MARKETING FEATURES OF SMALL WINERY WEBSITES: BEST PRACTICES OF EARLY INTERNET ADOPTING AUSTRALIAN WINERIES (REFEREED)

Carmine Sellitto Victoria University, Australia
Mark McKenzie, Victorian Wine Industry Association, Australia
Carmine.Sellitto@vu.edu.au

Abstract

This paper reports on the website marketing practices by a group of early Internet adopting Australian wineries—practices that could be appropriate for other wineries to emulate. Case study analysis is used to identify pertinent website marketing features of small wineries located in the Australian state of Victoria—mapping these features to winery business activities associated with customer information provision, direct sales, winery cluster alliances and website management. The paper investigates the motives behind winery website features and identifies the perceived business benefits resulting from their implementation. In an environment where numerous generic electronic marketing and business models are reported, this study is significant for its industry specific investigation—one that has practical website marketing implications for the small Australian winery.

Introduction

In recent times the Australian wine industry has transformed itself by becoming more outward looking, with a focus on global markets and exporting. This change in direction has been achieved by adding value to the wine industry's basic product by improving of winemaking processes, and by enhancing distribution and marketing channels (Anderson 2000; Hardie 2000). The industry has also adopted Internet applications such as email and the World Wide Web—applications that have provided wineries a powerful avenue for the direct marketing and selling of wine (Goodman 2001; Sellitto and Martin 2002; Sellitto et al. 2003). Various authors suggest that the wine industry in general, and small wineries in particular, can benefit from the adoption of Internet technologies—be it for marketing, enhancing communication or for electronic commerce activities (Goodman 2000; Major 2000; Sellitto and Martin 2002; Sellitto et al. 2003). Indeed, because of the substantial benefits that Australian wineries can achieve via direct cellar door sales or mail order,
the use of email and the winery website have been viewed as alternative and important distribution channels for small wineries (Sellitto and Martin 2002).

Furthermore, as with many new innovations— Internet technologies being relatively new and falling into this category— it is the early adopters that have an innate ability to incorporate these new innovations within the business environment to add value and enhance business strategies and processes. This research investigates and documents the website marketing practices by a set of early technology adopting Australian wineries—practices that could be appropriate for other wineries to emulate or learn from.

**Adoption of websites by wineries**

Various studies have focused on Australian winery website adoption. Major (2000) proposed that the winery website is associated with a winery's Internet adoption experience— the increasing degree of website complexity reflecting the elevated business value the site represents for the winery. Stricker *et al.* (2001; 2003) in their study of Californian, Australian and German winery websites noted that Californian and Australian winery websites were more focused on selling wine over the Web. Alpin (1999; 1999a) asserts that website adoption can provide a winery with a powerful channel to disseminate and acquire appropriate business information in a relatively cost effective and easy manner. Symonds (2001) studied winery website design examining aspects such as the total number of site pages, the location and the type of navigation aids on pages, images, current information and the design consistency of pages. Wenn *et al.* (2001) examined a set of Australian winery web sites proposing that small wineries appeared to have unique implementation behaviour compared to larger industry counterpart. Sellitto (2004) recently identified the features of Australian winery websites that reflected important winery operations and activities. These operational areas relate to:

- **Customer information service**— An important business activity for wineries is the publishing the winery's business and consumer information in the Web environment, significantly elevating this medium as a substitute for traditional publishing media. Consequently, winery websites can be generally considered to be information rich.

- **Website management**— Web adoption appears to have necessitated a rethink of management practices associated with web site maintenance, the
need for web marketing strategies to promote the winery website and the awareness of the some of the legal obligations of selling online.

- Cluster alliances— The Australian wine industry has been shown to be a closely integrated industry cluster having close linkages amongst constituent entities including product suppliers, vineyards, distributors, retailers and tourism entities. Winery website links tend to reflect these intricate cluster relationships.

- Direct customer sales transactions— Most web sale transactions although occurring at low thresholds, are being cleverly linked by wineries with direct email marketing in a mechanism that allows easy capture of client orders and details.

Sellitto’s (2004) operational activities when mapped to website features— depicted in figure 1— provide an appropriate way to classify and report the early Internet adopter experiences.

![Figure 1 Winery operational activities and website features (adapted from Sellitto 2004)](image-url)
Methodology

Winery selection

The case studies wineries were identified in previous research (Martin and Sellitto 2004; Sellitto 2004) to have been early Internet adopters and typically representative of Australian wineries. The primary data collection for each case study was drawn from interviews undertaken with the winery owner and marketing manager. Ancillary information from multiple data sources such as winery documents, the winery website, journal reports or trade reviews were also examined. All interviews were recorded and then transcribed. Transcriptions were manually analysed for common and/or emergent Internet business themes. The research was of an exploratory nature and called for careful sifting and examination of data—a process that does not easily allow data to be automated and computerised—hence, manual data analysis was used in preference to using qualitative data analysis software (eg NUDIST). The ancillary data documents were used to support and confirm various interview findings. In reporting the case studies owners and names have not been used to protect the identity of the business and participants, whilst the description of the case studies is presented as a select summary of pertinent winery experiences.

Profiles of participating wineries

Winery A

Winery A employs 8 full time staff, crushes some 200 tonnes of grapes per year and operates a cellar door facility. The winery does not regularly export wine and its annual wine sales vary between $1-1.5 million. It relies on local Australian distribution and direct sales to achieve profitability. Winery A has identified permission marketing by means of e-mail newsletters as an important Internet strategy in staying in touch with customers. Some 2-3% of the winery’s annual direct sales are achieved via the website.

Winery B

This small winery had its genesis in the early 1990’s and was established by a husband and wife team who wanted life-style changes from their urban occupations and environment. The winery falls into the micro winery category, crushing less than 20 tonnes per annum, and is located near a high profile tourist precinct in Central Victoria. The winery, although newly established, produces premium quality wines that have allowed it to collect local prizes at regional wine shows. Although being close to a tourist precinct, the winery owners have only made a slight venture into
tourism by opening a limited cellar door facility. The focus of its web site is one of promoting tourism and regional visits.

**Winery C**

Winery C crushes some 250 tonnes of grapes per year and the owners of the winery, a husband and wife team started the business in the early 1970's. Recently the winery has established a small restaurant to address the demands of wine-tourism. It reported minimal direct sales of wine over the Internet (circa 5%) as the result of a deliberate policy of not putting distribution relationships at risk. Winery C was perhaps the one most conscious winery that recognised the need to defend existing distributor relationships (channel conflict). Winery C also engaged in permission marketing placing great value on direct customer contact through the electronic newsletter.

**Winery D**

Winery D can be classified as a medium size business crushing some 800 tonnes of grapes each vintage—30% of these grapes being supplied from third party vineyard contractors. The winery has recently built a winery accommodation retreat as well as introduced a restaurant as part of the cellar door. The winery exports to the UK and USA and the annual wine sale revenues are approximately $5 million. This winery was one of the first wineries in Victoria to adopt satellite broadband Internet to facilitate winery business activities. Winery D regarded its strong relationships with distributors as the key to high volume wine sales and as such Internet-based sales as a result of targeted e-mails represents only 1-2% of annual volume. Winery D practices permission marketing and is committed not only to promoting sales at the cellar door, but also to the promotion of wine tourism in its region by using its website as an important tool.

**Winery E**

Winery E crushes less than 20 tonnes of grapes per annum and has been making premium quality wine from different grape varieties—Chardonnay, Pinot Noir and Cabernet Sauvignon—since 1988. The winery's annual sales are approximately $100,000 with many bottles selling in the $30 to $40 range. The winery is located some 200km from Melbourne (Gippsland) and operates a cellar door that is part of a regional tourist-trail. The business is deliberately being kept small so that it is manageable and enjoyable as a lifestyle. Winery E typically achieves up to 15% of annual wine sales through the medium of the Internet, with some 25% by means of
its intermediary partners. The remaining 60% of sales is accounted for by direct sales to customers at the winery’s cellar door and identifies the importance of seasonal tourism for the winery. Indeed, the tourism features of the winery web site are an integral marketing strategy.

**Winery F**

This winery has a reputation for producing some of the best quality Australian wines. The winery is small by Australian wine industry standards— employing only 4 full time staff and crushing between 20-49 tonnes of grapes each year. The annual sales from wine are between $1-1.5 million and the winery does not engage in any form of tourism, with no scheduled cellar door opening times. Winery F stands out as the biggest participant in direct online wine sales with 70% of the annual vintage sold following an e-mail posting. However, in a conscious decision not to alienate existing distributors and retailer customers, the remaining 30% of the vintage is sold through the winery’s traditional distribution network.

**Identified best website marketing practices**

**Customer information service**

All case study participants indicated that the website was a primary information delivery medium and resulted in major cost benefits associated with the redirection of winery telephone enquiries to the website. Winery A and C for example explain the labour intensive nature of addressing the plethora of student and consumer requests for wine and winery information— a task that required an inordinate amount of resources and which has now been addressed by redirection of all enquiries to the website. Winery D, which has successful export markets, uses the website as its primary avenue for promotion of wine products— the website allows overseas associates and distributors to source current and timely information.

Wineries C and E have concluded the key significance of their *about us* page is that it details characteristics about winery owners and personnel. The inference is that the winery website visitors place high value on such personal information allowing them to become familiar with owners and winemakers. Winery E has taken the personal aspect of the website further by including images of affable cellar door visitors in a *gallery* section of the site— a strategy that aims at getting previous customers to visit the winery website once they have returned home. This strategy attempts to convert the one off cellar door customer to a repeat purchase customer.
All wineries indicated that tourist information was an important component of their website. However, some of the case study participants appear to be using their websites to promote specific aspects of winery tourism. For example, Winery D has recognised that the Web can be used to feature virtual winery tours to encourage cellar door visits allowing people to get an idea of the look and feel of the winery ambience. Furthermore, the winery has realised that much of its growing overseas clientele will never visit the winery in person and views the electronic winery experience (cyber-tour) as providing a high value-added feature for overseas customers. Another example of promoting specific aspects of wine tourism is the way Winery B attempts to structure the winery's website information to attract and tap an already existing tourist market from the nearby Daylesford area (a mineral-spa region) by providing information on activities that may entice people to the winery cellar door. Winery E, is reliant on seasonal tourism is distant from Melbourne— hence, unlikely to have day trip visitors— tends to utilise the website to promote not only a winery tour through the area, but also general hospitality information associated with regional restaurants, accommodation and events.

**Winery website management**

Several issues emerged under the rubric of winery website management— a winery activities domain that encompasses website maintenance requirements, marketing strategies to promote the winery websites and legal obligations that wineries have when they sell alcohol via the Internet. Furthermore, the adoption of the web site by wineries has been associated with considering domain names as intellectual property— in a similar manner that wineries value their labels and proprietary name.

**Website maintenance**

The overwhelming conclusion from a majority of case study wineries (B, C, E, F) is that winery websites do not need to be complex. A simply constructed site with relevant content successfully addressing the needs of the winery's virtual presence is to be preferred. Because the majority of the websites were not complex, many of the owners were able to use the widely available MS FrontPage® application— a website development tool— to create and maintain their sites. In the case of Winery D, which had a custom-built website, winery staff through easy-to-use input screens or forms undertook maintenance of web pages. Winery C, delegated the management of its website to a specific individual recognising the value of the website to the business. Successful Winery F, not only had a small and simple website (6 pages), but also
had minimal maintenance requirements and utilised the services of a consultant—such minimal maintenance making it cost effective to engage external experts.

**Marketing strategy**

An important aspect associated with the management of the website is the direct marketing strategy that wineries use in promoting themselves through an email list, with the subsequent use of the website to capture sales. This strategy utilises the specificity of email communication with the widely accessible website and is something that all wineries appear to be engaging in. Winery B and E have a website marketing strategy that involves listing their website on the more reputable winery marketing or tourism sites—which in their experience can gain the winery substantial consumer exposure and assist in increasing the winery's credibility as a potential tourism destination.

Winery C appears to have uncovered a niche customer market where previous international cellar door customers are encouraged to order wines from the winery's website, with the subsequent order delivered to an Australian destination (family, friends, etc). This overseas ordering with local wine delivery allows the winery to reduce its overheads associated with exporting as well as achieve many of the direct sales taxation benefits. This type of winery marketing strategy invariably relies on the winery website as a focal point for promoting information and transacting of wine sales.

**Legal regulation**

Australian wineries have an obligation and responsibility to adhere to the various State government liquor regulations that requires the prominent display of an underage sales warning notice when wine is sold via their website. Winery A addresses this responsibility by displaying the warning prominently on the winery's order form page as well as including an underage sales warning in the business statement associated with direct wine sales. Another manner of addressing this underage warning is used by Winery D, which requires prospective consumers to sign up before being allowed to proceed to an ordering page. The sign up rationale allows the winery to meet its legal obligations by directing people to read the conditions of sale before ordering, whilst also collecting invaluable consumer details that can be later used for marketing. Thus, this important website practice is enshrined in law and all wineries selling via the Internet need to prominently display legal underage warnings as one of their online requirements.
Intellectual property

The value associated with Internet domain name ownership has been previously identified (O'Brien 2001; Schneider and Perry 2001; Schneider 2002) and specific domain name issues related to Australian wine companies have been discussed by various authors (Dunham 2001; Guy 2001). Wineries have traditionally registered their individual label names as trademarks—features that contribute to the winery's image and intellectual property. Sellitto (2004) found that very few winery owners had taken the opportunity to register brand names or protect the name of the winemaker. However, two of the wineries (A and E) acknowledged the value of owning domain names—an intangible asset that they believe is important for marketing and good will purposes in case the winery were to be sold. These case study participants may well be the visionaries pointing to the widespread recognition of the value of domain names within their industry. Thus, it appears an important part of a winery's Internet strategy to consider the registration of its popular label names and wine trade marks as domain names—a practice that tends to contribute to the intellectual value or property associated with the winery.

Cluster alliances

Previous research has identified that wineries had website links that directed their website visitors to other winery websites (Sellitto 2004). In view of the competitive nature of the wine industry this might seem to be surprising given that re-direction to another winery's site ostensibly assists a competitor. Hence, one of the interesting and significant themes to emerge from the case studies is the rationale and philosophy that motivates wineries to use hypertext links from their website. The hypertext link has allowed wineries to easily interconnect their websites to those of other wine-industry participants. Two types of hypertext linkages are identified:

Linkages with other wineries: reciprocity

Such hypertext linkages become important particularly in cases where wineries are reliant on tourism for success. Wineries B and E, each use hypertext links from their website to neighbouring winery websites to promote mutually beneficial aspects of tourism to their region. Hence, the situation where wineries that may be competing for the same group of customers—they have tended to cyber link to each other’s site, to collectively foster a sense of online unity that aids all wineries involved and which tends to promote multi-winery visits in a region. Many of the case study wineries (B, C, D & E) also had website links to other tourism based sites,
endeavouring to provide their website visitors with forms of promotional information that may have been based on regional winery tours, accommodation, special events or local activities.

**Linkages with wine trade intermediaries: synergism**

The winery that has had time to build brand product names and become successful—a characteristic of traditional and established wineries (Alpin 1999; Lockshin 2001), will have developed a relationship and a sense of mutual reliance with important wine trade partners. At least two case study participants (Winery A and D) make clear the value of these trade affiliates, such as retailers or distributors, to their business. For example, Winery D supports and recognises the importance of its partners by either linking to their sites or listing their outlets on its own website. Thus, for winery D an important function of the website is to promote existing relationships with important intermediaries such as retailers, restaurants and other outlets—something that is achieved by listing these groups on the website and informing potential customers of sources from which to purchase the winery's products. An example synergism is evident in the manner that Winery F’s website links to the Langton’s auction website—a site that promotes the winery’s wine as an investment. The hypertext linkage to Langton's website is an example of how important the winery views Langton’s as a commercial partner—in the physical world Langton’s secondary wine market auction prices directly impact on this winery's pricing policy.

**Direct customer sales transactions**

Good website practices associated with transaction activities emerging from the case studies relate primarily to customer credit card security and the use of the website in tandem with the email newsletter to encourage and facilitate direct sales to clients.

**Security**

All winery owners were conscious of the fact their customers engaged in credit card transactions on the Internet and as a consequence take seriously the matter of credit card security in wine sales. Winery D uses the services of a third party company that not only provides security implementation for wine web sales, but also collects ordering information for wineries to assist in order processing. Winery E uses the security service provided by a regional portal (winesOfgippsland.com), which was specifically established to allow the Gippsland group of wineries to share resources.
such as secure Web ordering—a task that would otherwise have fallen to individual wineries.

**Sales as a tandem process**

Apart from winery F, which has a unique set of business characteristics, the proportion of sales transactions achieved via the Internet are at low threshold (Approximate annual Internet sales volumes—Winery A and B: 1-2%, Winery C: 5%, Winery D: 1%, Winery E: 10%, Winery F: 75%). Website based sales transactions activity amongst cases study wineries indicates that even though many wineries offered wine for sale on their website, annual sales volume achieved in this way was not significant. However, a common trend amongst all wineries studied is the tandem use of email permission newsletters in conjunction with an ordering facility on their website—replacing some or all of the traditional direct mail marketing strategy. There appears to be a shift in the relative mix of winery direct sales marketing that may in future result in the traditional postal newsletter becoming obsolete. Moreover, the tandem approach to winery Internet sales suggest that that the website on its own is unlikely to be driver of a significant number of unsolicited new sales. The strength in the tandem approach is that people are directed to a winery’s website to order after receiving an email newsletter, thus allowing wineries to focus on increasing sales to existing newsletter customers. Hence, in adopting the Internet for direct wine sales, a winery needs to engage a dual practice of using email for direct permission marketing, whilst providing a website facility to capture client orders. Indeed, over time it appears that there will be a significant move away from the traditional mail newsletter—many case study wineries reporting that email newsletters were the only type of direct marketing used with customers.

**Summary of identified winery website marketing practices**

**Customer information service**

- Place all relevant wine, winemaking and winery information on the website with a view to achieving time and cost efficiencies—efficiencies gained by directing the plethora of winery enquiries to the website.
- The *about us* information page that relates characteristics of the owners and winemaker appears to be an important page on the website. Winery websites need to provide and promote this type of information allowing visitors to determine the people or personalities behind the winery.
Wineries are tourist destinations and the website needs to provide general information to promote the winery as a valuable experience. An interesting and innovative application of this domain is the virtual winery tour allowing non-local or overseas people to see the winery.

**Website Maintenance**
- Winery website maintenance needs to recognise that the winery would do well to compose and maintain a simple and non-complex website— regardless of whether consultants are advising or technology is being used to dynamically drive a site.
- Management of the winery website needs to recognise that a specific individual should take responsibility for the website which may require training in the use of a website software application.
- Marketing of the winery's website is to list the site on reputable wine marketing and tourism sites.
- All wineries selling via the Internet need to prominently display legal warnings as one of their online requirements— in adherence with appropriate liquor control regulations.
- Consider the registration of popular winery label names as domain names that contribute to the intellectual value or property associated with the winery.

**Cluster Alliances**
- Winery websites should examine the use of reciprocal or synergistic links (or listings) to the websites of important cluster partners.

**Direct Customer Sales Transaction**
- A secure encryption sales service on a winery's website is essential for building consumer trust and can be easily implemented by using a third party company.
- Winery sales need to engage email to direct permission market customers, whilst the winery website ordering facility captures client details. The email facility on its own does not appear to be the operative or successful business function and thus a tandem operation of website and email is required.

A summary of the identified website marketing practices, motivations and benefits is depicted in Figure 2.
MOTIVATIONS/BENEFITS

Cluster Alliances

Make the website information rich. Direct the plethora of enquiries to the winery's website achieving time and cost savings.

Customer Information Service

Provide information that relates characteristics of the owners & winemaker allowing consumers to determine the people & personalities associated with the winery.

Website Management

Promote the winery as a tourist destination and experience to achieve increased cellar door visits. Particular winery characteristics will determine specific tourism information requirements. Exporting wineries should utilise an electronic visitation feature allowing non local or overseas people to see the winery. Information promoting winery tours appear to be an important aid in increasing CD visits.

Winery tourism

Strategic Marketing

Advertise the winery site on reputable wine marketing and tourism sites to increase exposure and aid credibility.

Intellectual Property:
Domain names
Consider the registration of popular wine label names and trade marks as domain names.

Legal Regulation

Wineries would do well to compose and maintain a simple, non-complex website. An individual should take responsibility for the website when maintained in house or should be the liaison person when consultants maintain the site.

Winery websites need to prominently display legal warnings as one of their online sales requirements.

Site Maintenance

Micro/smaller wineries reliant on direct sales: Use hyperertext linkages to promote regional winery collaboration to improve winery tourism.

Larger small/medium wineries with established brand names and reliant on distributors—link to or list trade partners.

Security

Implement a secure encryption sales service on the websites to enhance consumer trust. Discourage orders containing email credit card details.

Tandem process
Use email newsletters in conjunction with an ordering facility on the website.

Re-positions the direct wine sales mix for wineries that may make postal marketing obsolete. The website as an order-taking channel on its own does not appear to be successful—tandem use of email & the website is the required direct marketing mix.

Direct Customer Sales Transactions

Linkages
- Other wineries (reciprocity)
- Trade partners (synergism)

WINERY ACTIVITIES & BUSINESS OPERATIONS

WINERY ACTIVITIES & BUSINESS OPERATIONS

Cluster Alliances

Security

WINERY ACTIVITIES & BUSINESS OPERATIONS

Cluster Alliances

Specific for wine & winemaking

The About Us page

Website Practices

WEBSITE PRACTICES

WINERY ACTIVITIES & BUSINESS OPERATIONS

Cluster Alliances

Specific for wine & winemaking
Conclusion
A cohort of early Internet adopting Australian wineries were investigated to identify the perceived marketing best practices associated with the implementation of their winery websites. The case study method was used to record and document the pertinent winery website marketing features and associated business benefits.

An important website marketing practices was the publishing of all winery information in the Web environment—providing a significant cost benefits for owners and strengthening the view that winery websites are information rich. The adoption of the website by wineries also highlighted the importance of considering domain names as intellectual property in a similar manner that wineries value their labels and name. Web adoption appears to have necessitated a rethink of management practices associated with website maintenance, whilst some winery case study participants alert the industry to some of the legal obligations of selling online. Other issues to emerge involve the need for web marketing strategies and the importance of reciprocal and synergistic alliances through hypertext linkages with wine cluster partners. Finally, most web sale transactions although occurring at low thresholds, are being cleverly linked by wineries with direct email marketing in a mechanism that allows easy capture of client orders and details.

References


