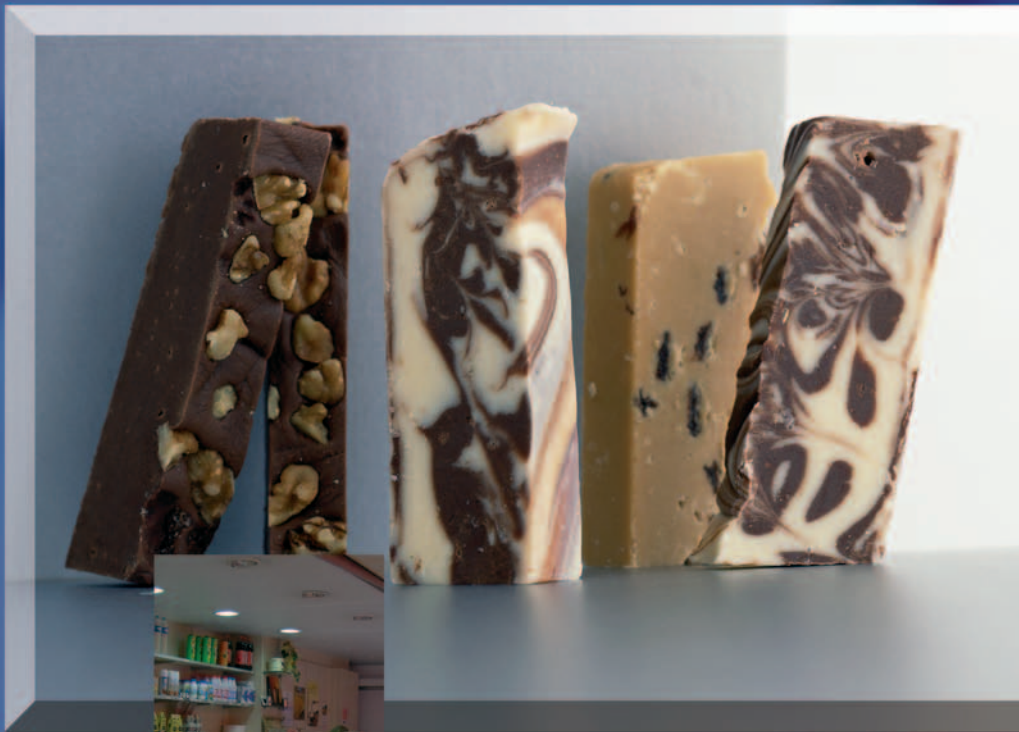




FINAL REPORT

Project RMIS No. 5093

An Assessment of the Irish Speciality Food Enterprises' use of the Internet as a Marketing Tool



**The National
Food Centre**

RESEARCH & TRAINING FOR THE FOOD INDUSTRY

RESEARCH REPORT NO 72

AN ASSESSMENT OF IRISH
SPECIALITY FOOD ENTERPRISES'
USE OF THE INTERNET AS
A MARKETING TOOL

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SUMMARY

This study set out to explore the role of the Internet as a marketing tool for Irish speciality food producers and to research on-line speciality food sales as a business opportunity. The project achieved this through a combination of consumer focus groups, a producer web audit, producer depth interviews and an e-mailed on-line producer survey. Irish consumers acknowledged potential for on-line sales of Irish speciality food products to export and gift markets; however they could not see significant advantages for on-line sales in the domestic market. Experience with the product (and consequent importance of the purchase experience), the high delivery cost of an already premium priced product and difficulties associated with receipt of deliveries were identified as the main reasons for not purchasing on-line.

For producers, on-line sales accounted for a small percentage of their overall sales (0.5 to 10%) with the majority of those sales originating overseas. Their web sites were however utilised as important marketing, information and promotional tools with off-line sales for example initiated through the web site. They reported that having a web site gave the business more credibility and instilled more trust in new customers who were encountering them for the first time. It also provided the company with the ability to promote itself world-wide, provided quicker access to customers and acted as a showcase for new products. For producers that have decided against developing on-line sales in the future, lack of appropriate delivery methods to customers was the main barrier. Product characteristics (*e.g.* chilled, shelf life), a lack of technical/on-line experience and high set-up costs were also cited as influencing factors.

The potential benefits of a web site are significant for Irish speciality food producers. To achieve these benefits a producer must firstly decide what function they want the web site to fulfil (information provision, promotion and/or on-line sales capabilities). For development of the latter two, a progressive approach may be more appropriate. The web site and related marketing activities must also be incorporated into the overall business strategy. To promote the web site, linkages with other web sites are important. Given the link between travel/tourism and food, linking their web site to local tourism sites should be a meaningful element

of the marketing strategy for Irish speciality food producers. The feasibility of establishing a collective web site, perhaps linked through Bord Bia, of all speciality food producers should be investigated.

INTRODUCTION

In response to consumer demands for luxury and differentiated food products, the Irish speciality food market has prospered. Bord Bia (2003) forecast that the Irish and British speciality food market will grow to €7.5 billion over the next three years. For Irish speciality food producers to capture a significant share of this market, they need to exploit a range of marketing channels. Sales through the Internet have been identified as a potential growth area offering small scale food producers the ability to expand their business opportunities to more distant markets.

OBJECTIVES

The purpose of this research was to explore the use of the Internet as a marketing tool for Irish speciality food producers and to research on-line speciality food sales as a viable business opportunity. The specific objectives of the study were:

1. To assess the potential of the on-line speciality food consumer market in Ireland;
2. To compare the Internet with other points of purchase and understand how the point of purchase affects the purchase experience for speciality foods;
3. To identify Irish speciality food producers with web sites and determine their information, communication and transaction capabilities;
4. To identify how speciality food SMEs gain advantage from the Internet in their distribution and marketing channels;
5. To identify any barriers to e-commerce adoption and
6. To develop strategies to help SMEs gain benefits from the Internet.

METHODS

To address these objectives, the primary research was undertaken in four different stages as outlined in Figure 1. Three focus groups (2 with female participants only and 1 with male participants) were conducted using Irish speciality food consumers with on-line purchase experience. A web site audit was conducted on all Irish speciality food producers' web sites and was used to differentiate between producers with and without an on-line sales capability to provide a list of both types of producers for the research. Depth interviews, using a semi-structured interview guide, were conducted with 16 producers identified by the web audit as having the capacity to trade on-line¹. A link to an on-line structured questionnaire was e-mailed to 86 producers with a web site but without the capability to transact on-line. Thirty-six useable responses were collected, giving a response rate of 42%.

MAIN FINDINGS

Focus group results

Existing literature on Internet usage found that the most prevalent uses of the Internet amongst Irish Internet users are as an information source, for communication and for purchasing. There was a tendency among people to firstly source information on the Internet and then purchase the product, especially as people became more familiar with conducting on-line transactions. The Internet is frequently used by consumers for travel services and event tickets which can be described as search² type products that have relatively low perceived risk (Kupiec and Revell, 1998). By comparison the

¹ The web audit identified 21 producers with the capability to transact on-line, however not all were available for interview at a mutually convenient time.

² Products can be classified as search, experience or credence goods. Search goods can be fully characterised by a written description and photographs can give the consumer a visual of the product. Experience attributes can only be determined once the product has been experienced *e.g.* taste, texture, saltiness. Credence attributes can neither be assessed before nor after purchase. They are not measurable or visible and are therefore subject to trust on the part of the consumer *e.g.* whether a product has been produced using an artisan technique, organic food.

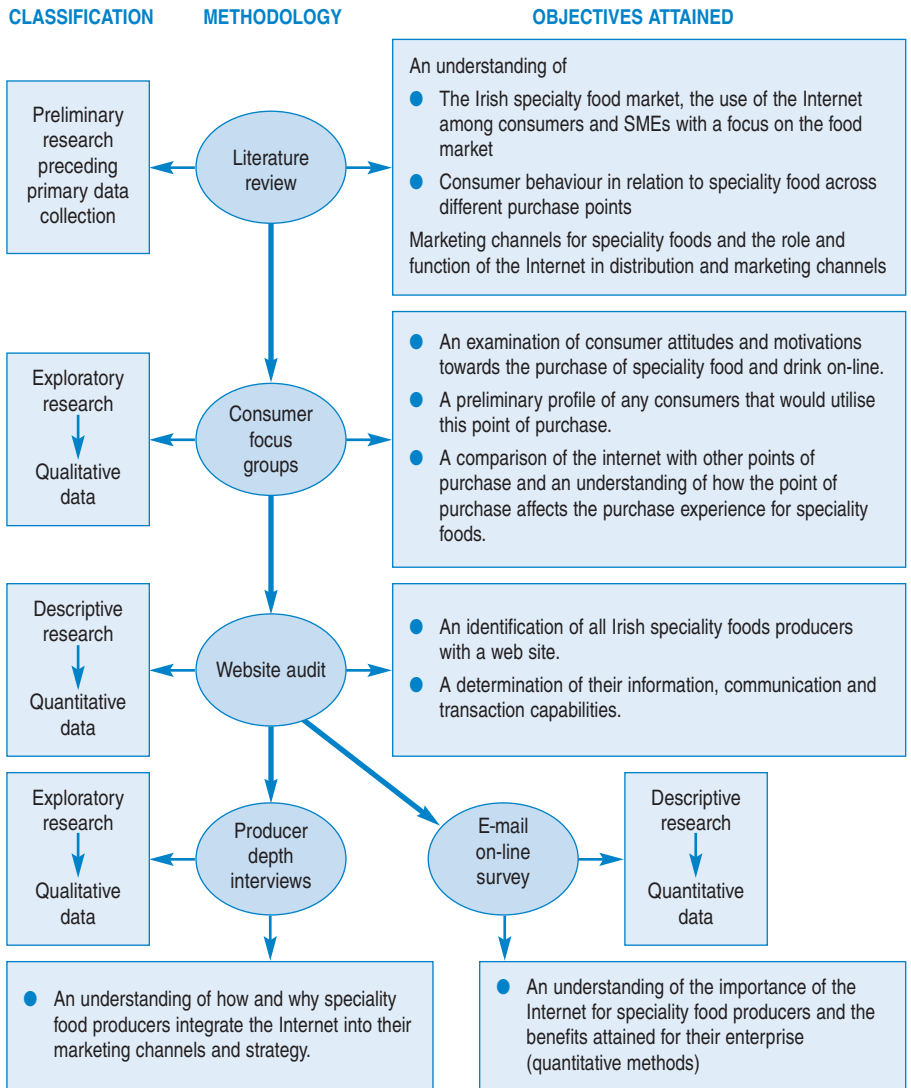


Figure 1: Research framework.

purchase of goods *e.g.* food products, that can only be appreciated once consumed (so-called experience goods) (Kupiec and Revell, 1998), are limited for Irish Internet users. A similar pattern was reported for the focus group

participants. Participants in the groups all used the Internet for general research and information purposes, although their use of the Internet to search for food-related information was limited. For such information, they relied on more traditional sources such as product packaging, cookery books and programmes, friends, butchers and speciality retail staff.

The products purchased by focus group participants were all search items, with travel- and accommodation-related purchases dominating. Some of the advantages of on-line purchases cited were cost savings, convenience of shopping in their own time and greater product choice. The inability to inspect goods and the mis-representation of products on-line were the only negative aspects associated with on-line purchases. The literature identified security as a barrier to e-commerce for people who have never purchased on-line; however it does not appear to be a significant concern for people who have already purchased on-line, particularly if the site displays a protection symbol.

None of the focus group participants had purchased speciality food on-line from producers. The main reasons for not doing so were: (a) the experience nature of the goods, (b) the high cost of delivery added to an already premium priced product, (c) the difficulties identified with the receipt of deliveries and (d) the often limited product offerings per producer site. Furthermore, some product categories were deemed unsuitable for sale on-line and delivery by post *e.g.* fragile products with a short shelf-life.

The nature of the purchase experience associated with speciality food also militates against on-line purchase. Some of the male participants believed that purchasing speciality food on-line was not in keeping with the impulse nature of speciality food purchase behaviour and that one of the main attractions of speciality food is the purchase experience. The female participants also highlighted the importance of the purchase experience associated with speciality food. They value the human interaction between consumers and producers or sales staff; farmers markets and speciality food stores were felt to be particularly attractive and sales through the Internet unattractive for this reason. Furthermore, buying directly from a producer in a face-to-face context was seen as supporting the development of trust and fostering relationships between consumers and producers. The inability to sample and taste new

products was also seen as a barrier to on-line sales: they believed that one had to have previously tasted and enjoyed a speciality food product before ever purchasing it on-line. The female participants contend that purchasing speciality food over the Internet could detract from its image. It could seem more mass-produced, less traditional and less fresh.

All three groups believed that any potential for on-line speciality foods sales lies with an on-line retailer, from which a large range of products would be available to the consumer from one site, rather than individual producers. Going to different producers for different products was not seen as advantageous considering individual delivery charges, time spent on-line and waiting for delivery.

However, two market segments, Irish customers sending gifts abroad and the tourist market, who have experienced speciality products in Ireland and purchase them on their return home, were considered to offer potential for the on-line Irish speciality food market. Gift hampers on-line, particularly as a seasonal gift idea, was also identified as an emerging on-line market.

Furthermore, while few advantages to purchasing speciality food on-line were mentioned by the focus groups, Lohse *et al.* (1999) comment that intentions and future actions are formed from past experiences. Therefore, as Irish adults gain experience and confidence on-line, on-line purchases may progress from search items to more experience types goods and as trust is developed from other channel activities, there may be some potential for on-line sales of speciality food products.

Web site audit results

Figure 2 highlights the main results from the web site audit. An initial 139 sites were gathered, with one hundred and seven functioning sites assessed according to content and functionality criteria identified from literature. Twenty-one of these web sites were identified as having an on-line sales capability and were assessed for sales-specific attributes.

Seventy-seven percent of the sample with web addresses were found to have active web sites. This represents just over one fifth (approx. 20%) of all

	Number	Percent
Sites only registered or under construction	9	6.4
Sites not recognised (no longer working)	21	15.1
Sites inactive	2	1.4
107 active sites		76.9
<i>Content criteria</i>		
Sites without contact information	4	
Sites without e-mail form (on-line comment form)/e-mail address	2	
Sites without pictures and information on products	5	
Sites without company information	10	
Sites with product listing but no detailed information	5	
Sites displaying awards/testimonials/reviews	69	
Sites with recipes	37	
Sites with FAQ (Frequently Asked Questions) section	7	
<i>Functionality criteria</i>		
Sites with pages still under construction or needing maintenance	24	
Sites with animated pages incurring delays	2	
Sites with privacy policy	5	
Sites with a search engine	8	
Sites with banner ads	2	
One page sites	7	
Sites that can no longer process an on-line order ³	4	
Sites that customer can ring/fax/mail for order	13	
Sites that have selling capability	21	

Sites that sell food items	21
Sites with visible security	19
Sites with charges displayed	20
Sites with a shopping basket	15
Sites displaying shipping information	17
Sites with satisfaction guarantee	5
Sites with product quantity shown	20

Product types:	
Salmon	11
Confectionery	5
Beverages	2
Preserves	2
Bakery	1

Location			
	Monaghan	1	
Dublin	6	Louth	1
Cork	4	Tipperary	1
Galway	3	Kerry	1
Clare	1	Longford	1
Kildare	1	N. Ireland	1

Figure 2: Results from website audit of Irish specialty food producers (139 sample sites).

³ This group of site represents producers who once had the capacity to transact on-line; however this capability is no longer functioning.

speciality food producers, a figure well below the average for all Irish SMEs: approximately 64% of Irish SMEs were reported as having their own web site in 2003 (Chambers of Commerce of Ireland, 2003). Of the population of Irish speciality food producers with a web presence, the most prevalent use of the Internet is as an e-business tool,⁴ with just 20% of on-line producers having the capability to conduct transactions on-line.

In relation to some content criteria, such as loading time, display of awards etc, the web sites performed relatively well. However, basic information to promote credibility was lacking on some web sites *e.g.* 4% of sites had no company details while 9% showed no history or details of operations of the company. Of greater concern for an experience type product, *i.e.* food products, is the absence of written product information or photographs in 5% of sites.

Information privacy policies and visible site security help ensure the consumer feel they are dealing with a trustworthy enterprise. Thus it is of some concern that only five of the 107 active sites assure consumers that the information received would not be passed on to any third party. However, the fact that 19 of the 21 sites that can process business transactions on-line had a visible security symbol is reassuring.

Other functional aspects that give cause for concern relate to the relatively high number of sites with at least one page missing, under construction or absent (24 web sites) and the number with excessive page lengths (10 web sites).

Overall there were many informative, attractive, sophisticated sites which provided the visitor with an easily navigable site and many means of contacting the enterprise for further information. However there were a few sites that had not been up-dated in a year or so and were merely a cyber shop front with little value added for the consumer. These web sites with poor strategic grounding and poor representation of the speciality food product

⁴ Held (2004) defines e-commerce as involving a direct financial transaction with an electronic process using Internet technologies, while e-business involves a non-financial transaction with an electronic process using Internet technologies.

indicate scope for improvement in the overall portrayal of the speciality food market on the Internet.

Depth interview results

Sixteen depth interviews were conducted with producers which had on-line sales capabilities. Smoked salmon (7) and chocolate producers (5) accounted for the majority of these with one producer each representing tea/coffee, cheese, preserves and biscuits. These producers were generally experienced Internet users and were comfortable with the technology. On average, they had been on-line for 5 years, nearly half updated their web sites regularly and more than half of them used on-line banking facilities. In addition to using the Internet for on-line sales, they use email for communication both internally and externally with other members of the marketing channel and more than half 'e-mail shot' customers regularly.

Nearly half (6 interviewees) chose to adopt on-line sales when they initially developed their web site. The others made the progression over time, from firstly having an informational site which may have had an on-line order form, to one with a secure server able to accept credit card payments. The majority had experience of distance selling in some capacity before selling on-line: only three had not been involved with some level of mail order activities prior to selling on-line. Therefore, for the majority of speciality food producers trading on-line, such sales represented a progression from previous operations rather than a significant change.

Ten of the producers had received grants, training or some kind of guidance and support from Enterprise Ireland, Bord Bia, or County Enterprise Boards and reported that the backing received by these agencies had been of great assistance.

The main reasons these producers gave for establishing a web site were:

- A need to keep pace with competitors and meet customer expectations;
- The ability of the web site to improve time management and its role as an information tool. The producer could direct potential customers to the web site for their initial product and informational requirements.

- The influence of current Business to Business customers *e.g.* retailers; and
- The curiosity of having a web presence.

The main motivation for developing on-line sales was more strategic and related to increasing sales through new and more distant markets. The premium nature of their product and limited availability of these speciality food products made on-line sales an obvious sales channel to try and exploit according to the producers. A major element of these potential sales for some was embedded in repeat purchases from foreign consumers who had already experienced the producers' products while in Ireland. An additional motivation was potential time saving. On-line sales could be offered to consumers who would have previously contacted the producers directly by some other means. This was felt to offer advantages to the consumer also by providing for a quicker, easier ordering process. Higher margins received through on-line sales were also reported as an important benefit. While producers use different price structures, the majority keep their on-line price in line with the recommended retail price, limiting conflict with other sales channels used. Finally, some saw on-line sales as a way of developing other sales channels *e.g.* some saw it as a way of exposing their mail order business to a wider audience.

Whilst these motivations seem logical, none of the producers had undertaken any systematic research projects to examine the potential for on-line sales of speciality food products. The decisions to sell on-line were based on on-line experience, the personal identification of on-line potential and previous demand from direct sales. Indeed some producers stated that no research supported the decision, while one reflected that "*...we just went into it (on-line sales) because everybody else was doing it...*".

These producers are realistic about the volume of sales that may be achieved directly through the Internet. They recognise that high costs of delivery curtail sales through the Internet. The high cost of shipping is particularly prohibitive in the case of smaller orders. Producers do not feel that they are in a position to negotiate with logistics service providers due to their limited on-line sales and also feel that they suffer from poor service with consequent impact on

their reputation and brand image. At the time of interview, reported sales from on-line trade, for 57% of producers, ranged from half a percent to ten percent, with 43% of producers unable to quantify their level of on-line sales (see Figure 3). The low level of on-line sales reflects findings of a study of the general population of Irish small enterprises, in which less than a third engage in e-commerce, with 77% of these reporting that it represents less than 10% of their overall revenue (O'Neill, 2003). Most of these sales were to consumers abroad, thus none of the producers interviewed believed on-line sales were displacing sales through their other distribution channels but represented an additional, albeit small, sales channel.

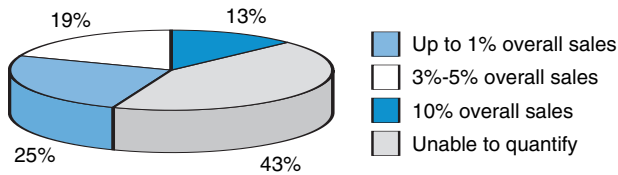


Figure 3: Speciality food producers' on-line sales as a percentage of their overall sales.

Such figures however may underplay the importance of the Internet within the marketing channel, as some of these producers felt that some off-line sales were initiated through the Internet. While the initial contact may have been made on-line, the details may have been finalised off-line if a consumer did not wish to purchase on-line or had a large order. While the introduction can be ascribed to on-line activity, the producer often does not recognise it as an on-line sale since the transaction was completed off-line.

The level of promotional activity to build awareness of their site and build their brand varies between producers. The two main forms of web site promotion utilised by all of the producers are (1) placement of the web address on all of the printed material and product packaging that originates from the company and (2) registration of the sites with search engines. Some of the producers take a more active role in keeping key words updated to ensure a high positioning in the search results and all but one of the producers

leave all the key word and search engine activities to their web site designers. Other forms of promotion include: pay-per click campaigns, adverts on Google, links with other web sites, word of mouth, putting their web address on any print advertising, press releases and local radio adverts.

The majority of producers were happy so far with their return on their investment, felt that it was going to take time to grow further and that a presence on-line is part of a learning curve. In addition, many producers recognised the value of the web site as a marketing tool. They reported that having a web site gave the company a “presence”, *e.g.* it gave the business more credibility and traceability and instilled more trust in new customers who were only finding them for the first time. It also provided the company with the ability to promote itself world-wide, provided quicker access to customers and acted as a showcase for any new products. However, two producers who invested large amounts of capital felt that the level of sales achieved were lower than expected. They believed that they could have achieved similar sales levels with lower levels of investment and were cautious about future investments.

Despite the fact that the majority of producers were happy with their investment, most did not plan to promote the Internet as a major point of purchase and intended to focus on developing sales through other channels. They reported the following issues as obstacles:

- the high level of resources required, in terms of costs and level of skills, to keep web sites continuously updated and implement search word allocations for search engines;
- the labour intensive nature of on-line sales operations in terms of order picking, packing, organising courier collection and dealing with forms for international regulations;
- fraudulent orders, especially in remote markets where they lack prior experience.

In contrast, two producers are about to invest in their on-line sales potential. One is preparing a development strategy for the web site and another has

hired a new employee with the sole responsibility of developing and exploiting the web site.

E-mail On-line Survey

The producers who participated in the on-line survey differed from those who participated in the depth interviews in a number of ways. Firstly, the web sites of participants in the on-line survey did not have on-line sales capabilities unlike those of participants in the depth interviews; their web sites had information/promotional functions only. Development patterns were also different. Only 15% of information/promotional sites were developed before 2000 compared with slightly more than two thirds in the case of those with on-line sales capabilities. This suggests that producers who conduct e-commerce (on-line sales) have greater on-line experience than those adopting e-business (on-line presence). Those with informational/promotional web sites invested an average of just over €2,500 in web site development as opposed to over €20,000 for those with on-line sales. This partially reflects the higher cost of developing a secure web site but could also reflect a higher level of professional involvement in the web site development process. Seventy percent of the e-business producers used web designers to develop their web pages and 8% developed their own sites in contrast to 100% of those with on-line sales employing the expertise of a web site designer during the development of their on-line activities. Thus, compared to those with e-commerce, producers engaged in e-business developed their web sites later, invested less capital and had a lower level of involvement of professional web designers. They also updated their web sites less frequently. Thirty-six percent of e-business producers reported that their web site had never been updated compared to less than one-quarter for e-commerce producers. While it is acknowledged that the e-business producers may have less need to update the site regularly, the high percentages of e-business producers who have never updated their web site is a cause for concern. Finally, the products produced by the e-business and e-commerce producers were somewhat different (see Figure 4). This is believed to largely reflect differences in physical characteristics of the products. For example, it would not be practical for a

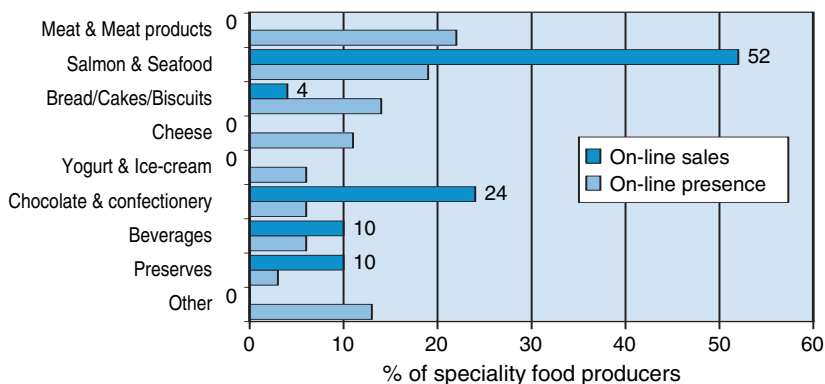


Figure 4: Products produced by speciality food producers with on-line sales and informational web sites.⁵

producer in the yoghurt and ice cream product category to engage in on-line sales.

While the age of web sites reported above suggests that e-business producers are less familiar with Internet technology than e-commerce producers, other measures indicate that these producers are quite familiar and comfortable with the Internet. Ninety-one per cent of e-business producers used the Internet as a means of obtaining information from other web sites and almost two-thirds used on-line banking. They also made extensive use of e-mail for communicating with customers and suppliers. The majority of producers (86%) check their e-mail either once a day or more frequently. This figure is very encouraging and suggests that e-mail is one on-line function that had been fully incorporated into the business structure of speciality food producers.

The main motivations for developing a web site for these producers were the recognition of the potential benefits, rivalry from competitors and the availability of grants and subsidies (see Table 2). The main identified benefits of the web site were as an information source for potential customers, a

⁵ The 'other' category includes a diverse range of products e.g. ready meals, sea herbs, salads.

vehicle for promotion and PR and as a way to generate more enquiries into their enterprise (see Table 1). A very positive use of the Internet for over half of the producers (52%) has been a means to receive orders from consumers, with their web site acting as an on-line brochure and contact point. The only

Table 1: Producer perceived benefits of a web site.*

Benefits of web site	%
Customers can easily get information about the company	72
Advertising/PR/marketing to reach a wider audience	47
Generate more enquiries	42
More cost effective PR/marketing/advertising	25
Generate more sales — via on-line order form	19
No benefits so far	19

*multiple answers were allowed

Table 2: Producers' motivations for developing a web site.*

Motivation for developing a web site	%
Recognise the potential benefits	89
Keeping up with competitors	31
Available grant / subsidy	25
Influenced by consumer or distributors	19
Staff already had technical ability	17
Other (unspecified)	25

*multiple answers were allowed

difference between this group of producers and those that transact on-line is the technical capability to process credit cards. Organising logistics and managing customer relationships require the same level of activities. Therefore, while many are still deciding how best to proceed with regard to setting up e-commerce applications, these producers illustrate the value of the Internet in creating and/or developing sales leads. One fifth of respondents noted that they were yet to experience any benefits from their web activity.

Producers whose web site is a marketing tool engage in similar promotional activities to the e-commerce producers to raise awareness of their web site (see Table 3). Nearly all of the producers (94%) have their web site details printed on any company stationary and packaging and for many this was the

Table 3: Methods used by e-business producers to promote awareness of web site address.*

Method of promoting web site	%
Printed on company stationary and packaging, promotional and printed matter	94
Search engines / Web directories	39
Links from other sites	31
Print advertising — e.g. newspapers, magazines	19
Postal mail shots	11
E-mail shots	11
On-line banner ads	8
Radio	6
Advertising in retail outlets	3
Other – unspecified	44

*multiple answers were allowed

main avenue of promotion. This is a positive finding as 37% of European food Internet users go directly to a manufacturer's web site when searching for food-related information rather than using search engines (Datamonitor, 2001). Other promotional activities include registering with search engines and web directories (39%), instigating associations and encouraging links with other web sites (31%) and ensuring their web address is visible on any print and media advertising (19%). Such activities indicate a significant level of commitment to e-business as they all represent proactive promotional activities outside the enterprise's regular functions. One of the other ways in which producers promoted their web site was company van signage.

Sixty-two per cent of e-business producers were still deciding how best to proceed with regard to progressing to e-commerce while 23% stated that they planned to incorporate it into their business within the next year. For those that have decided against on-line sales, a lack of appropriate delivery methods to customers was the main barrier. Lack of appropriate delivery methods is a factor with any mode of distance selling, although incorporating on-line sales into the marketing channel mix is felt to represent more of a commitment to e-commerce than accommodating infrequent orders through other channels. The producers did not believe that security was an issue for consumers and therefore it was not an influencing factor as to why they had not proceeded and progressed their web site to include an on-line sales capability. However the suitability of their individual products, a lack of technical and on-line experience and prohibitive set-up costs were also cited as determinants for not offering on-line sales (see Table 4).

CONCLUSIONS

According to Hart *et al.* (2000), sites can be utilised for (a) purely informational and communication purposes, (b) as a more proactive marketing tool and (c) as a medium for on-line transactions. Two factors were found to influence progress from having an on-line presence to conducting on-line sales: (1) age of web site and investment levels and (2) previous use of direct marketing channels, for example distance selling via mail order.

Table 4: Producers' reasons for not engaging in e-commerce.*

Reasons for not selling on-line	%
Still deciding how best to proceed	36
Lack of appropriate delivery methods to customers	36
Product is not suitable e.g. limited shelf life, fragile	33
Lack of technical / on-line expertise	25
Prohibitive set-up costs e.g. computers, software, expertise	22
Lack of consumer demand	17
Perceived problems with security issues on customers' part	3
Other – undisclosed	42

*multiple answers were allowed

1. Comparisons of the age of web sites found that web sites with on-line sales capability were longer established than those with informational sites (2 years longer on average). This implies that the producers who conduct e-commerce have greater on-line experience than do those adopting e-business. Producers who offer on-line sales have also invested a considerable amount more into their web sites than those who use it for informational and promotional purposes (€22,000 versus €2,500).
2. The majority of the producers who sold on-line had previously distance sold in some capacity; three had formal mail order operations while the other producers had operated on a more *ad hoc* basis. This meant that the development of on-line sales was a progression from previous activities *i.e.* operating an information only site.

The Internet was identified as a valuable source of general information by literature and the focus group members. However, in terms of food information

it is not yet being exploited significantly. As consumers increase and diversify their use of the Internet, there is potential for providing speciality food consumers with relevant and timely information to assist their purchase decisions. In terms of Irish speciality food producers, the Internet may become more beneficial as an integral part of a marketing strategy as opposed to a distribution channel so that supplying food and drink information seekers with adequate information on-line may help promote sales through other channels.

The strength of the Internet in relation to marketing activities rather than as a selling channel was also highlighted in the producer research. Even for the producers who sell on-line, the marketing and promotional benefits of the web site were deemed to be of greater significance and these alone often justified the investment in a web presence. A web site is also believed to support credibility. The two most significant roles of the Internet in terms of marketing channels include:

1. The support a web presence can create for other marketing channels by improving information flow and supporting the development of relationships and building credibility with suppliers and customers;
2. The support a web presence can create for the development of sales in other direct sales channels, for example, by having an order form on-line to invite mail orders. While transactions may not necessarily occur on-line, relationships can be forged and orders finalised off-line.

Overall the findings reported above highlight the shortcomings of the Internet as a medium for on-line transactions, especially for an experience product such as speciality food. This currently translates into low levels of on-line sales. A limited product range, lack of appropriate delivery methods and high cost of delivery were identified as significant barriers. Therefore, the main speciality food products sold on-line were suitable for delivery via postal services and were targeted at the tourist and gifting markets as previous experience of the product and its context and relative price insensitivity may mitigate these barriers. In the future, as consumers gain increased experience both of particular speciality products and the use of the Internet, attractiveness of the Internet as a point of purchase may increase.

The benefits of a web site as a marketing tool are significant for Irish speciality food producers when incorporated into their overall business strategy since even a basic information web site has potential benefits. Furthermore a web site can be created and maintained for a modest amount when planned and designed correctly. This section outlines various strategies and approaches to help food SMEs gain benefit from the Internet and overcome barriers to e-business and e-commerce.

To achieve any potential benefits, a producer must firstly decide which function they want the web site to fulfil in terms of information provision, promotion and on-line sales capabilities. For development of the latter two stages, a progressive approach may be appropriate. Fifty-two percent of producers who do not trade on-line, found that they currently receive requests for orders regardless of their lack of transaction capabilities. Therefore the lack of on-line credit card payment facilities does not curtail the amount of sales leads initiated through the web site nor any promotional benefits. By incorporating an on-line order form, producers can invite queries and orders to ascertain market demand and develop a distribution infrastructure before actually establishing on-line sales.

The web site and related marketing activities must also be incorporated into the current business strategy. The creation of a web site will not suffice when developing an e-business or e-commerce strategy. A new strategy may need to be developed in other areas also, for example new pricing strategies, changes to individual products and the product range as well as packaging might be necessary. Furthermore, while producers who have a mail order history will find the adoption of on-line sales purely an extension and progression of their current activities, the implementation of such sales without any previous experience with distance sales may require an adjustment to distribution and operational activities.

To promote the web site linkages with other web sites are important. Travel information is both the most popular on-line search item for European food and drink information seekers and the most purchased item on-line for Irish

Internet users. Travel and food have also close associations with lifestyle choices; therefore linking a web site to local tourism sites is an important element of the marketing strategy for Irish speciality food producers. Other important tools include prominently displaying the web address on all company packaging and promotional material, reiterating the capacity for on-line sales if applicable. This is vital, as nearly four in ten European information seekers will go directly to a producer's site for information on products (Reuters, 2002). Search engines were amongst the least popular points for consumers seeking product information on-line (Reuters, 2002).

To promote on-line sales, producers need to segment the market and target those segments with most potential. The gift and tourist markets were identified by the consumer research as segments that may be willing to absorb the additional delivery charges and such segments follow the trend in international sales on-line from the producers who already sell on-line. For these segments, the barriers to e-commerce identified above may not be significant or they can be mitigated. For example, the difficulties associated with the receipt of delivery may not be prominent for gifts.

To develop on-line sales, producers should also offer broader product ranges that are more attractive to consumers and would have the effect of reducing unit costs. The product range may be augmented through collaboration with other producers by either buying their products from them, or retailing them on their behalf or a joint e-commerce initiative.

With regard to the specific functions a web site should incorporate and the development of a web presence, there are a number of recommendations that emerged from the research which were highlighted by the personal experiences of some of the producers:

- The design of web sites should be kept simple. Producers must consider the capabilities of recipients' computers and keep large pictures and video clips etc. to a minimum. Text should be kept timely and relevant, as out of date information will affect the perceived professionalism of the entire enterprise.
- All web sites should provide company information, telephone numbers,

recipes and display any awards received to enhance the perception of the enterprise and instil consumer trust and credibility.

- Web sites capable of trading on-line should incorporate visible payment security, clear breakdown of additional charges, shipping information, clear quantities and pictures of products and endeavour to make the purchasing procedure as simple and quick as possible for the potential consumer.
- In more practical terms, when developing a web site it would be beneficial to conduct a basic web site audit to look at what other producers are doing. Such an audit would also be useful to identify an appropriate web designer whose style and design capabilities are satisfactory.
- Producers should invest some time into at least learning how to up-date their web site. The knowledge allows for greater understanding of what web designers are offering and it allows the producer to implement simple price changes and the addition or subtraction of products independently.

For the development of speciality food market in Ireland, the associated on-line capabilities of producers through the creation of a collective web site, in which details of all speciality food producers and links to producers on-line are provided, would certainly be beneficial. A further step could be the development of an on-line marketplace for the sale of Irish speciality foods. This initiative could also develop linkages with a logistics company to ensure effective and cost-efficient product delivery. A LEADER-funded mechanism may provide the means to foster such an initiative. Examples of successful collective sites include, the West Cork LEADER site (www.westcorkleader.ie/index.html), a website support by Kerry County Enterprise Board (www.kerryflavours.com/index.html) and the Food for Britain site (www.regionalfoodanddrink.co.uk). A web site feature that could be used to bridge the non-traditional perspective of the Internet and add to the consumer's purchase experience, is presenting the producers like a row of shop fronts, which the consumer will click into, as if entering a store. This

feature along with pictures of the producers and products would help to enhance products and re-create some of the consumer's expectations of the purchase experience associated with speciality food.

The producers identified a number of informational deficiencies which, if rectified by support agencies, would help speciality food producers develop their on-line presence. Firstly, an independent list of recommended web site designers would be beneficial, whereby producers could obtain advice and employ reputable consultants rather than having to learn by experience. Secondly, a guideline outlining the steps required to integrate e-business and e-commerce into their enterprise would be an advantageous support mechanism and help producers spend their budget in the most effective way.

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