

Final article:

Lindgreen, A., Antioco, M.D.J., and Beverland, M.B. (2003), "Contemporary marketing practice: a research agenda and preliminary findings", *International Journal of Customer Relationship Management*, Vol. 6, No. 1, pp. 51-72. (ISSN 1461-4561)

For full article, please contact LindgreenA@cardiff.ac.uk

**Contemporary Marketing Practice:
A Research Agenda and Preliminary Findings**

Adam Lindgreen^{1,2}

Eindhoven University of Technology, the Netherlands

Michael Antioco³

Eindhoven University of Technology, the Netherlands

Michael Beverland⁴

Monash University, Australia

Key words: contemporary marketing practice, market exchange dimensions, managerial dimensions, e-marketing, wine retailing, case study

¹ Adam Lindgreen, Department of Accounting, Finance, and Marketing, Eindhoven University of Technology, Den Dolech 2, Paviljoen J. 11, P.O. Box 513, 5600 MB Eindhoven, the Netherlands. Telephone: + 31 – (0) 40 247 3700. Fax: + 31 – (0) 40 246 5949. E-mail: a.lindgreen@tm.tue.nl. For all correspondence please write to Adam Lindgreen.

² The authors contributed equally and would like to thank *Fine Wine Delivery Company* and its affiliated *Fine Wine Online* for participating in the research.

³ Michael Antioco, Department of Accounting, Finance, and Marketing, Eindhoven University of Technology, Den Dolech 2, Paviljoen J. 5, P.O. Box 513, 5600 MB Eindhoven, the Netherlands. Telephone: + 31 – (0) 40 247 4685. Fax: + 31 – (0) 40 246 5949. E-mail: m.d.j.antioco@tm.tue.nl.

⁴ Michael Beverland, Department of Marketing, Monash University, P.O. Box 197, Caulfield East, Victoria 3145, Australia. Telephone: + 61 - (0) 3 9903 2727. Fax + 61 - (0) 3 9903 2900. E-mail: michael.beverland@buseco.monash.edu.au.

Abstract

Researchers have sought to understand contemporary marketing practice using a theoretical framework of nine market exchange and managerial dimensions.¹ E-marketing was recently added to the framework as a fifth marketing approach.² The purpose of our research was to develop a richer understanding of the role of e-marketing relative to the other four marketing approaches: transaction marketing, database marketing, interaction marketing, and network marketing. To that extent we conducted a single embedded case study on *Fine Wine Delivery Company*, a New Zealand wine retailer that is present on the Internet through its *Fine Wine Online* retail outlet. We present detailed evidence on the firm's e-marketing business model including the market exchange and managerial dimensions for this business model.

Introduction

The framework of Coviello and her colleagues is one attempt of classifying contemporary marketing practice.^{1,2,3,4,5} Using a combination of nine market exchange and managerial dimensions, the framework categorizes contemporary marketing practice into transaction marketing and the more relational ones of database marketing, e-marketing, interaction marketing, and network marketing; e-marketing was only added recently to the framework. The purpose of our research was to develop a richer understanding of the role of e-marketing relative to the other marketing approaches and to consider how e-marketing facilitates and supports both transactional and relational approaches to marketing.

Goals and Organization of the Paper

The structure of the article is as follows. We first examine how marketing practice is changing before presenting an overview of the framework of Coviello and her colleagues. We then consider information technology, which has been identified as an underlying force behind many of the observed changes in marketing practice. Information technology has given rise to e-marketing enabling firms to build relationships with their different customers. Moving on, we explain why the case study method was an appropriate research methodology for obtaining detailed information on e-marketing practice, and we argue why the New Zealand wine industry was an excellent context for examining how e-marketing is practised in one industry sector. We present detailed evidence on how the *Fine Wine Delivery Company*, through its Internet retail outlet *Fine Wine Online*, is practising e-marketing thus providing details of the nine market exchange and managerial dimensions. Lastly, we consider the research's contributions to academic theory and managerial practice, as well as outline avenues for possible future research.

Changes In Marketing's Context And Practice

The way in which marketing is being practiced is changing. This, in turn, is due to dramatic changes in marketing's context such as physical distance, time, economy, deregulation, globalization, customer expectations, and new information technology.^{6,7} For example, organizations are increasingly focusing on retaining businesses (i.e., relationship marketing) in contrast to transaction marketing (i.e., 4Ps marketing of product, price, place, and promotion) that emphasizes attracting businesses.^{8,9} Managers are also now placing a greater emphasis on managing their marketing relationships, networks, and interactions, both internally with employees and externally with suppliers, customers, and other important markets.^{7,10} Lastly, in many organizations there is a pluralistic approach to marketing and how

it is being practiced - with relationship marketing being carried out in conjunction with transaction marketing.^{3,11}

Contemporary Marketing Practice

In an effort to clarify and reconcile the various views of marketing, Coviello and her colleagues developed a classification scheme.^{3,4,5} The scheme builds upon content analysis of how academic centres for marketing research in Europe and North America have defined marketing. The scheme is based upon two themes: (a) five market exchange dimensions, Table 1 and (b) four managerial dimensions, Table 2). In the original scheme, two general marketing perspectives were identified - transaction marketing and relationship marketing - and these two marketing perspectives were found to encompass four distinct approaches to marketing: transaction marketing, database marketing, interaction marketing, and network marketing. The scheme does not place distinct boundaries between the different types of marketing, which are not necessarily independent and mutually exclusive.

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We see from the tables how the market exchange and managerial dimensions characterize each marketing approach. Transaction marketing is thus mainly to attract customers whereas relationship marketing is to retain customers. The tables also reveal that relational-oriented firms focus less on the traditional 4Ps, but more on internal marketing assets (employees and information technology-based interactivity) and external marketing assets (developing relationships and networks with other organizations). This has importance for the communication pattern that tends to be from the organization to the mass market in transaction marketing, but between the organization and individual buyers in relationship marketing approaches; in the latter case the type of contact is more personalised and interactive.

E-Marketing

Brodie, Brookes, and Coviello have identified some of the factors that are causing the changes in marketing practice:¹²

- The increasing emphasis on services and service aspects of products.
- The focus on financial accountability, loyalty, and value management.
- The transformation of organizations.
- The shifts in power and control within marketing systems.
- The increased role of information technology-based interactivity.

Likewise, in our research on the food and beverage industry there has been an increased emphasis on intangible quality factors. For example, the recent problems in food production in Europe (e.g., mad cow disease, foot-and-mouth disease, Newcastle disease, dioxines, hormones, and *Salmonella* outbreaks) have resulted in food retailers changing their way of sourcing, producing, and selling food products.

Information technology is an underlying force behind many of the observed changes transforming the nature of products, services, structures, functions, processes, and

communications. By setting up Internet retail outlets, retailers have sought information technology-based interactivity with their customers. It has been estimated that there will be some 3-400 million Web users in the world by the end of 2002.¹³ The introduction of the Internet in the early 1990s fundamentally revolutionized how firms thought about and practiced marketing.^{14,15} It is now possible for firms to reach consumers almost anywhere in the world at a low cost, while consumers can find information about firms and their products and services.¹⁶

In a response to the increased role of information technology-based interactivity Coviello and her colleagues included e-marketing as an additional marketing approach in their framework, and they examined the approach using the nine market exchange and managerial dimensions.² Despite the updated framework there have been calls for empirical research in order to understand the different forms of marketing approaches, and when they are appropriate relative to business partners' requirements and competitive situation.^{17,18} Future research ought to develop a richer understanding of the different types of marketing using qualitative research in the form of case studies.²

Research Methodology

The role of the research was to understand how e-marketing has been designed and implemented. This indicated the need for an in-depth examination of such practice within an industry where e-marketing is a notable part of developing a competitive advantage.^{19,20} Single-industry studies are also useful for identifying universal organizational patterns and processes.²¹

We propose that the New Zealand wine industry offers an excellent context for examining how, if at all, wine retailers have designed and implemented e-marketing. Benson-Rea and Wilson, as well as Beverland identified the importance of relationships within the wine industry highlighting the importance of networking for market entry and establishment.^{22,23} The significance of relationships throughout supply and demand chains has been noted, as well as the movement from transaction-based to relationship-based selling.^{17,24,25} Recent research has also highlighted that as competition increases more complex marketing strategies will need to be employed, with relationship marketing requiring supplementation with transaction marketing, and *vice versa*, if firms are to increase customer satisfaction.¹⁷ The wine industry also is well suited to on-line sales.^{26,27} Li and Gery thus maintain that wines are more appropriate to online sales than other products.²⁸

The New Zealand Wine Industry

While New Zealand has had a wine industry since the 19th century, it has only been in the last two decades that it has established a reputation as a fine wine producer.²⁹ Owing to the small size of the industry, the industry has been forced to target high-end market niches and does so by specializing in the production of high-quality table wine.³⁰ Coupled with the lack of tariff barriers on the importation of wine into New Zealand, domestic producers have vacated low-price points, as they have been unable to compete with lower-cost, predominantly Australian wine imports. Despite this competition, the industry has grown dramatically, increasing from 100 wineries in 1990 to over 350 by 2000.

Early success came from product improvements,²⁹ with wineries engaging in little marketing, as they often could not meet demand.³¹ With the increase in new entrants, it is becoming

clear, however, that more sophisticated marketing approaches are now needed. In the domestic market, three large firms account for 60 per cent of sales, which occur predominantly through supermarkets (who account for over half of domestic sales). The main export market of the UK is also becoming saturated with wine from New World producers.³⁰ Research into the world wine trade reveals that retailers are demanding closer relationships with fewer suppliers, and expect firms to engage in brand-building activity.³⁰ Studies from the US suggest that in markets where growth is slowing and competition increasing, focused strategies are required,³² potentially involving the use of networks, relationships, and complex marketing approaches.¹⁷

Design of the Study

The need to understand the content, roles, and boundaries of e-marketing strategies implied the need for an interpretative design that would retain the complexity of market relationships.¹⁹ We conducted a single embedded case study involving one in-depth, two-hour interview with *Fine Wine Delivery Company*, a New Zealand wine retailer that has recently set up *Fine Wine Online* as its Internet retail outlet. The interview respondent was the firm's founder and current managing director.

The main objective of the interview was to get an initial comprehension of why the firm is seeking to build relationships using the Internet, and to extract those factors that could explain how this marketing strategy is being implemented. Questions were standardized around a number of topics relating to marketing strategies and the effectiveness of said strategies. Questions were kept deliberately broad to allow the interviewee as much freedom in his answers as possible. The interview was taped and later transcribed for a thorough analysis, with both authors conducting the analysis, while the interview data were cross validated with secondary sources of information such as the firm's reports and Internet site. Overall, the volume of data was condensed through coding and memoing, as well as in the activities of finding themes, clusters, and patterns. The coding consisted of summarizing the data by pulling together themes and identifying patterns based upon a coding scheme developed after both researchers coded the data separately.³³ Following this, an initial report was written and sent to the interview respondent for review. This process, and the use of multiple sources of evidence, helped improve the validity of the research.²⁰

Preliminary Findings

Introduction to the Case

The managing director launched the *Fine Wine Delivery Company* in 1997. He had gained substantial experience in sales, marketing, and management from working in the New Zealand and Australian wine industry for 15 years; he also leased and ran a number of hotels in Australia. Having returned to New Zealand, the managing director was surprised that the country's wine market had changed to include numerous wine producers of better-quality wines. He spent the next two years first as a private consultant for individual wine outlets and then as a national sales manager for an international wine organization. This two-year period proved important in order to understand the wine market.

The standards that the director set for his new venture were high, and he decided early on not to compete against department stores that are selling predominantly lower-quality wines.

Competition in this market is notoriously tough so instead the new wine firm sought to focus on better-quality wines that had now become popular with the New Zealand shopper:

We don't sell lots of wine under \$15. The supermarkets are obviously very strong in that area. We can compete against them, and we do have a reasonably strong range in \$10-15 because we have customers who like to drink \$20-25 wine, but want a good \$10-15 wine for a business function, family member's 21st, or something like that. They still want quality.

At this moment, the firm has developed over three major stages. In the beginning, the director and his partner would visit the wine warehouses in Auckland and arrange to set up wine tasting events where potential customers would be invited. At these events the director would explain about the different vineyards and their wines, and it would be possible to purchase the wines. Customers could not visit *The Fine Wine Delivery Company*, as it had only a warehouse. The firm kept a customer database to keep track of its customers and their preferences. A wine buying guide was mailed to the customers and was believed to be an important element of building close relationships with customers.

Then *The Fine Wine Delivery Company* realized that it needed to add a physical presence to its business, which would allow the firm and customers to meet each other:

[Three] years ago [we] realized we [...] needed the bricks and mortar in our development process to sort of carry more stock, to establish the relationship with suppliers better, and to increase our presence - and also with our customers to get them somewhere to come into.

It is felt that the physical presence will remain important even though the firm has since then set up an Internet retail outlet. For example, online shoppers will know that they can always meet with the firm if they have a problem or if they want to look at the wines:

[That] we have a physical presence [...] gives [the online shoppers] a lot of credibility in terms of wanting to deal with us. They think, 'these guys actually are real. They are not a .com site. They do actually have premises, people, and stock [...] [Particularly for] the wine industry I think that it's also about the credibility of the wine. Therefore [the customers] perceive us to have that credibility with wine. So if they're in a remote location ordering wine from us, they know that if something goes wrong with the wine we will stand behind that wine. They also know that they haven't tasted that wine, but [that] we have, and we are telling them what it tastes like and they trust in our credibility because we don't compromise that. So [the brick-and-mortar part of our business is] an important issue for us.

Three years ago, the fine wine delivery company set up an internet retail outlet, *Fine Wine Online*. One employee is working full time on the management of the web site although a design team of two people have been contracted to help developing the site. These three people are working with the director's son who spends some 20 per cent of his time on doing this. The firm's total business grew by 100 per cent last year and 60 per cent this year, whilst its internet sales grew with 13 percentage points to 16 per cent of the total business over the last 18-months period. The director argues that up to ten per cent of the sales with the fine wine delivery company probably are generated by interest of the internet site:

[What] I'm saying - and it pays to point out - is that the Internet is not a diversion of some of our custom to the Internet. It's added a lot of new business.

Business Model for E-marketing

Although the number of potential e-marketing business models is huge only a small number of these models are being implemented in real life.³⁴ The business model of *The Fine Wine Delivery Company* is that of the e-shop (<http://www.finewineonline.co.nz>), which is Web marketing of a shop. Non-registered users are offered the possibility of browsing the firm's product catalogue, whilst registered users also can place orders and pay for the products online. In other words, there is no difference in what the two types of users can view on the Web site. It is relatively easy to register as customer: when potential shoppers click on the 'login now' button on the front page they are asked to provide contact details information. This information is kept with *The Fine Wine Delivery Company*, but not made available to any third party. Shoppers with a physical address in New Zealand also have to decide whether or not they want to receive a free monthly magazine. Upon registration, shopper are offered a five per cent discount on their first purchases.

Figure 1 depicts how *The Fine Wine Delivery Company* has constructed its Web site. Using buttons at the top of the welcome page, the shopper has access to the eight different sub-sites that make up the entire Web site. All of these sites have the same buttons as the welcome page except for the 'login now' button. Users can also find the buttons at the bottom of each Web page in addition to the 'wine news' and 'home' options. This construction makes navigation friendly, as users do not have to scroll up the page after having read through its contents to go to another Web page. It also makes it easy to locate the relevant information, which otherwise often can be a problem for Web sites with much information.

[Insert Figure 1 around here]

It would seem natural to go through the browsing-and-order process before examining the front page.

How to Order Page

At the 'How to order' site potential shoppers have access to information on the conditions of trade, as well as how to perform a wine search and place an order. The site also specifies delivery method, charges, and times (including overseas deliveries). It has frequently been observed that it is difficult for Internet companies to gain shoppers' trust with only some 20 per cent of North Americans agreeing that "I feel comfortable giving personal information over the Internet".³⁵ This is why *The Fine Wine Delivery Company* explains its security policy: credit card information and electronic transactions are protected by means of the so-called secure electronic transaction protocol that has been developed by *Microsoft* and *Visa International*. Moreover, the company will only use information divulged by a shopper for the purposes of processing an order and satisfying the requirements of the shopper. The delivery method provides further assurance to potential shoppers: for example, unless otherwise informed the courier will only leave the goods at locations that the shopper has specified. Finally, the returns policy stipulates that if the purchased wines are unsatisfactory *The Fine Wine Delivery Company* will make arrangements to replace the wines with something that is suitable:

So what are you going to do with [wine that you do not like]? Not many people take it back [...] So we are careful not to oversell wine [...] What we say to our customers, and always have said from day one, is, 'if you buy wines from us - and even if it's your own choice, and we haven't recommended it - come in and bought a few bottles or a case and

taken it home and thought: "No, I don't like that style. It's not me. I prefer something a little different", then bring it back. No questions asked. You can make your own choices and swap it over for whatever you want.' So that's always been a policy of ours.

The message of secure transactions is repeated through the entire Web site, for example "Use our **secure server** to order your wine online with complete confidence" at the Browse range site. The Web site also provides full contact details of its physical location and features photographs of key personnel within *The Fine Wine Delivery Company*. This is an important element for potential shoppers actually proceeding to check out.

Still, the Web site seems insufficient to create enough credibility and trust in the online part of *The Fine Wine Delivery Company* which is why there is also a offline part of the company. First and foremost, shoppers are more inclined to place an order when they know that they can visit the physical premises of the company. However, the managing director also argues that the offline part of the company not only carries the stocks of wines that shoppers expect, but that the company's employees actually bring the company to life in the eyes of the shoppers who know that the wines have indeed been tasted and recommended by real people with a knowledge about wines.

The physical side of our business [...] gives us a physical presence that we can show on the Internet [...] That gives us a lot of credibility in terms of [the customers] wanting to deal with us. If they're in a remote location ordering wine from us, they know that if something goes wrong with the wine we will stand behind that wine. They also know that they haven't tasted that wine, but [that] we have, and [that] we are telling them what it tastes like, and [that] they trust in our credibility because we don't compromise that. So that's an important issue for us.

It is interesting to note that several customers first go online to check whether or not their order can be delivered before contacting the offline part of the company to place the order. In that respect the two parts of the company complement each other.

Browse the Range Page

With the information described above the shopper is now ready to browse the range of the wines that *The Fine Wine Delivery Company* keeps. This takes place at the 'Browse range' site. To make the search process easier there are shortcuts to different types of wines: reds and rosés, white wines, champagne and sparkling wines, dessert wines, fortified wines, and wine accessories. At the 'Monthly specials' site various wines are being advertised; the particular wines change on a monthly basis. The 'Mixed dozens' site offers several different options for a dozen of a variety of styles. At the 'Seven-day specials' site different wines are being offered for sale, but only for a period of one week. Finally, the 'Wine search' site complements that of the 'Browse range' site: it is possible for potential shoppers to search for wines by name, region, variety, country, and year. That is, the 'Browse range' site allows for viewing of broad categories, as well as specific price categories. The shopper will be able to actually see the wine bottles, as well as to read tasting and review notes from the company's employees and any endorsements that the wines may have. A team of seven employees spend between 15 and 20 hours a month on tasting 150-200 different wines. Much of this information is also being compiled in a monthly 'Wine Buying Guide' that is mailed, faxed, or e-mailed to some 7,500 customers. The guide will feature some 40 different wines, whilst the number of different wines is about 600 for *Fine Wine Online* and 1,000 for *The Fine Wine Delivery Company*:

[The] weaknesses in our current Internet site are actually some technical weaknesses where some of the technical software available has now moved on a little bit and we're looking at a complete revamp. But it's not hurting the shopping experience. It could speed things up just a fraction and do things slightly different, but it is not actually hindering the shopping experience at any great degree so we're quite comfortable with that because there is so much quality and depth in the site that is providing with a shopping experience.

Customers can also access most of this information at a later stage, as the information is archived; both registered and non-registered users can download it.

Contact Details Page

At the 'Contact details' site the wine shoppers have full information about how to contact *The Fine Wine Delivery Company*: the address and opening hours of the company; the postal address; and telephone, fax, and email information. Next to this information a cross on a map indicates how to find the company; text under the map spells out how to reach the company's premises. In order to be visible for suppliers and customers, the company has three major outlets: Auckland, Christchurch, and Wellington. It is possible for shoppers to send in their comments on, for example, their Web experience. Indeed, the company actively asks for this information in order to constantly meet their customers' expectations.

Welcome Page

Having discussed the architecture of the browsing-and-order process it is now time for examining the front page. In addition to providing access to all of the sites previously discussed (via buttons and shortcuts) this site also has specific information in relation to wineries, wine tasting programs, and wine events. Winemakers will take part of these events, and the cost of running the events is partly absorbed by the vineyards. One of the major events is the so-called 'Fine Wine Expo' that takes place three-four times a year in Auckland, Christchurch, and Wellington: up to 12 vineyards will participate, and there will be some 100 different wines on display. The customers who figure in the company's database have first priority to these events. Another major event is the so-called 'Winemaker Tour' where three winemakers go on tour with the company and explain how wines are produced, as well as the characteristics of particular wines. The audience of any such event is up to 200 people. To keep the shoppers coming back to the site the information changes on a regular basis, whilst the way of navigating the Web site stays the same.

Key personnel with *The Fine Wine Delivery Company* have their own columns: the company's owner and managing director writes about the firm and its wines in general terms; the daughter tells readers about her trip in Europe where she is currently examining the production and marketing of wines; and the wife provides a matching of wines and foods. By doing this, the firm has sought to give a 'magazine feel' to their Web site. The firm does not, however, seek to have journalists or authors writing about them, as it believes it must establish its own credibility. The site also offers two additional types of services: the firm can arrange for gifts and business functions, and wine connoisseurs can pay to have their wines stored at the appropriate temperature in the *Fine Wine Cellar Storage*. It is also possible to invite up to 25 people over for a drink, as there are room facilities (kitchenette with top-quality glassware, wine decanters, cheese, etc.) in a "relaxed, but executive" atmosphere and with a stunning view of Auckland's central business district and newly renovated harbor from

the wine cellar's 400 square feet outside deck. The firm believes that it is in their interest to try and create relationships with their high-spending shoppers who value their wines:

Part of the whole cellar concept for us is about the relationship [...] Obviously [...] it is a service [...] that is charged for, but it's a good service, and they [customers] will get value out of it. But it's about offering a service to our customers and also drawing in other customers, good spending customers, who value their wine and want to look after it.

The firm broadcasted its latest wine tasting event directly on the Web site so that up to 2,000 people could take part in the event. At a later stage, they plan to include foreign winemakers in these events and let them explain about the wine tasting procedure.

Customer Database

To achieve the objective of building long-lasting, personalized relationships with their customers on a large scale, *The Fine Wine Delivery Company* reasoned that it was necessary to build a database that would hold information on the customers. Such information would, for example, include customers' wine tastes and their most preferred communication channel such as facsimile, e-mail, or telephone, as well as their knowledge on wine making and different wines. On a regular basis, and through their preferred communication channel, customers receive a wine shopping guide (every month) or information about new wines or wine tasting events (every week):

We would have a database of customers. We had customer relationship management facilities, but we would design and build this thing that would help us because the vision was to grow to a large size and, therefore, what we needed to do was to be able to personalize our relationship with our customers on a large scale.

The customer database is also very useful when different wine tasting programs and wine events are being considered because it makes it possible for the firm to determine whether or not there is a customer base for a particular line-up of wines:

We [...] specifically target people through our CRM [customer relationship management] facility of our database, which will identify people who like Chardonnays of this style or price point or region [...] So we look at a tasting that has been offered to us and we say, 'yes, this is an interesting line-up of wines. Yes, we have a customer base that would be interested in those [wines]'. We then, through our [...] customer profile, invite them and they come along here for probably about a two-hour tasting session [...] So we can guarantee the winemaker when he comes in here that he is going to be standing in front of exactly the right sort of people he wants to communicate [with].

The Fine Wine Delivery Company: Online and Offline

The addition of an online retail outlet has not taken away shoppers from the offline part of the firm, but has, in fact, catered for a new market. At the same time, some of the customers, who shop offline, are now complementing their shopping experience with an online browsing. The databases are built for each market segment:

Internet is not a diversion of some of our customers to the Internet. It has added a lot of new business.

Figure 2 depicts how the employees of *The Fine Wine Delivery Company* link together the two parts of the firm:

The Internet site [...] really services people who cannot get into us very strongly, but there is also a lot of people in Auckland who are busy, and we all lead busy lives and some of us increasingly so busy: they just find it very simple to sit in the office, or sit at home, get on the Internet, search for a few wines, and send it out. Other people use the Internet in a different way: They get in the office, or wherever, and they search through the Internet, make some decisions, and then come in and see us [...] There are other people who use [the Internet] and may order by e-mail.

The average case price on the Internet is over NZ\$240, or NZ\$20 a bottle, which would indicate that these shoppers are serious wine connoisseurs. What has been important for the company is that shoppers will have the same experience whether or not they places an order with *The Fine Wine Delivery Company* or *Fine Wine Online*:

The one thing [that] we have got to be very careful about with the whole Internet is [that] it actually replicates the shopping experience in terms of look and feel and in terms of pricing. Everything is consistent with what we do here [at *The Fine Wine Delivery Company*].

There are currently two distinct databases, but the firm wants to merge the databases, but before doing that it must determine what to do about the contents of the information because the two customer segments seek different information:

We have got this fairly sophisticated customized data base that if you come in here and shop or fax or send a copy (indistinct) it collects all your purchasers, records your purchasing history and preferences and styles and allows us within that system that has a CRN capability to actually market back to you specifically as well so we do a lot of specific marketing [...] We also have an Internet data base, and at moment those two run separately. We are now going through the process of marrying those two data bases together which will take a few months and they will talk to each other and they will become a single process, which will take a lot of labor out of it, but what it will also do is increase our opportunity to analyze some of our Internet business in a more expedient way and clinical way.

[Insert Figure 2 around here]

The Fine Wine Delivery Company do not want commitment to, or exclusive agreements, with suppliers: they want to keep the right to refuse wines that do not match the quality required by the customers:

We don't need to be committed on a supplier for a range of wines and a certain quantity of the vintage because what it means is that we end up then compromising our selling decision to our customers because we have existing commitments, and we're trying to manipulate those commitments and, therefore, we are manipulating our customers to meet our commitments.

The product quality, as well as the conflict resolution system encourage customers to stay loyal to *The Fine Wine Delivery Company*. For example, the firm will match competitors' prices although interestingly it does not pay much attention to competitors and what they do:

One thing that we don't do, rightly or wrongly, is [that] we don't focus on our competitors, we don't target our competitors, we don't even look really at what they are doing, we don't think too much about what they are doing [...] I think what is important is the fact that you will match the price of a competitor.

Discussion

Contributions to Theory

The findings from the case study confirm the proposition that firms utilize the Internet to provide information and to accommodate connectivity, community, and transactions. This particular Web site thus provides instantaneous access to specific information about the products for sale, as well as general information related to these products such as featured vineyards, wine tastings, and restaurants. Although all of this information flows from *The Fine Wine Delivery Company* this could change in the future, as the firm is thinking of letting customers put their own wines up for sale using the Web site. Indeed, *The Fine Wine Delivery Company* is building a community where its owners are sharing their knowledge and experiences with the shoppers. The firm is also currently looking into whether or not to create a 'chat room' where shoppers can discuss:

We haven't decided whether we are going to [allow] the development of a chat [...] It's certainly part of our thinking, but I think that we certainly want to be able to create an environment where they [the shoppers] have a channel [to communicate through]. I would [...] like [...] a chat room on wine or something like that because I think that that would be, from a critical point of view [...] fine.

The research has also contributed to detailed findings on the nine dimensions developed by Coviello and her colleagues (Tables 3 and 4). The tables build upon a single case study. Naturally, more research will need to be undertaken to see if our findings can be extended to other industries.

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Contributions to Managerial Practice

Our paper has contributed to managerial practice in a number of ways. For example, it is often argued that barriers to entry are very low, and that the public nature of the Internet means that newcomers, many of who are unencumbered by old technology, can quickly duplicate sites.³⁶ However, we found that *Fine Wine Online* is confident that it is not possible for competitors to duplicate their Website the reason being that most competitors do not have a solid understanding of how online operations are linked with offline operations.

Avenues For Future Research

Future research could investigate the research issue in a context that is different from that of the wine industry, for example the international brewery industry. Wine and beer appeal to different customers, which means that the marketing practices for the two industries will probably not be similar to each other. One way of improving the research methodology in future research is to think of the wine industry in terms of the supply chain concept: grower,

producer, distributor, importer, seller, and consumer. Future research could be tracing marketing practice throughout the supply chain. For example, it is likely that growers will adjust their marketing practice according to whether they produce high-quality grapes (leading to transaction marketing) or low-quality grapes (leading to a relational marketing approach). Likewise, different sellers (retailers, specialist shops, and restaurants) will implement different marketing practices. It is also entirely likely that producers from the New World differ from their counterparts in the Old World who are often more traditional in their approach.

This study focused on *The Fine Wine Delivery Company / Fine Wine Online* and its customers. Future research could examine how value is being created in the entire wine supply chain:

[The] part of [the] next step is to kind of tie in our supply relationships or functions into [*The Fine Wine Delivery Company* and *Fine Wine Online*]. It just is going to streamline our whole operation from supply to sale.

For example, Webster noted that in a three-way relationship among producers, intermediaries, and consumers, the quality of the relationship for any given actor would depend on the quality and strength of that relationship between the other two.³⁷ In a similar vein, Norman and Ramírez wrote that value is co-created by the firm and its customers.³⁸ Indeed, Tzokas and Saren contended that the emphasis should be on the customer and not the firm in the value-creation process, and that the dialogue between the company and its customers is key in this process.^{39,40} Duncan and Moriarty echoed this belief when they wrote that the relationship marketing literature focuses on trust and commitment, but neglects communication as being an important element for enhancing relationships.⁴¹ Grönroos argued that value is created when the firm and customers reason together and have a common knowledge platform.⁴² At this stage, it is clear from the case study that the firm has seen its role as one of communicating with its customers and informing them:

I know it's a kind of a communicable experience: I can tap into their wine knowledge and they share it with me, and they're very friendly, and great prices and the whole. I get everything.

A final avenue for future research would be to survey the entire New Zealand wine industry with a questionnaire relating to the five marketing approaches. To this extent it is proposed to use the questionnaire that Coviello has developed.¹ Such a survey would have the potential of revealing a detailed picture of an entire industry, especially when this survey is combined with qualitative case studies that could examine in more depth some of the findings from the survey.

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Table 1. Types of marketing classified by market exchange dimensions

	Transactional perspective		Relational perspective		
	Type: transaction marketing	Type: database marketing	Type: E-marketing	Type: interaction marketing	Type: network marketing
Purpose of market exchange	Economic transaction	Information and economic transaction	Information-generating dialogue between a seller and many identified buyers	Interpersonal relationships between a buyer and seller	Connected relationships between firms
Nature of communication	Firm to mass market	Firm to targeted segment or individuals	Firm using technology to communicate with and among many individuals (who may form groups)	Individuals "with" individuals (across organisations)	Firms with firms (involving individuals)
Type of contact	Arms-length, impersonal	Personalised (yet distant)	Interactive (via technology)	Face-to-face, interpersonal (close, based on commitment, trust, and co-operation)	Impersonal – interpersonal (ranging from distant to close)
Duration	Discrete (yet perhaps over time)	Discrete and over time	Continuous (but interactivity occurs in real time)	Continuous (ongoing and mutually adaptive, may be short or long term)	Continuous (stable yet dynamic, may be short or long term)
Formality	Formal	Formal (yet personalised via technology)	Formal (yet customised and/or personalised via interactive technology)	Formal and informal (that is, both a business and social level)	Formal and informal (that is, both a business and social level)

Source: Coviello, Brodie, and Munro (1997), Coviello, Brodie, Brookes, and Palmer (2002), and Coviello, Milley, and Marcolin (2001)

Table 2. Types of marketing classified by managerial dimensions

	Transactional perspective		Relational perspective		
	Type: transaction marketing	Type: database marketing	Type: E-marketing	Type: interaction marketing	Type: network marketing
Managerial intent	Customer attraction (to satisfy the customer at a profit)	Customer retention (to satisfy the customer, increase profit, and attain other objectives, such as increased loyalty, decreased customer risk)	Creation of IT-enabled dialogue	Interaction (to establish, develop, and facilitate a co/operative relationship for mutual benefit)	Co-ordination (interaction between sellers, buyers, and other parties across multiple firms for mutual benefit, resource exchange, market access)
Managerial decision focus	Product or brand	Product/brand and customers (in a targeted market)	Managing IT-enabled relationships between the firm and many individuals	Relationships between individuals	Connected relationships between firms (in a network)
Managerial investment	Internal marketing assets (focusing on product/service, price, distribution, promotion capabilities)	Internal marketing assets (emphasising communication, information, and technology capabilities)	Internal operational assets (IT, website, logistics); functional systems integration	External market assets (focusing on establishing and developing a relationship with another individual)	External market assets (focusing on developing the firms position in a network of firms)
Managerial level	Functional marketers (that is, sales manager, product development manager)	Specialist marketers (that is, customer service manager, loyalty manager)	Marketing specialists (with technology specialists; senior managers)	Employees and managers from across functions and levels in the firm	Senior manager

Source: Coviello, Brodie, and Munro (1997), Coviello, Brodie, Brookes, and Palmer (2002), and Coviello, Milley, and Marcolin (2001)

Table 3. Findings on market exchange dimensions

Market exchange dimensions	Findings	Evidence
Purpose of market exchange	<ol style="list-style-type: none"> 1. Information-generating dialogue between a seller and many identified buyers 2. Information-generating dialogue between among customers 	<ol style="list-style-type: none"> 1. Information on the firm's products and services; updates on events in the wine world (New Zealand and abroad); special offers 2. The planned expansion of the Internet site will include a chat room where wine buyers can communicate with each other, and sell their wines
Nature of communication	<ol style="list-style-type: none"> 3. Firm to mass market 4. Firm using technology to communicate with and among many individuals 5. Individuals with individuals 	<ol style="list-style-type: none"> 4. Through the Welcome page it is possible for customers in the mass market to access information on the products and services from the company, and to place an order 5. The firm sends out regular mails and information newsletters to its customers; individual customers can contact the firm by way of e-mail, fax, or telephone (in addition to traditional mail) 6. The planned expansion of the Internet site will include a chat room where wine buyers can communicate with each other, and sell their wines
Type of contact	<ol style="list-style-type: none"> 7. Impersonal – interpersonal (ranging from distant to close) 8. Interactive (via technology) 	<ol style="list-style-type: none"> 7. Although the contact between the firm and new customers would tend to be distant, and impersonal in the start the firm does seek to personalize the relationship by way of 'Jeff's column', 'Tracey's wine diary', and other updates on events in the wine world and special offers 8. The contact between the firm and regular customers is closer and more interpersonal than that between the firm and new customers: new customers can thus log on using their own password, and they have given information on their address
Duration	<ol style="list-style-type: none"> 9. Continuous (but interactivity occurs in real time) 	<ol style="list-style-type: none"> 9. The relationship between the firm and its customers is continuous
Formality	<ol style="list-style-type: none"> 10. Formal (yet customized and/or personalized via interactive technology) 11. Informal (social level) 	<ol style="list-style-type: none"> 10. The customers can contact the firm, but the company will also contact the customers (for example through newsletters) 11. There are informal meetings between the firm, the wine producer, and the customers at different wine events throughout the year

Table 4. Findings on managerial dimensions

Managerial dimensions	Findings	Evidence
Managerial intent	<ol style="list-style-type: none"> 1. Customer attraction (to satisfy the customer at a profit) 2. Customer retention (to satisfy the customer, increase profit, and attain other objectives, such as increased loyalty, decreased customer risk) 3. Creation of IT-enabled dialogue 4. Co-ordination (interaction between customers for mutual benefit, resource exchange, market access) 	<ol style="list-style-type: none"> 1. <i>Fine Wine Online</i> seeks to attract new customers many of whom do not purchase with <i>Fine Wine Delivery Company</i> 2. <i>Fine Wine Online</i> also seeks to retain its existing customers so as to offer them more than just the basic wine product 3. Through the IT-enabled dialogue the firm offers customers information on the range of wines for sale, the price of individual wines, the wines that are on promotion, and the way in which wines are purchased and delivered 4. N/A
Managerial decision focus	<ol style="list-style-type: none"> 5. Product/brand and customers (in a targeted market) 	<ol style="list-style-type: none"> 5. The firm believes its service is to find the wine that suits its customers for a particular event. Because of this the firm will stock both cheaper and more expansive wines, as its customers are different in their wishes
Managerial investment	<ol style="list-style-type: none"> 6. Internal marketing assets (focusing on product/service, price, distribution, promotion capabilities) 7. Internal marketing assets (emphasizing communication and information) 8. Internal operational assets (IT, Website, logistics); functional systems integration 9. External market assets (focusing on establishing and developing a relationship with another individual) 	<ol style="list-style-type: none"> 6. The firm informs new and old customers on the range of wines for sale, the price of individual wines, the wines that are on promotion, and the way in which wines are purchased and delivered 7. The firm communicates with its customers 8. The firm makes use of both operational assets such as IT and Website, as well as of functional systems integration 9. The firm seeks to establish close relationships with existing customers by way of informing them of wine products and events in the wine world and inviting them to participate in those events, while inviting new customers to join the Internet site. The firm is also examining whether it is possible to allow customers to engage in relationships with each other on its Website
Managerial level	<ol style="list-style-type: none"> 10. Marketing specialists (with) technology specialists; senior managers 	<ol style="list-style-type: none"> 10. <i>Fine Wine Online</i> is managed by the managing director, while the Internet site is managed by dedicated staff

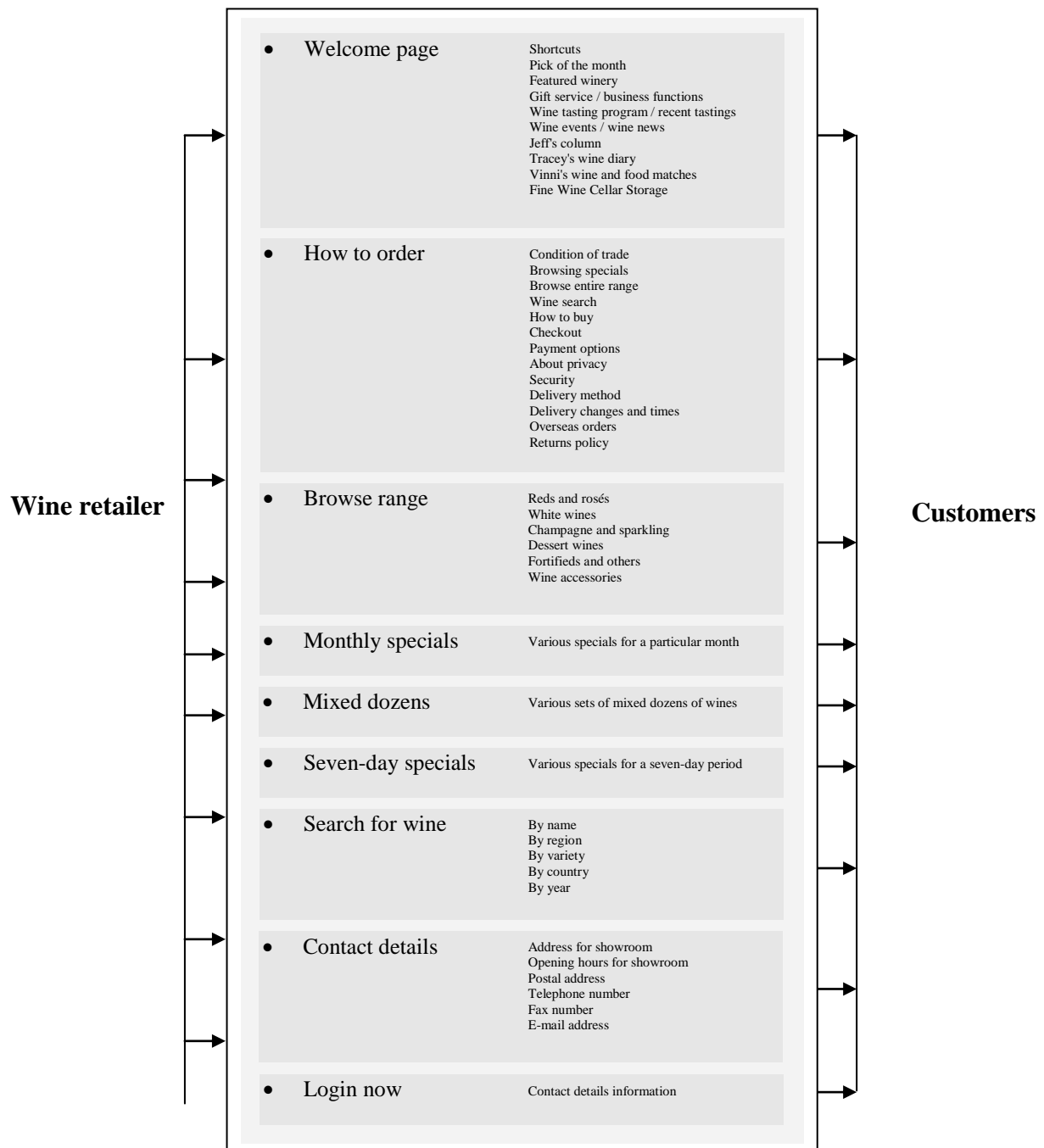


Figure 1. The wine shopping experience

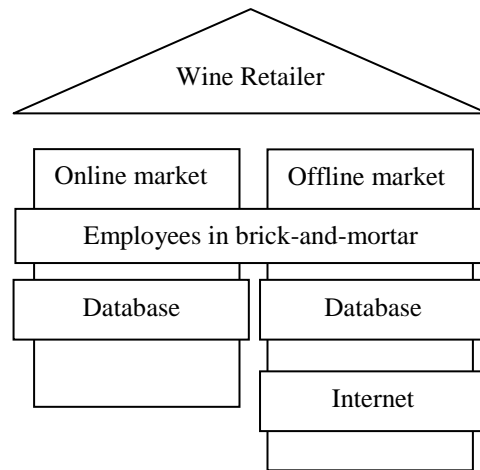


Figure 2. The online and offline parts of *The Fine Wine Delivery Company*

AUTOBIOGRAPHICAL NOTES

Adam Lindgreen: After graduating in Chemistry, Engineering and Physics, Dr Adam Lindgreen finished an MSc in Food Science and Technology at the Technical University of Denmark, an MBA at the University of Leicester (England), and a PhD in Marketing at Cranfield University (England) – with 18 months as a Visiting Research Fellow at the University of Auckland (New Zealand). He is now with the Eindhoven University of Technology (the Netherlands), in addition to being a Visiting Professor with the Auckland University of Technology (New Zealand), Groupe HEC (France), and Harper Adams University College (England). Dr. Adam Lindgreen has published in international marketing journals, and has received four awards at international marketing conferences. He is on the editorial advisory and/or review board of a number of journals including *Journal on Chain and Network Science*, *Qualitative Market Research*, and *Børsen Ledelseshåndbøger*.

Michael Antioco: After having graduated from the Catholic University of Louvain (Belgium), Mr. Michael Antioco completed an MA in Business Administration, also from the Catholic University of Louvain. He has worked in a number of different countries including Belgium, Ireland, and Japan – and studied at the Sophia University (Japan). He is currently undertaking his PhD in Marketing at the Eindhoven University of Technology.

Michael Beverland: Mr. Michael Beverland is a Senior Lecturer in the Department of Marketing at Monash University (Australia). He has previously taught at Edith Cowan University (Australia), as well as at Unitec: Institute of Technology (New Zealand) and the University of Auckland (New Zealand) where he received an MA in management. Mr. Michael Beverland has submitted his PhD at the University of South Australia in the field of organizational strategy. He has published in the *Journal of Personal Selling and Sales Management*, *Journal of Small Business Management*, and the *Australasian Marketing Journal*, and he has presented his work at international marketing conferences, including the *American Marketing Association*. His research interests include marketing strategy, personal selling, and luxury product marketing.