marketing strategy models adopted by ISWs and to highlight their strengths and weaknesses. In this case we have selected the 7Cs model variables with significant variability inside the sample. The annual production has also been included as a

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[1] Source: INEA, 2006.

[2] "Duemila Vini" provides, for each wine a quotation ranging from 1 to 5 bunches, where the latest represent the best evaluation in relation to the wine sensory qualities. Taking into account both the lack of specific databases and the close correlation existing between wine guide quotations and market prices. This selection can be considered as one of the most efficient methods to single out speciality wineries with market standing in the highest segments (icon, but more frequently, ultra-premium and super-premium segments).

proxy to the business volume dimension. Therefore a two stage multivariate analysis has been developed.

Firstly we have utilized a non-linear principal factor analysis (De Leeuw, Van Rijckevorsel, 1980; Gifi, 1985). It represents an Optimal Scaling procedure when the variables are expressed, as in this sample, in different scales (nominal, ordinal, proportional). As it has been mentioned, it represents an extension to the traditional linear procedure (Fabbris, 1991) using the minimum alternates square algorithm for the evaluation parameters. In this way, this non-linear principal factor analysis can create descriptive economies which identify and measure non linear patterns through the assignation of scores with metrical properties to each variable feature. The descriptive economy is realized through the reduction in size of the original data matrix and explain, at the same time, the maximum amount of variance.

The second stage of the analysis concerns cluster analysis. The input for the cluster analysis is the dimension factorial scores assigned to each IWSs web-site. To reach the above objective we have used a non-hierarchical classification "K-Means Cluster Analysis". The algorithm utilized to identify web-sites which belong to each group is based on the "nearest centroid sorting" method. Through this method centroids of the groups are iteractively evaluated and each web-site is assigned to the group that minimizes the distance between the web-site and the centroid group. The number of groups selected has been through both a row of alternative classification processes and the comparison of the Euclidean distance matrixes between the centroids.

3.3. RESULTS

3.3.1. Sample characteristics and 7Cs model evaluation

The survey sample distribution by production volume (bottles a year) confirms the structural dichotomy of the Italian wine industry characterized by the presence of a large number of SMEs and a few large companies. As shown in table 1, almost 70% of the ISWs produce less than 300,000 bottles a year, while only 8% bottle over 1.5 millions bottles a year. About 20% of the companies can be classified as medium sized wineries and are included in the 0.3-1.5 million bottles a year class.

Table 1 – Wineries distribution by production volume

Production (bottles a year)	Wineries		
	N.	%	% cum.
Less than 25,000	18	6.6	6.6
25,000-60,000	49	18.0	24.6
60,001-120,000	55	20.2	44.8
120,001-300,000	66	24.3	69.1
300,001-1.5 millions	54	19.9	89.0
More than 1.5 millions	22	8.1	97.0
Not available	8	2.9	100.0
Total	272	100.0	

The geographical location is quite different in relation to the production volume. It is well known that the largest number of Italian Speciality Wineries (ISWs) – in particular the highest quality wines – come from two regions (Toscana and Piemonte), which account for almost 45% of the Italian wineries selected. Table 2 shows how these wineries present a high territorial concentration since the first six regions account for three quarters of the total.

Table 2 – Wineries distribution by region

Regions	Wineries		
	N.	%	% cum.
Toscana	63	23.2	23.2
Piemonte	52	19.1	42.3
Friuli Venezia Giulia	29	10.7	53.0
Trentino Alto Adige	20	7.4	60.3
Veneto	20	7.4	67.7
Sicilia	15	5.5	73.2
Others north	14	5.1	78.3
Others centre	33	12.1	90.5
Others south and islands	26	9.6	100.0
Total	272	100.0	

The use of Internet marketing by the ISWs is at an initial stage. In fact 77 companies (28.3% of the total) do not have a web-site, while the web-sites were not accessible in 8 cases (2.9%) and 22 are under construction for another 8.1%. Only 165 companies (60.7%) represented in the survey have an active web-site. A larger presence of non-web wineries has been observed in the most important oenological regions of North Italy, while the South reveals a more intensive presence on the web. In the North the traditional large diffusion of SMWs with stable direct marketing channels is causing a slower adoption of Internet for marketing purposes.

The analysis conducted to evaluate the existing web-sites quality, using the 7Cs model, is reported in table 3. The main results are summarised as follow.

Content.

These characteristics are related to the design and layout of the web-site (graphics and updating). The graphics is generally good but the updating is disappointing. Web-site updating is not considered essential by ISWs. Few of them attach importance to the strong relationship existing between the frequency of updating and business image. Non-updated web-sites have a poor appearance. Website visitor counters are few and far between.

Choice.

Product presentation is good and it is consistent with web-sites typology. The catalogue is on average well represented with careful information about production processes, both agronomic and oenological. The link with the region is a common prominent element. It is interesting to underline that the statistical range of products is a result of the presence of many different types of wine rather than other accessory products.

Context.

This characteristic is linked to the interactivity of the web-sites and shows considerable deficiency. It is strongly connected to the content parameter results. Only a few web-sites allow a one to one link, but often this is not clear. Solely informational web-site lose the possibility to interact immediately with the potential clients. High interactive web-sites would help ISWs to greatly understand consumer preferences. Furthermore the use of a computerized channel in B2C and B2B activities is very limited.

Comfort.

The simplicity and the enjoyment in surfing the web-sites provide contrasting results. On one side the ranking and navigability offer satisfactory responses; on the other hand the use of two languages or more is not widespread. The presence of both site maps and an internal search engine is unusual.

Table 3 – 7Cs Parameter Evaluation

7Cs	Parameters	Evaluation Criteria	%	% Total
Content	Web-site update	not determined	87.9	
		more than monthly	3.0	
		monthly	1.8	
		every two weeks	1.2	
		weekly	6.1	100.0
	Graphic quality	only graphics	75.2	
		with animation	12.7	
		with sound	4.2	
		with animation and sound	7.9	100.0
	Counter presence	no presence	95.2	
		presence	4.8	100.0
Choice	Products presentation	absent	5.5	
		only product list	4.2	
		also principal product characteristics	42.4	
		also a deeper characterization of the products	45.5	
		wide and complete descriptions of the products with a price list	2.4	100.0
	Range of products	not shown	6.1	
		short	19.4	
		large	71.5	
		very large	3.0	100.0
	Presence of accessory products	no presence	70.9	
		presence	29.1	100.0
	Presence of agro-tourism activities	no presence	86.1	
		presence	13.9	100.0
Context	Web-site typology	informational	47.9	
		at low interactivity	48.5	
		at high interactivity	3.6	100.0
	Transaction typology	no transactions	61.2	
		B2C	27.9	
		B2B	1.2	
		B2C and B2B	9.7	100.0
Comfort	Ranking	after 30th site	5.5	
		21st – 30th site	1.2	
		11th-20th site	3.6	
		6th-10th site	3.6	
		first 5 sites	86.1	100.0
	Number of languages	only Italian	21.2	
		2 languages	46.1	
		3 languages	28.5	
		more than 3 languages	4.2	100.0
	Navigability	bad (more than 5 clicks)	10.9	
		quite good (4-5 clicks)	60.0	

		very good (less than 4 clicks)	29.1	100.0
	Site map presence	no presence	95.2	
		presence	4.8	100.0
	Presence of an internal search engine	no presence	96.4	
		presence	3.6	100.0
Convenience	Direct sale availability	no direct sales	64.2	
		mall sites	1.2	
		off-line	28.5	
		on-line	3.6	
		off-line and on-line	2.4	100.0
	Delivery time (*)	not specified	73.9	
		more than 7 days	0.0	
		3-7 days	26.1	
		24-48 hours	0.0	
		less than 24 hours	0.0	100.0
	Delivery costs (*)	not specified	68.8	
		percentage costs	10.4	
		fixed costs	10.4	
		Free	10.4	100.0
Customer service	Delivery traceability	no presence	99.4	
		presence	0.6	100.0
	Payment procedures (**)	1 choice	70.0	
		2 choices	30.0	
		3 choices	0.0	
		more than 3 choices	0.0	100.0
	Delivery procedures (**)	no presence	60.0	
		presence	40.0	100.0
	Security of transactions (**)	no presence	70.0	
		presence	30.0	100.0
	FAQ (**)	no presence	100.0	
		presence	0.0	100.0
Community	Forum presence	no presence	93.3	
		presence	6.7	100.0
	Visit book presence	no presence	73.3	
		presence	26.7	100.0
	Link availability	no presence	78.8	
		presence	21.2	100.0
	Free tall telephone number availability	no presence	99.4	
		presence	0.6	100.0

(*) % valuated on a sample of 19 companies
(**) % valuated on a sample of 10 companies

Convenience.
It is impossible to evaluate completely because the selling activities are greatly limited.
Customer service.
As in the convenience parameters also the flow of supporting information concerning the phases of before and after sales is difficult to evaluate. Moreover we can underline the presence of unclear conditions (the lack of product prices and the uncertain payment procedures and delivery methods) that turn away potential buyers.

Community.
This group of parameters shows web-sites lacking in the ability to network with the consumer. The data confirms that the ISWs tend to utilize web-sites as a showcase to improve their business image.

3.3.2. Typology analysis of the Web-marketing strategies
Through the analysis of the principal non linear components five factors have been identified[3]. The correlation coefficients among each factor and the original matrix variables of the 7Cs model utilized are reported in table 4. The analysis of these coefficients explain the presence of five leading profiles in the sample survey. They are: i) e-business orientation; ii) product presentation; iii) contact management; iv) updating; v) business dimension.
The first factor (e-business orientation) explains 15.3% of the explained variance and is characterized by significant correlation coefficients in online sales, B2B and B2C parameters. The high value of this factor identify a clear behaviour to use the web-site for sales. A positive correlation between the web-site typology shows the tendency to make good use of interactivity as the main feature of Internet where online sales orientation is present.

Table 4 – Factors matrix

	Factors				
	1	2	3	4	5
Annual production	0.186	0.094	-0.059	-0.230	0.817
Updating web-site	0.101	-0.131	-0.007	0.638	-0.160
Presence of counter	-0.379	-0.142	0.107	0.338	0.545
Graphic quality	-0.008	0.494	-0.049	-0.008	0.074
Range of products	0.146	0.847	-0.024	0.038	-0.095
Web-site typology	0.562	0.258	0.431	0.344	0.131
On-line sales	0.812	0.016	0.206	0.035	-0.038
B2C and B2B	0.783	0.125	-0.155	0.202	0.062
Product catalogue	0.116	0.839	0.175	0.034	0.001
Presence of forum	-0.015	0.026	0.843	-0.162	-0.071
Presence of links	0.096	-0.009	0.666	0.228	0.051
Presence of guest book	0.149	0.134	0.082	0.769	0.072

The second component (15.1% of the explained variance) has been defined "Product presentation" because it is strictly correlated to the range and product catalogue. This highlights, as appeared in the non variable analysis, the web-sites showcase characteristic.
Contact management is the third factor and defines 12.3% of the variance. The variables with the highest correlation coefficient are, in this case, the presence of forum and links. They are the variables that measure web-site information efficiency.

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[3] The factors have been chosen using three choice criterion: i) eigenvalues more than one; ii) explained variance; iii) eigenvalue graphic representation. Based on graphic method the choice of the number of factors to take out was four. In fact, after the fourth factor the graphic tends to hide itself on the x-axis. Moreover explained variance by four factors results as 54.8%. This percentage is not completely satisfactory for the research aims. Considering also the fifth factor, such variance is 63.5% and verifies at the same time also the eigenvalue more than one criterion. On this basis we adopted the five factors choice because it represents the best efficient mediation among the three standard criteria.

Updating (12.1% of the explained variance) is correlated using the presence of web-site updating and a guest book. High scores in this factor have been reached where there is continuous web-site updating by a web master, as a guest book presence shows.

The fifth factor (8.7% of the explained variance) is business dimension. The growth trend reflects on the presence of the visitor counter.

Based on the five factor scores associated to each web-site a k-means cluster analysis has been conducted. A five group solution has been chosen after the comparison of Euclidean distances among different groups of alternatives.

Such distances highlight a clear differentiation between groups 1, 3, 4 and the last two groups. Group 2 and group 5 shows partial overlapping. However they are the two biggest groups as they contain, as a whole, more than three quarters of the sample web-sites.

The scores of the centroids of the five factors drawn out (table 5) permit the characterization of homogeneous web-site groups as described below.

Table 5 – Factors centres scores

	Factors				
	1	2	3	4	5
Group 1	-1.199	-0.419	0.211	-0.733	2.386
Group 2	-0.231	-0.130	-0.365	0.517	-0.286
Group 3	2.274	0.298	-0.177	1.672	4.880
Group 4	0.029	0.381	2.255	0.564	-0.396
Group 5	0.665	0.212	-0.178	-1.115	-0.139

Group 1 (7% of the sample). Big companies with moderate web-site updating but without revealing online sales. These companies present positive interactive efficiency while they are lacking in product presentation.

Group 2 (52% of the sample). This is the largest group. It underlines, critically, the limited prominence given to web-marketing activities despite of the financial resources that companies invested in them. These companies are distinguished by the limited volume of sales and the worst interactive efficiency inside the sample. Also the other factors present negative values; even though the frequency of updating is quite relevant if compared to the other groups.

Group 3 (1% of the sample). The two companies that form this group are clearly differentiated from the others. Big production volumes, marked e-commerce orientation and frequent web-site updating are the companies main characteristics. Product presentation is good while little attention is paid to interactive efficiency.

Group 4 (10% of the sample). This is the typical group of companies that use web-sites as a showcase and offer simple and enjoyable surfing services. A widespread presence of forum and many links to other web-sites go together with the best product presentation and the second updating frequency scored inside the sample. Reduced business dimension and poor e-commerce orientation also surface.

Group 5 (26% of the sample). Prominent interest in online sales, insignificant updating frequency, low interactive efficiency, product presentation well-kept and small production volumes are the results that appear in the fifth group. In this case the lacking attention to web-site updating seems to be clearly connected with the steadiness of the product portfolio and customer relationships. These companies give priority importance to brand presentation and to physical product characteristics.

3.3.3. Internet marketing perspectives for the ISWs: an analysis of the entrepreneurs perceptions

The web-sites analysis conducted through the 7Cs model has been integrated, as described above, with a specific questionnaire. In this case the 272 business sampled has been divided in two groups: i) businesses with web-sites (including 195 wineries); ii) non web-site wineries (77 businesses). The aim of this survey was both to look into the businesses' behavior towards web-marketing and communication policies and to underline the main characteristics and functions of future web-sites. The questionnaire reply rate was 21.2% in businesses with web-sites and 35.1% in wineries without it. The reply percentages agree with literature into questionnaire responses.

The first aspect that emerges from the sample survey is a different level of importance related to Internet as a communication tool. The winery entrepreneurs with web-sites perceive Internet as an important tool in 61% of the cases. It was a lower score than fairs and food and wine events. Inside the group of wineries without web-sites the preferred communication channels are, in order of preference, fairs, newspapers and food and wine events. Internet is considered important by 44.4% of the entrepreneurs. Despite this, more than 80% of the wineries that have not got a web-site intend to build one, while another 13.5% are already building or restyling. The results confirm that the adoption of Internet diminish the use of traditional communication channels.

The second aspect is that the web-sites represent, for the wineries that are working to build it, a showcase. The data analysis of the characteristics of the web-sites under construction show it is a marketing tool that functions for customer retention. Internet is utilized as a communication channel more for collaborators than suppliers. Less relevant aspects are Internet used to link wineries and institutions and on-line sale activities.

Finally, ISWs with a web-site consider functionality as the most important web-site characteristic and the community aspect less important. Only half of the businesses in the sample take into account web-site costs closely. Comparing these results with the web-site analysis conducted above, it also emerges that there is consistency in functional parameters between expected characteristic and the reality of the situation. This consistency is not revealed in updating and link parameters.

*3.3.4. The web-marketing strategies map: some hypothesis for future trends*

The strategic web-marketing models adopted by ISWs are highlighted in figure 2. The diagram has been developed giving a score to the five groups of wineries for each leading profile identified. The x-axis represents the interactivity rate of the web-site while the y-axis considers its quality and efficiency. The interactivity rate variable is built on e-business orientation and contact management profiles. Web-site quality and efficiency is the simple average of product presentation and updating variables. The size of the spheres is proportional to the group dimension.

The figure highlights that there are three different areas of strategic positioning. The first area includes group 2. The strategic web-marketing model of these businesses is based on the quality and efficiency variables. Web-site updating is the only strength factor. Improved product presentation could help these wineries to get higher scores in the y-axis. Web-site quality and efficiency is the development target for these ISWs that consider the web-site as a showcase. This is consistent with the limited volume of sales of these wineries and with the informational typology of their web-site. These ISWs reveal the choice to use Internet as a tool to improve their business image. Such strategic behaviour is adopted by many ISWs, as the large dimension of the sphere indicates. This group clearly identifies a large section of the

Italian wineries that are not interested in starting new distribution channels. In fact they are able to distribute easily their wine into HoReCa[4] market both in Italy and abroad.

The second area regards group 1 and group 5. These groups have strategic positioning based mainly on the interactivity rate variable. Contact management is the strength factor of group1 while e-business orientation reduces the x-score of the group. High scores in the interactive rate are reached when the companies decide to adopt the strategic choice of starting online sales. The high score in the y-axis instead could easily be reached through the improvement of updating and product presentation parameters. This is to be expected considering both the worst scores in the y-axis and the big volume of sales of these ISWs. Therefore the logical future of web-marketing models for these wineries are represented by the growth in web-site quality and efficiency. Group 5 is characterized by significant interest in online sales. In this case high scores in the x-axis could also easily be reached. In fact the improvement of the contact management variable does not necessitate a strategic business choice as could be required by the starting of online sales. Furthermore improved contact management is a natural evolution of e-commerce implementation. At the same time we can hypothesis for these ISWs, according to their business volume dimension, that more financial resources will be invested in web-site updating to support their e-business orientation. So the future positioning of the strategic web-marketing models for these wineries is to be expected in the top-right of the diagram.

Figure 2 – The web-marketing strategies map
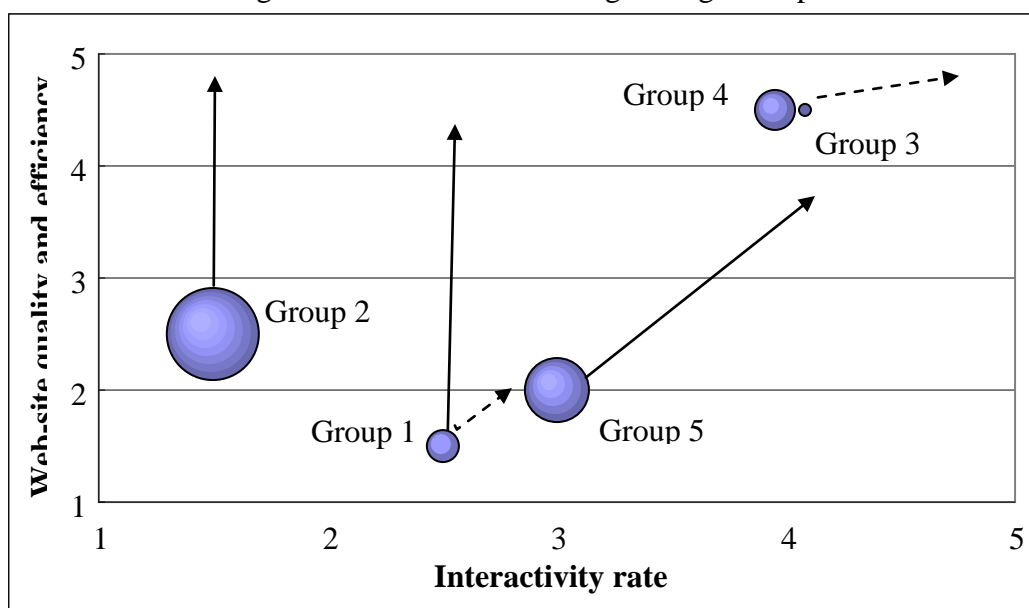
The third area involves group 3 and group 4. The two groups of wineries get the same scores in the diagram but they reach them in opposite ways. The business volume dimension is another factor of differentiation. In fact while group 3 regards the largest wineries in the sample survey, group 4 concerns the smallest. Moreover the same results give different meanings. The strength factor of the web-marketing model of the group 3 is e-business orientation. The presence of high scores in the updating variable indicates that the best score in the parameters is easily achievable through improved e-commerce implementation. The strength factors of group 4 are instead product presentation and contact management. In this case reaching higher scores in the interactivity rate variable requires, as already seen for group 4, a background strategic choice. However the behaviour of these small wineries

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[4] HoReCa is the symbol for Hotel, Restaurant and Catering.

depends on the fact that they are affected by increased competition in the international wine market. This strategic positioning is consistent with customer retention expectations of these ISWs.

4. CONCLUSIONS

As we have seen that Internet allows SMEs to be more competitive. Internet is an important option also for Italian Speciality Wineries (ISWs). Internet permits wineries to utilize the possibility to implement globalization strategies and the opportunity to maintain efficient after-sale customer services. However the low rate of e-business implementation is not encouraging ISWs to move from product to market orientation. Large companies have adopted e-business quicker than smaller ones. Also e-commerce is adopted by few ISWs.

This paper verifies the low level of Internet marketing adopted by ISWs. This is confirmed by: i) the low web-site adoption rate for the ISWs in the survey (60.7%); ii) that showcase is the main function of the web-site; iii) the preference of informational and low interactivity in web-site typology; iv) the entrepreneurs highest expectations in the functionality web-site characteristics; v) the entrepreneurs perception of quality of the web-site identified in navigability parameters; vi) the irrelevance given to Internet as a marketing tool. The level of Internet marketing use does not reveal significant variability in relation to the companies' characteristics. However it goes together with companies e-business orientation. This depends on the gap in the Italian wine industry adoption of new technology and it is inversely correlated with the easy access to HoReCa market by the small wineries. Also the international image of Italian wines contribute to the continuation of this situation. The results do not reveal the presence of other relevant variables that might discourage entrepreneurs from using web-sites. However the lack of attention to consumer preferences, accountancy costs of the web-site and entrepreneur delegation of responsibilities are aspects that show that Internet is not rooted in ISWs business functions.

The web-marketing approaches implemented by ISWs revolves around the strategic choice to effect online sales. Improved web-site quality and efficiency is the top priority for wineries that choose to not start online sales. The comparison of the interactivity parameters and the web-site quality and efficiency have to be effected in wineries that adopt e-commerce. The web-marketing strategies map highlights that the future development of the ISWs web-marketing models go in two different directions. The first polarity, high scores in web-site quality and efficiency, attracts small wineries that do not effect online sales. The second polarity attracts large companies together with small wineries that sustain competition.

The key factors of the web-marketing models based on quality and efficiency parameters should be updating and product presentation. The current positioning of these web-marketing models depends on the contrasting scores reached in the y-axis parameters by lots of ISWs. Therefore there are not actual strength factors while reduced business dimension volumes can be considered a weakness factor. In the same way the business volume dimension is the critical factor in web-marketing models built both on web-site quality and efficiency and interactivity parameters. Even so the strong presence of the ISWs in the domestic niche markets together with the small and medium size represent the main barriers for its future adoption of intense web-marketing strategies.

The results obtained show the need for development in this field. It should be interesting to study, in depth, the relationships between the two development models pointed out by the web-marketing strategies map and their key variables that have been individualized. The reasons why ISWs initiate e-business implementation should also be investigated in future research.

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