



# TASTE WINE ON THE WEB

## The case of FORTYFOUR DEGREES

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**FORTYFOUR DEGREES**  
Delivering the Best in New Zealand Wine

Rotterdam Business School



**THREESIXTY DEGREES**  
Delivering the Best in International Wine



**“TASTE WINE ON THE WEB”  
The case of FORTYFOUR DEGREES**

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This research was done exclusively for the case of FORTYFOUR DEGREES the Netherlands. This report was meant to be submitted to Rotterdam Business School as a graduation dissertation.

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**For my mom and my aunties**

**Tặng mẹ, bác Chi, bác Nga và bác Sáu**

## Table of Contents

Table of Contents .....	5
Preface.....	8
<i>About This Research</i> .....	9
Chapter 1: Introduction.....	10
1.1 Background.....	10
1.2 Research problem .....	10
1.3 Goal of the research .....	11
1.4 Research design.....	11
1.4.1 Research questions .....	11
1.4.2 Data collection methods .....	11
1.5 Structure of research report .....	12
Chapter 2: Literature review (part 1): Looking at wine sector from a marketing perspective .....	13
2.1 Introduction.....	13
2.2 The aroma wheel.....	13
2.3 Quality in wine:.....	14
2.4 Wine market.....	15
2.4.1 Global market.....	15
2.4.2 European market.....	16
2.4.3 Dutch market.....	16
2.5 Wine brand image agents .....	17
2.5.1 Induced brand image agents .....	17
2.5.2 Autonomous wine brand image agents .....	19
2.6 Online wine sales:.....	20
2.7 Wine consuming behavior.....	21
2.8 Summary .....	21
Chapter 3: Literature review (part 2): Different aspects associated with E-marketing.....	23
3.1 Introduction.....	23
3.2 Online marketing vs. Offline marketing .....	24
3.3 E-promotional mix.....	25
3.4 Communication online .....	25
3.5 Consumer behavior on the Net .....	28
3.5.1 Decision making process .....	28
3.5.2 Online searching behaviors .....	29
3.6 Branding on the Net .....	29
3.6.1 A good brand .....	29
3.6.2 Building an online brand .....	30
3.7 Website .....	31
3.7.1 Steps to build a good website: .....	32
3.7.2 Perceived value of websites .....	32
3.7.3 Web stickiness.....	33
3.7.4 Website checklist.....	33
3.7.5 Web based e-marketing techniques .....	36
3.8 E-commerce: .....	37
3.8.1 E-commerce definition .....	37
3.8.2 E-commerce vs. traditional commerce .....	37
3.8.3 Customer chain .....	39

3.8.4 Social environment.....	39
3.8.5 E-commerce in the Netherlands .....	39
3.8.6 Web-shop .....	41
3.8.7 Problems with E-commerce .....	41
3.9 Summary .....	42
Chapter 4: Methodology .....	44
4.1 Introduction.....	44
4.2 Research questions .....	44
4.3 Data collection methods: Case study .....	45
4.3.1 Semi-structured interviews .....	45
4.3.2 Structured observation: Benchmarking .....	45
4.3.3 Survey: Online questionnaire .....	46
4.4 Measure taken to get reliable data .....	47
4.5 Summary .....	48
Chapter 5: Company analysis .....	49
5.1 Introduction.....	49
5.2 General overview .....	49
5.3 Unique selling proposition .....	49
5.4 SWOT analysis .....	50
5.4.1 Strengths .....	50
5.4.2 Weaknesses.....	51
5.4.3 Opportunities .....	51
5.4.4 Threats.....	51
5.5 Summary .....	52
Chapter 6: Research results .....	53
6.1 Introduction.....	53
6.2 Target customers:.....	53
6.2.1 Customers' profile .....	53
6.2.2 Consuming behaviors .....	55
6.2.3 Online purchasing behavior .....	58
6.3 Market and E-commerce in the Dutch wine sector .....	60
6.3.1 Dutch wine market.....	60
6.3.2 E-commerce in Dutch wine market.....	61
6.4 The case company: FORTYFOUR DEGREES.....	61
6.5 Competitors' e-marketing strategies .....	61
6.6 Website optimization .....	63
6.7 E-promotion methods .....	64
6.7.1 Domain name .....	65
6.7.2 Google Adwords .....	65
6.7.3 Online communities: .....	66
6.7.3.1 Traditional forums.....	66
6.7.3.2 Social network sites.....	67
Chapter 7: Conclusions.....	69
7.1 Target customers.....	69
7.2 Dutch wine market .....	69
7.3 The company's inside out.....	69
7.4 Competitors' e-marketing strategies .....	69
7.5 Website optimization .....	70
7.6 E-promotion methods .....	70
Chapter 8: Recommendations.....	71
8.1 Search engine optimization.....	71

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8.2 Google AdWords .....	72
8.3 Domain names.....	73
8.4 Websites and web-shops improvement.....	73
8.5 PR on the Net .....	74
8.6 VIP club.....	75
8.7 The gifts that keep giving .....	76
Afterword: An eye on the future.....	78
Bibliography.....	79
Appendix.....	81
Appendix I: Competitors' comparison chart .....	81
Appendix II: Websites benchmarking chart .....	83
Appendix III: The roadmap .....	84
Appendix IV: Survey questionnaire .....	86
Appendix V: Survey answers .....	88
Appendix VI: Interview notes .....	94
Interview 1: .....	94
Interview 2: .....	94
Interview 3.....	95
Interview 4: .....	96
Interview 5: .....	96

## Preface

*...Four years ago, a little Hanoian girl left her hometown to live and study in a far far away place for the very first time of her life.*

*...And after four years, that “far far away place” has become the girl’s second hometown.*

*That little girl is me, the writer of this thesis. That “far far away place” is Rotterdam, the city that has witnessed my four years from the first days of learning to cook a meal to the moment I am writing this graduation thesis. Those four years were the most difficult time that I have ever had, yet the most fascinating time that I will remember forever.*

*When I am writing this Preface, my research has been completed; the defense date is coming close and I believe soon will come my graduation. On this Preface, I would like to send many thanks to my family: my late grandma, my parents, my aunts and uncles, my cousins, my nieces and nephews for their support. I want to specially thank my mom for her great sacrifice for me and for holding back her tears all the time I was away.*

*I would like to thank the very good friends I have got in the Netherlands: Thu Dinh, Duc Ho, Tata Mhonoiy, Imron Sama, Christina Sun, Thuan Nguyen, Peter van der Sman, Jan Nijeboer, Dzung Pham, Joris Sikken, Giang Tran, Aslan Temirgaev, Adelina Phillipsen, Daniel Frankl and Omar Abdirahman. Together we got over the obstacles and shared beautiful moments.*

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*Special thanks to Mr. Kristian Nielsen, my teacher supervisor and Mr. Jarrod Englefield, my company supervisor for their guidance and encouragement during the time I was doing this research. Their in-depth knowledge of wine and marketing formed very helpful reference books for me. Moreover, their passion for wines was a great source of inspiration while I was working on this thesis!*

*Thank FORTYFOUR DEGREES for offering me the opportunity to do this very interesting research!*

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*I also would like to thank my teachers at Rotterdam Business School for their lectures and advises.*

*Finally, thank Valentin Mauro for taking care of the graphic layout of this report as well as for his precious support!*

## **About This Research**

*As you can see from its name: "Taste WINES on the WEB", it is about Wines and about Web (or e-commerce, in this case). I know you would ask "Tasting wines on the web – How could it happen?". Yes, at first, this idea sounds so impossible. However, I as well as many other people believe and know that "Impossible is Nothing" (Certainly, Adidas was just one of us). Therefore you can nowadays even buy wines on internet. Unfortunately we can not let you taste wines on the web yet but many people are working hard on it in different ways and we are coming closer to this goal. With my research, I am one of the many people that attempt to improve wine e-commerce so that both wine suppliers and wine lovers can benefit.*

*When I started this research, my knowledge about e-commerce was modest and my knowledge about wines was close to zero so it was really challenging. Nevertheless, wine is a beautiful product and e-commerce is a dynamic area to explore! Beside the great excitement, the knowledge and experience I have gained are priceless!*

*This report may not be completely flawless but I am proud that I did my best to apply what I have learnt in finding and formulating solutions for a real problem!*

*Hope you enjoy reading it!*

*Rotterdam, January 2009*

*Trang Nguyen*

## Chapter 1: Introduction

### 1.1 Background

First and foremost, FORTYFOUR DEGREES is a distributor of New Zealand wines in the Netherlands. Their portfolio includes an exclusive selection of premium New Zealand wines. The name FORTYFOUR DEGREES is taken from the latitude positioning of New Zealand's garden city Christchurch where managing director Andrew Bailey originally comes from.

After successfully entering the Dutch market, FORTYFOUR DEGREES wants to extend their wine portfolio to also cover non-New Zealand wines. Therefore the sub-brand THREESIXTY DEGREES has been born. At this moment, FORTYFOUR DEGREES is holding 2 brand names: FORTYFOUR DEGREES which deal exclusively with New Zealand wines and THREE SIXTY DEGREES which offers wines from all over the world.

Due to the fact that THREESIXTY DEGREES is established not long time ago and its business model is very similar to FORTYFOUR DEGREES, this research will not make a distinguish between these 2 brands. Instead, in this report, once FORTYFOUR DEGREES is mentioned, it also includes THREESIXTY DEGREES.

Currently, FORTYFOUR DEGREES is serving both B2B and B2C markets. On one hand, they make use of their network to approach the sommeliers, chiefs and managers of the restaurants directly. Trading with restaurant at the moment is contributing 90% of total sales. On the other hand, FORTYFOUR DEGREES sell wines directly to corporate and end-consumers on its website to minimize the intermediary cost. However this channel contributes only less than 10% of total sales.

### 1.2 Research problem

In recent years, countless number of online wine shops, wine blogs and wine forums were launched. Most recent, wine media has spent pages to discuss the big news: Amazon.com will also soon add wines to its products portfolio. Apparently, despite its limitations, internet has promised to be a potentially effective wine distribution channel.

For FORTYFOUR DEGREES, their price range is moderately high, minimizing the cost of intermediary was the first reason why the company uses web-shop to approach end customers. However, e-commerce has its limitations, especially for wine which is a unique commodity. The fact is that online sales have counted for less than 10% of total sales. FORTYFOUR DEGREES, therefore, would like to improve the performance of their web-shops. In order to achieve this, not only the web-shops have to be "renovated" but also the brand awareness needs to be enhanced.

Previously, FORTYFOUR DEGREES has launched different advertising and promotional campaign both online and offline. The results of these campaigns have showed that for the niche market that FORTYFOUR DEGREES is serving, word of mouth has a much more profound impact than costly advertising. Besides, the company is now under a tighter budget, more focus should be placed in low cost viral marketing.

### 1.3 Goal of the research

The goal of this research is giving recommendations on some effective and efficient e-marketing methods to generate more online buyers for the web-shops of FORTYFOUR DEGREES and THREESIXTY DEGREES.

### 1.4 Research design

#### 1.4.1 Research questions

The research questions are:

**Question 1:** Defining in details the target customers of FORTYFOUR DEGREES: their wine consuming behaviors and their online purchasing behaviors.

**Question 2:** How is the market and e-commerce practice of wine sector in the Netherlands?

**Question 3:** What are the strengths & weaknesses of FORTYFOUR DEGREES? What are the company's preference and capability in promoting their web-shops?

**Question 4:** What are the e-marketing methods of other wine web-shops?

**Question 5:** How to optimize the website and web-shop to best fit e-commerce purpose?

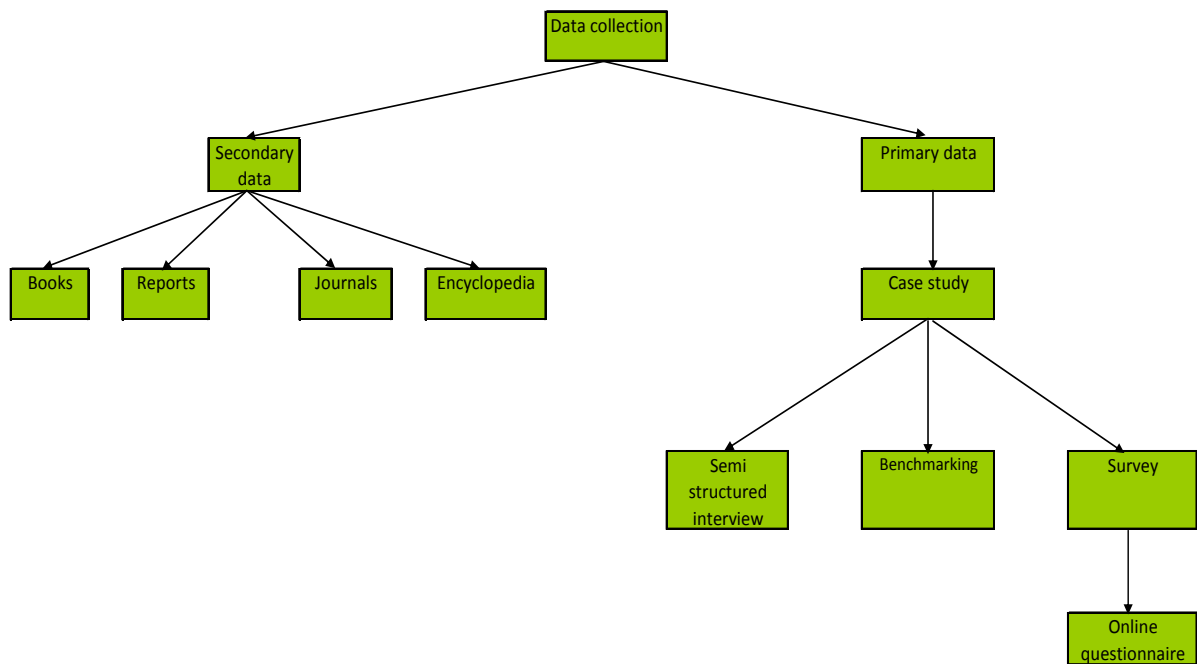
**Question 6:** What are the possible e-promotion methods for FORTYFOUR DEGREES? What are their costs and requirements?

#### 1.4.2 Data collection methods

The chosen approach for this research is single case study approach (with some elements of multi-single cases study) and followed by a survey.

Single case study approach was chosen is because of the nature of the assignment which is looking how to make wine e-shop more successful. The wine industry has long involved mostly family business. It is a rather close industry. Thus it is very difficult to have chance to research inside different wine businesses at the same time. However, researcher has tried to add elements of multiple case study approach in this research by benchmarking different web-shops.

In details, secondary data is collected via books, reports, journals, and encyclopedias. Primary data is collected via semi-structured interviews, benchmarking and online questionnaire.



## 1.5 Structure of research report

Hereunder is the structure of the report.

Chapter 2 and 3 are both dedicated to review literature background of this research. Chapter 2 focuses on wine sector including literature on wine itself and on wine marketing. Chapter 3 presents literature on different aspects associated with e-marketing.

In chapter 4, the research methodology is discussed.

The research findings are presented in chapter 5 and 6.

Chapter 5 is a company analysis and chapter 6 answers the research questions one by one.

Conclusions are given in chapter 7.

Last but not least, recommendations and roadmap can be found in chapter 8.

## Chapter 2: Literature review (part 1): Looking at wine sector from a marketing perspective

### 2.1 Introduction

Wine can be discussed endlessly. No wine marketer can practice in the industry without wine knowledge. Therefore, this whole chapter is dedicated to present wine & wine sector, but from a marketing perspective.

This chapter includes discussions about the aroma wheel and the definition of quality of wine which are essential materials for any wine marketer.

After that will be a brief look at the wine market from a global view to a local view in order to pick the general trends.

Next, there will be a discussion about the effectiveness of different image agents in wine marketing.

An overview of the wine e-commerce will also be presented.

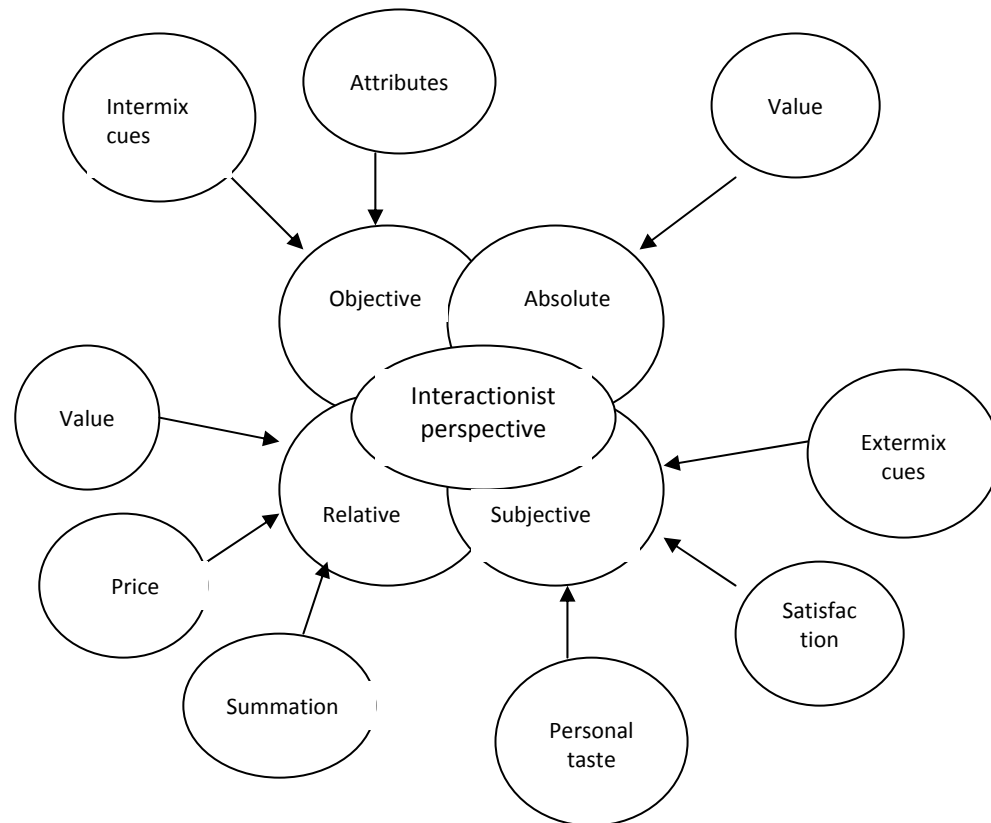
Last but not least, there is a discussion about wine consuming behavior.

### 2.2 The aroma wheel

Wines can be discussed and analysed from various points of views. A very traditional way is wine tasting and nosing, the organoleptic approach. For this purpose, different classification system describing wine aroma have been developed. One of those classification systems is the famous aroma wheel. The aroma wheel is a graphical representation of tasting terms used for aroma. It was devised at the University of California by Ann C, Noble and others in the early 1980s. Ann C's research into sensory evaluation of wine indicated that there was no general agreement either on terminology or on its application. Thus the aroma wheel was developed to provide a standardized lexicon which can be used widely to describe wine aroma in non-judgmental terms, grouping specific terms which can be defined to provide a basis for communication.



A lot of effort was put on defining quality of wine. Charter and Pettgrew (2006) has tried to conceptualize quality of wine by as an interactionist process, balancing all of different perspectives which are *objective*, *absolute*, *subjective* and *relative*.



Source: Charters & Pettigrew (2006, p.478)

Each perspective are the result of several elements. For example, the subjective perspective on quality of wine is a contribution of personal taste, satisfaction and extermix cues.

The ultimate mission of this interactionist map is to identify the factors that have influence on how quality of wine is assessed.

## 2.4 Wine market

### 2.4.1 Global market

According to Robinson (2006, p.193) consumption of wine throughout the world has fallen to around 285 million hl/7,500 million gal a year in the early years 2000s. Total production is considerably more than this, resulting in a serous global wine surplus that is most acute in Europe, the most important producer and consumer. The generation of Frenchmen and Italians who routinely consumed a liter of wine a day has been dying off while in Germany and UK, wine consumption continues to grow, from a modest base in notably.

The countries with the highest per capita wine consumption used to be the most important wine producers such as Luxembourg, France, Italy, Croatia, Portugal, Hungary, Spain, Argentina are observing a declining of consumption. The non-producing countries with the highest wine consumption per capita are Switzerland and Denmark. Of Anglophone countries, the most enthusiastic wine consumers are Australia (21 l or 28 bottles per capita per year), followed by New Zealand, The United Kingdom, Ireland, Canada, South Africa and then the US (7.7 l or more than 10 bottles). The UK is continuously the biggest wine importer. (Robinson, 2006)

### 2.4.2 European market

In order to give exporters a good overview of the European wine market, CBI (2008) has come up with some main conclusions hereunder.

The majority of Europeans tend to prefer modern, dry, fruity wines in all colours. Red wine is the most popular with roughly two thirds of total consumptions; red and rose wines are the most important import group (62% of total import). The increasing popularity of rose and sparkling wines can be seen in growing import values. The EU wine market does remain somewhat heterogeneous. For example, on the British and Dutch markets, the hottest trend is rather dry, fresh rose wine, while Germans also enjoy sweeter, young white vintages.

EU wine experts recommend the following strategies for accessing the EU market:

- Image building is extremely important in the wine sector. Pay attention to presentation. The style of the bottle and its labels must be eye-catching and easy-to-read. The story behind the wine – for example techniques used by the producers, the heritage of the country and the personal touch of people involved in the production process is becoming more and more important.
- Advertising in trade press, for example in Meininger's Wine Business International ([www.wine-business-international.com](http://www.wine-business-international.com)) can be effective way of reaching potential buyers. All wine exporters eager to keep pace with developments on the EU market should subscribe to this magazine. Some trade magazines offer free advertising, for example KVNW magazines ([www.kvnw.nl](http://www.kvnw.nl)).
- Benchmarking and tasting events are essential. Focus on having the right wine for the right market rather than entering a market immediately.
- Trade fair participation remains a good opportunity for meeting potential buyers and consumers and learning about their taste preferences. The most important trade fairs are ProWein in Germany ([www.prowein.de](http://www.prowein.de)) and London International Wine and Spirits in the UK ([www.london-winefair.com](http://www.london-winefair.com)).
- Journalists are powerful on the wine market. Articles on an emerging wine country will give a boost to the country's image, raising awareness and drawing consumers.

### 2.4.3 Dutch market

Per capita in 2005, the Dutch drank 78 liters of beer which is over 9% less than in 1995. This trend is opposite to its wine counterpart. From 1995 to 2005, wine consumption has been continuously growing by 28% (from 17 liters to 21 liters). (CBS statistic)

In 2007, the Netherlands imported 423 million liters of wines in which one quarter came from outside Europe. The share of non-European countries in total Dutch wine imports has more than doubled since 1998. (CBS statistic)

Among European wines, German wine is becoming more and more popular while France remains the biggest supplier but its share is declining. In 1998, approximately 9% of wines in Dutch market come from Germany and 46% come from France. These figures for 2007 are 15% from Germany and 32% from France. (CBS statistic)

Among non European wines, South Africa is still the main wine-exporting country but similar to France, its share is dropping quickly while Chilean wine is on the rise. (CBS Statistic)

## **2.5 Wine brand image agents**

### **2.5.1 Induced brand image agents**

Hall and Mitchell (2008, pp. 228 - 244) discussed the use and capacity of selected advertising communications channels in developed countries with respect to premium wine and food products. This is indeed a practical guideline for wine marketers.

Communications Channel	Ability to communicate			
	Reach	Wine price	Wine quality	Wine product information
Television	High	Good	Moderate	Moderate
In-store advertising	High	Moderate	Moderate	Moderate
Radio	High	Moderate	Poor	Poor
Newspapers	High	Moderate	Moderate	Moderate
Magazine	High	Moderate	Moderate	Moderate
Internet advertising	High	Moderate	Poor	Poor
Websites	High	Good	Moderate	Good
In-store retail samples	Medium	Excellent	Excellent	Good
Coupons, price promotions	Medium	Moderate	Poor	Poor
Home mailings	Medium	Poor	Poor	Poor
Friends and family recommendations	Medium	Excellent	Excellent	Excellent
Magazine or newspaper inserts	Medium	Moderate	Poor	Poor
Cinema advertising	Medium	Poor	Poor	Poor
Toll free numbers	Medium	Poor	Poor	Poor
E-mails	Medium	Poor	Poor	Poor
Event sponsorship	Low	Poor	Moderate	Poor
Recommendations from experts	Low	Moderate	Excellent	Good
Restaurant table tent promotion	Low	Poor	Moderate	Moderate
Travel by public transport	Low	Poor	Poor	Poor
Travel by airplane	Low	Poor	Moderate	Poor

(Source: Hall & Michel, 2008, p.229)

Print media are widely used by wine producers for advertising and sales promotions for its historical reason and the ability to target wine consumers. Television advertising by wine producers is relatively rare. The reasons are restricted alcohol advertising, high cost, and the limited ability to target wine consumers. Some particular television shows can be appeal to the wine market and could be useful to be associated with but usually they are unaffordable. Radio has more targeted audience. However attention must be paid to make sure the demographic of listeners match the company's target. Billboard option offers a wide coverage but may not be efficient in communicating with targeted group.

In most of the case, PR can be more important in wine sector than any type of advertising as it is less uni-directoral. It can be useful in the development of relationships with consumers and other groups and individuals that are of interest to wine producers.

New media such as the Internet presents good opportunities to implement PR campaign, especially with the advancement of Web 2.0 environment.

Sales promotion including printed material and personally delivery both plays important roles in wine marketing. Personally delivered sales promotions are likely to have a greater impact. This will be a disadvantage for the wine businesses that operate online only.

Although there is no uniform definition of a wine club, they exist widely and variedly. In most cases, they act as effective sales vehicles for the brands that have chance to sponsor and approach these clubs.

Labels design is an important tool for wineries. However, a wine trader can rarely interfere in this process.

The use of celebrities (buzz marketing) is widespread in many product categories and these are often used as reference group. In wine sector, celebrities are often used as “experts” to provide a form of quality certification.

Celebrities can be also used as role models. No matter in which way the celebrities are used, they must have a degree of credibility with the target market.

Hosting media which stories can be perceived by consumers as being autonomous usually have long lasting effects as well.

Product placement and event sponsorship are also popular tools in marketing nowadays. According to PQ media, “global paid product placement grew 37.2% to \$ 3.36 billion in 2006”. In wine sector, this method has showed its effectiveness. Naming rights sponsorship of events can be expensive but some smaller affordable local events can have high concentrations of target audience as well.

### 2.5.2 Autonomous wine brand image agents

Compared to induced image agents, autonomous images agents are superior for its credibility. As wine involves a high degree of social risk for most consumers and if they are unable to taste the wine before purchasing, consumers would usually seek for external validations/reference.

Wine shows, medals and awards speak for themselves. However, there are still many issues that let audience suspect that the results are not always exact. Importantly, the professional judgment may have no connection with consumer likes and dislikes.

Charters (2006) says that wine shows and their judges perform a “gatekeeping” role in the wine value chain and wine critics as gatekeepers. Wine critics are influential (at different level) but unfortunately their criticism is not always of benefit for wine producers and traders.

Non-wine media is becoming more and more important since wine becomes a fashion, a social status and obviously a lifestyle. The difficulty is that it is not easy to identify the level of trust which a consumer might place in the reviewer.

Similar to non-wine media, movies and other fiction have been used and sometimes have showed great effects on wine consuming.

## 2.6 Online wine sales:

Tom Wark, executive director of the American Specialty Wine Retailers Association (SWRA) had an interview with president Paul Mabray of Inertia Beverage Group which has a line of wineries as customers for his online marketing solutions. The interview was published on his Fermentation Blog under the name *The art of one-line wine sales* (Wark, 2005). Below are some remarks from this interview.

“The best on-line stores are doing incredible things like leveraging syndication (RSS feeds) from their sites, aggressive business development through our programs, and dedicating a 1/2 to fulltime person for their on-line initiatives. Some are creating excellent on-line communities (lola wines from Fosters Wine Estates) and others are more consumer service centric (Humanitas, Luna). My personal favourites are those that really leverage the concept of “segmentation” so that they truly understand their customers and reward them according to their purchasing behavior.

The key is that the on-line store still needs customers and getting customers still means going out and getting them – events (both industry and winery) to gather names/contacts. Another very simple item is making it easy to make purchase.

Generally wine represents an impulse buy which makes on-line wine sales even more difficult. Factors that help overcome the hurdles of buying wines that have not been tasted or unrecognized brands include:

- cost or availability relative to local retail
- tasting opportunities that drive the consumer on-line
- the endorsement or recommendation by a trusted source
- brand recognition
- a connection to the experience that the brand represents
- free shipping

(Wark, 2005)

On the issue of October 7, 2008 *New York time* published an article that introduced and complimented Another Start-Up tries to Sell Wine Online. On this article, the author admitted that consumers do not automatically think of Internet when they want to buy wine. AmericanWinery.com is a new start-up which has the requisite Web 2.0 tools. Wine makers can post their tasting notes and tips for tourists who want to visit their vineyards. Wine drinkers can buy, rate, review and discuss wine. Wine pairings and interviews with wine makers are presented on the blog section. There is also an extensive wine encyclopedia.

Also in this article, the author quoted a speech of Barbara Insel, chief executive of Stonebridge Research that wine will never be easy to sell online. Wine purchases are driven by recommendations from trusted friends or sales people or a special experience at a restaurant or winery. Still, consumers’ interest in buying wine online is growing, said Jeremy Benson, president of Benson Marketing Group, a Napa Valley wine marketing agency. More and more people visit vineyards, can’t find the wine they want in the store and go online to

buy it. Nonetheless, Mr. Benson said, only 10 to 20 percent of most wineries' business comes from the Web.

Now, as AmericanWinery.com has added an e-commerce feature so that consumers could buy wines directly, this site has attracted 35-40 new wineries sign up each month. (Miller, 2008)

Despite all the difficulties, there are still more and more online web-shops launched everyday. Most recently, Amazon.com has decided to join this trend. Chris Adams, executive vice president at Sherry-Lehmann in New York sees this as sign of expanding market access (Sogg, 2008).

## 2.7 Wine consuming behavior

Wine consuming behavior is affected by demographic, geographic as well as user-defined markets.

The traditional perception is that consumer progresses from ordinary to extraordinary wines when they gain experience and income. However research (Mouton & Lapsley, 2001) showed that there is a considerable overlap in consumer preference and that choices are often driven by taste rather than demographic factors.

Also according to Mouton & Lapsley (2001), it is important to define different types of buying decisions because there are different factors influencing these decisions.

- Planned purchase. For example, a customer already planned to buy brand X chardonnay for his party. Influences on this decision will be brand ads, retailers ads, brand loyalty, variety preference.
- Substitute purchase. For example, at the store, the customer find brand Y which is cheaper and looks better than brand X. The influences here are package and price, promotion, out-of-stocks, coupons.
- Planned category. Customer already decided the type of wine and grape but is not sure about which brand to take. The influences on this decision are brand image, brand awareness, price, shelf position, brand ads.
- Reminder. When a wine displayed at the meat counter, it reminds the customer to buy wine. The influences on this will be promotion, point of purchase, brand ads.
- Add-on. Customer needs wine to complement his food. The influences are occasion-driven usage, cross-merchandising.
- Impulse. Customer tastes a wine while shopping and likes the wine. The influences on this case are point of purchase material and promotion.

## 2.8 Summary

In order to create a basis for wine communication, the wine aroma wheel was developed. This wheel covers non-judgmental terms, grouping specific terms which can be defined to provide a basis for communication.

As difficult as communicating about wine, wine quality is notably hard to be defined but is used largely to evaluate wines. Some try to conceptualize quality in wines by an interactionist process, balancing all of different perspectives.

There is a serious global wine surplus that is most acute in Europe. Global wine consumption is falling greatly while production is continuously increasing. However, Dutch wine consumption shows positive trend not only in quantity but also quality.

Currently, print media is still a popular advertising method in wine sector. However PR, especially on the internet buzz marketing are considered to be more effective.

Wine e-commerce has not and will not be easy. Nevertheless, it is obviously a big trend.

Wine consuming behavior is ultimately important. Understanding the buying decisions making process will help wine marketers to choose the right marketing methods.

## Chapter 3: Literature review (part 2): Different aspects associated with E-marketing

### 3.1 Introduction

This chapter is especially dedicated to discuss about e-marketing and its associated aspects. The main themes are:

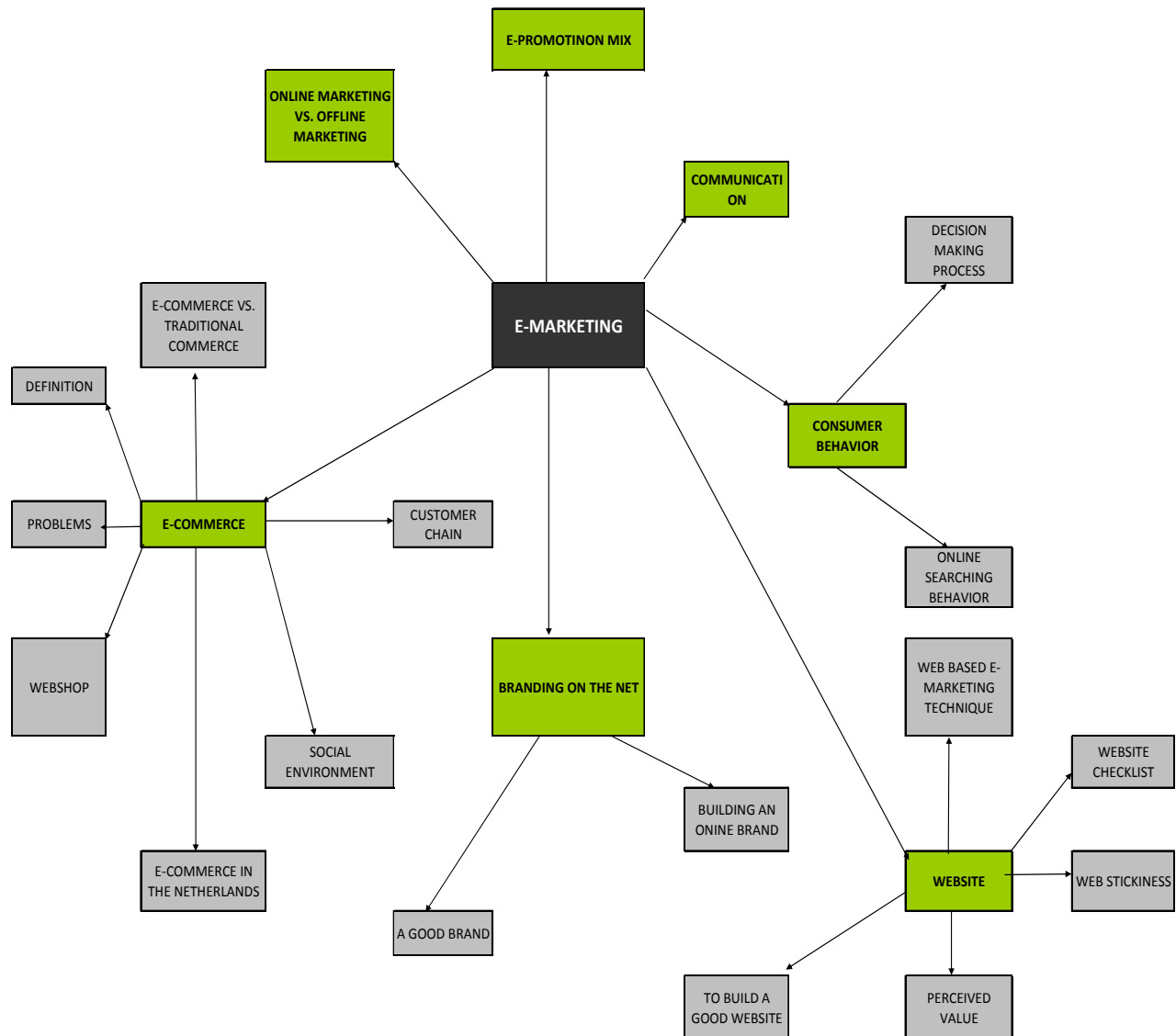
- Online marketing vs. Offline marketing
- E-promotional mix
- Communication
- Consumer behavior
- Branding on the Net
- Website
- E-commerce

Each theme contains several topics which are considered relevant to answer the research questions.

There are contents which are not only applicable for e-marketing but also traditional marketing.

The principal purpose of this material is to help researcher gain an all-round knowledge about e-marketing and e-commerce. The material is selected based on its reliability and validity.

Hereunder is a map to provide reader with an overview of this chapter.



### 3.2 Online marketing vs. Offline marketing

Beynon-Davies (2004, pp. 351 – 352) discussed the differences as below:

Traditional marketing are usually:

- Push: a company distributes the material to perceived market of potential customers
- Passive: potential customers search for advert themselves
- Linear: marketing material is scripted and is expected to be delivered in some linear sequence.
- Event-driven: Materials tend to be delivered at a specific point in time.
- One-to-many: materials are typically broadcasted from one source to many potential customers.
- Information weak: it is different to measure the effect of a traditional marketing product on a given population
- Location – dependent: materials are distributed in certain locations only.

In contrast, e-marketing tends to be:

- Pull: potential customers themselves access the material
- Aggressive: advertising actively involves seeking out customers.
- Interactive: potential customer can communicate with the company easily
- Time-independent: the materials can be accessed anytime.
- One-to-one/one-to-many/many-to-many: materials can be accessed in different context.
- Information – strong: vast amount of data related to customer searching with eventual purchase.
- Location – independent: materials can be viewed from anywhere.

### 3.3 E-promotional mix

In order to introduce about promotion, Brassington and Pettitt (2003, p.569) explained the promotional mix includes:

- Advertising
- Personal selling
- Public relations
- Direct marketing
- Sales promotion

These are 5 elements of promotional mix. Each element contains many promotional tools. For example, advertising includes broadcasting, television ad, printed ad, etc. When thinking about promotion, many immediately think of sales promotion only. That must be a big mistake.

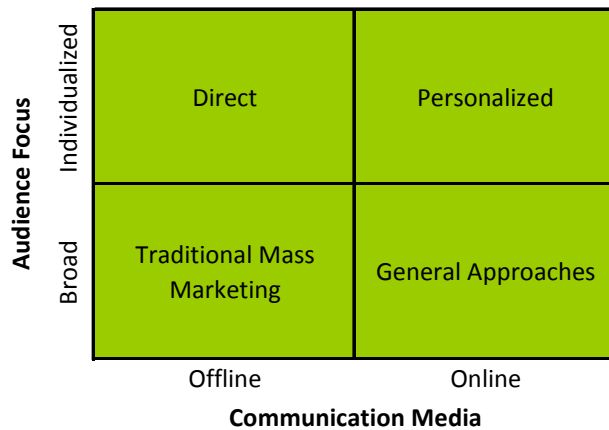
When discussing about the relationship between buyer readiness stages and the promotional mix, Brassington and Pettitt (2003, p.582) indicates that advertising is the most effective promotional tool so far, but does it best at the awareness stage. Direct market, personal selling and sales promotion are more effective at the later stages (from desire to action). The affective of public relations remain the same in all different stages (from awareness, interest, to desire and action).

The authors created this promotional mix for traditional marketing. However, it is also applicable for e-marketing. There will be only differences in execution methods.

### 3.4 Communication online

Apparently, there are similarities and differences between communication for traditional commerce and for e-commerce.

Principally, how different is it between online and offline communication? Rayport and Jaworski (2001), has explained this.



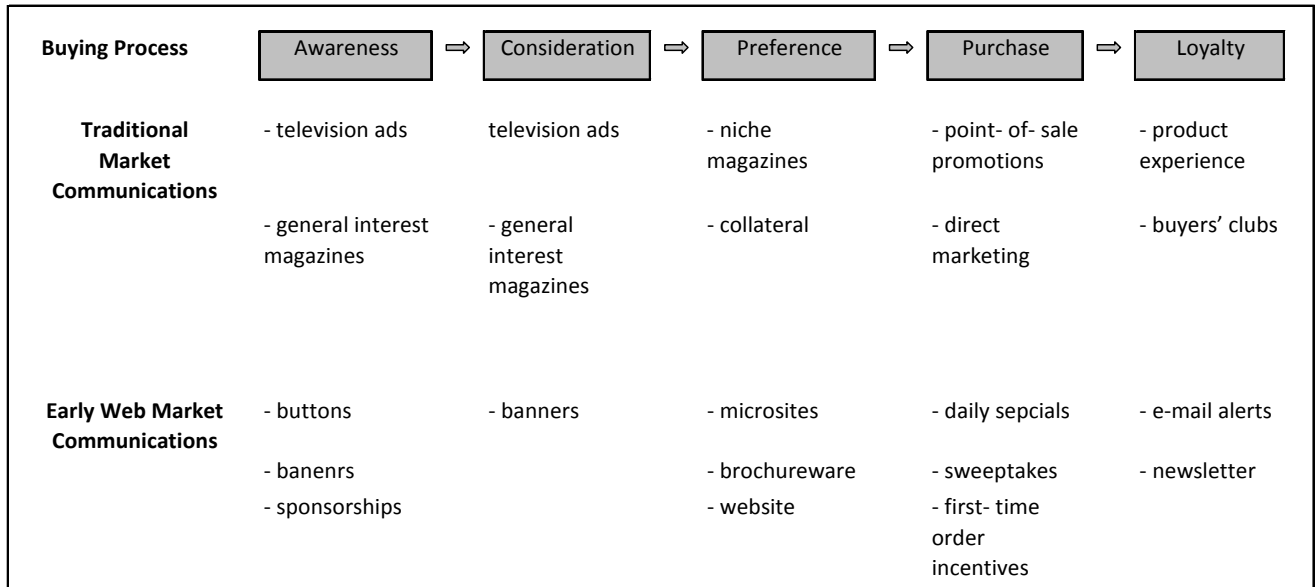
Source: Rayport & Jaworski (2001 p.173)

With the traditional commerce (offline), there are only 2 approaches which are traditional mass market and direct market. The launch of online business has introduced 2 more options: personalized to focus on individuals and general approaches to focus on broad audience. Let us have a closer look on these 4 approaches in details:

<b>Direct</b>	<b>Personalized</b>
Salesforce Retail sales Customer service presentative	Permission Marketing Personalized Recommendations Personalized Advertisements Personalized Webpages Personalized Upsell Personalized e-commerce
<b>Traditional Mass Marketing</b>	<b>General Approaches</b>
Television Radio Print Billboards Superior Customer Service	Banner Ads e-Mail Viral Marketing Portal Sponsorship/ Exclusive Agreements Associate Programmes Online an Offline Partnership Provide Information to Entice Customer Purchases Leverage Customer Base

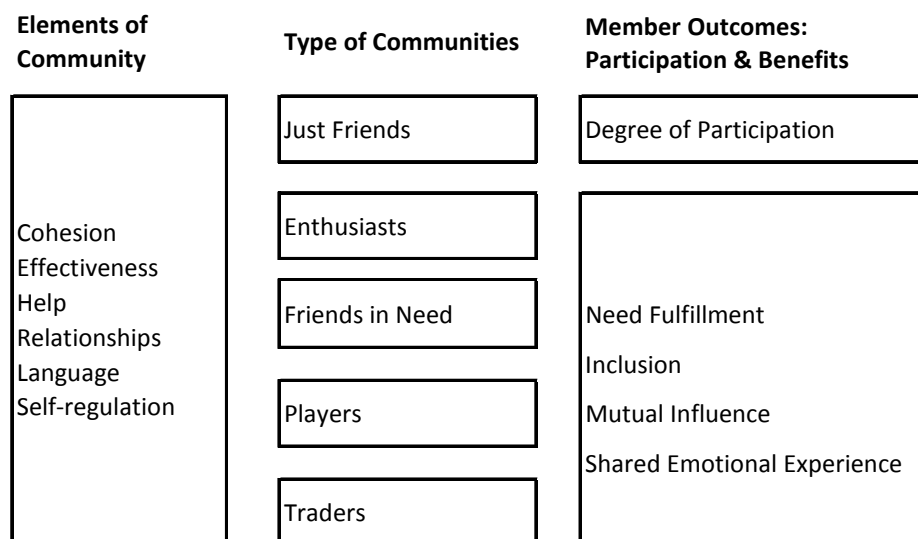
Source: Rayport & Jaworski (2001, p.174)

How these marketing tools are used to influence the buying process is presented below.



Source: Rayport & Jaworski (2001, p. 172)

From the chart, it is obvious that the buying process is the same for both traditional market and early web market. The buying process goes from awareness to consideration, to preference, to purchase and to loyalty. For each stage, there are different communication methods to approach customers. This can be considered a good overview of the available communication methods. However, from the moment this book was written, the Internet has changed dramatically. New technologies, typically the Web 2.0 environment have unlocked new e-marketing tools. One result of the launch of Web 2.0 is the virtual communities.



Source: Rayport & Jaworski (2001, p. 135)

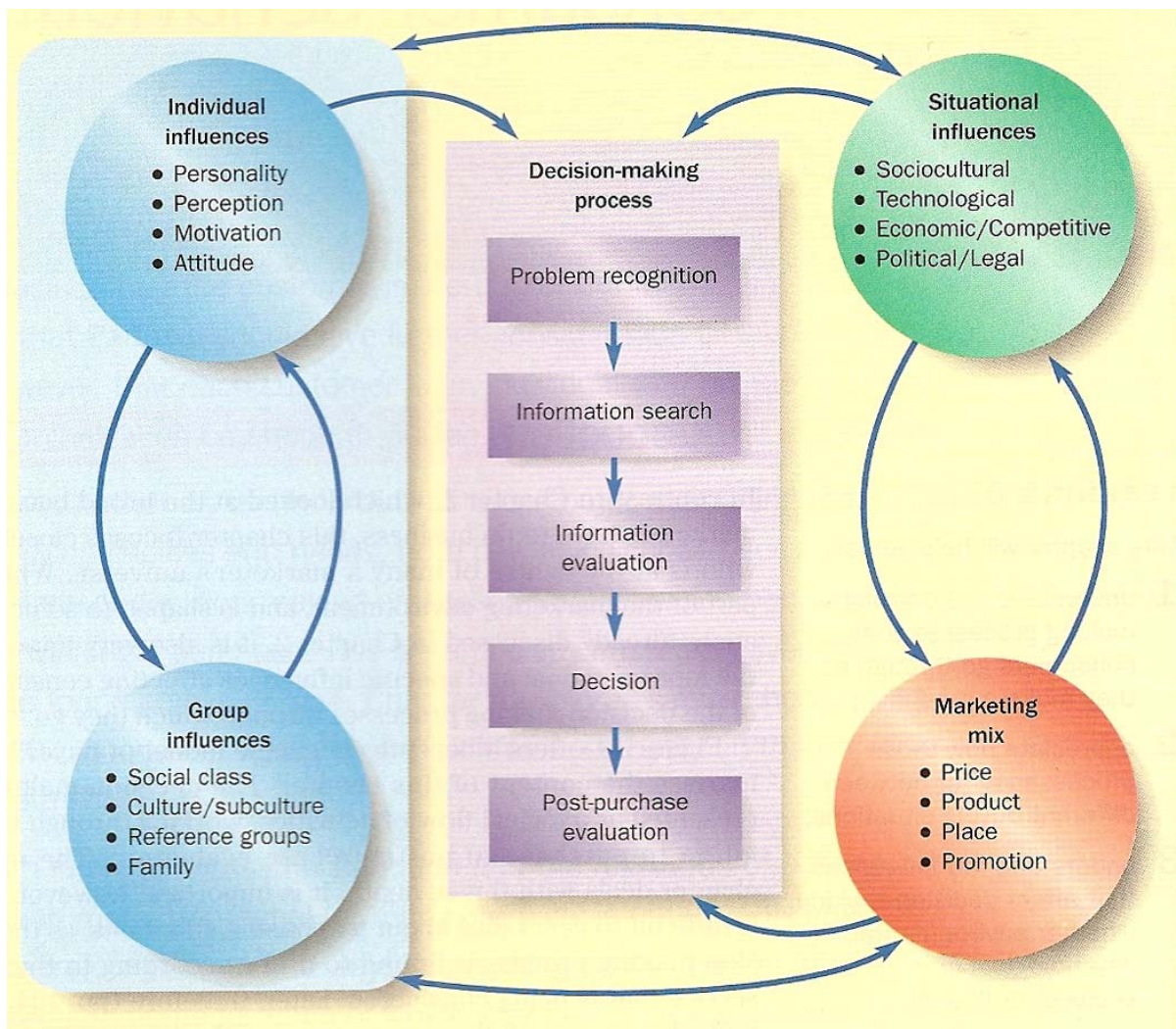
Previously, online communities only existed on the format of a forum or chatroom and attracted little involvement of only some groups of internet users. Nowadays, communities such as Facebook, My Space, Hyves involve huge amount of members from all different

background and interest on a regular basis. Such communities are opening new opportunities for businesses to reach end customers.

### 3.5 Consumer behavior on the Net

#### 3.5.1 Decision making process

Consumer behavior in general is largely affected by different factors. Brassington & Pettitt (2003, pp. 94 – 104) explained the influence as below:



Source: Brassington & Pettitt (2003, p.94)

According to this figure, the buying decision making process goes from problem recognition to information search, to information evaluation, to buying decision and then to post-purchase evaluation. This whole process is influenced by situational influences, marketing mix, group influences as well as individual influences. Among all the influences, the firm has great control over marketing mix. Its marketing mix sometimes can affect the group influences and the situational while the individual influences cannot be affected directly. Once again, it explains the significance of marketing mix over buying decision making process.

### 3.5.2 Online searching behaviors

Brassington & Pettitt (2003, p. 98) made a summary of online searching behavior from Breitenbach and van Doren (1998), Chaffey et al. (2002), Lewis and Lewis (1997).

According to this summary, there are 5 different types of web users:

- Directed information seekers: looking for product, market and leisure information. This type of user tends to be experienced in using the web and search facilities.
- Undirected information seekers: like to browse and change sites by following hyperlinks. This group tends to be novice users and more likely to click on banner advertisements.
- Directed buyers: they are online to purchase specific products. They tend to visit brokers or cypermediaries who compare product features and prices.
- Bargain hunters: these users want to use the web to find offers available from sales promotions such as free samples or prizes.
- Entertainment seekers: these users look to interact with the web for enjoyment through entering contests such as quizzes.

From my point of view, often a customer can be all of the above categories. Sometimes they are directed buyers. Sometimes they seek entertainment. The importance is marketers have to make sure to cover all these categories when doing business online.

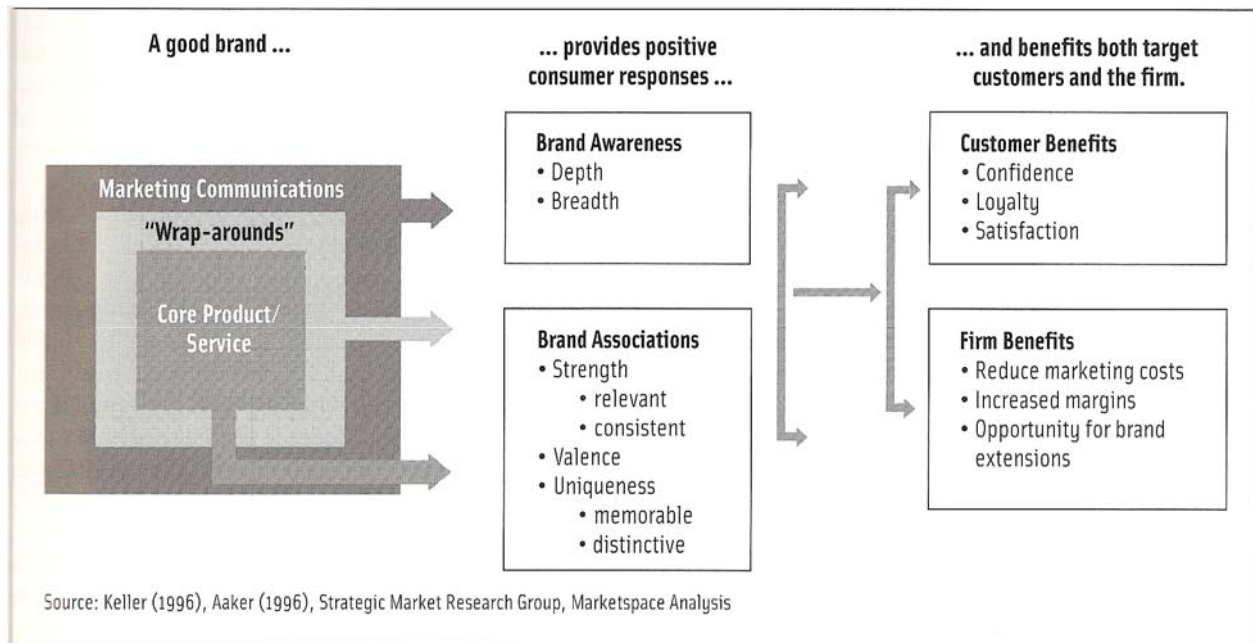
### 3.6 Branding on the Net

Pricing, quality, availability and service – these are all aspects of your business that competitors can duplicate. But your brand is unique. As Bezos, the founder of Amazon has said, it is the one thing competitors can't imitate.

“A brand is a trusted promise of quality, service, and value, established over time and proven by the test of repeated use and satisfaction.” (John L. Mariotti, Smart things to know about brands and branding).

#### 3.6.1 A good brand

Rayport and Jaworski (2001, p.187) in their book *e-commerce* has explained what “A good brand” by making use of this diagram.



According to this diagram, marketing communications must enable brand awareness in 2 dimensions depth and breadth. Core product/service and what wraps around it must enforce the strength, valence and uniqueness of the brand. A good brand must create confidence, loyalty and satisfaction to benefits its customers. At the same time, a good brand has to reduce marketing costs, increase margins and expand more opportunities for the firm itself.

### 3.6.2 Building an online brand

According to Rayport and Jaworski (2001, p.191), building an online brand includes the following elements:

#### Value cluster:

- Clearly define the brand audience
- Understand the customer
- Identify key leverage points in customer experience
- Continually monitor competitors
- Design compelling and complete brand intent

#### Integrated campaign

- Execute with integrity
- Be consistent over time
- Establish feedback systems
- Be opportunistic
- Invest and be patient

These steps are actually very similar to building an offline brand. To have a better overview of similarities and differences in offline vs. online branding, in the same book e-commerce (Rayport and Jaworski, 2001, p.193), the authors presented this chart:

Branding Element	Offline	Online
1. Clearly define the brand audience	Limited to manageable number of segments to prevent inconsistent messaging	Could include larger number of segments, with customer-driven message
2. Understand the customer	Requires understanding of environment, desired purchase and usage experience	Requires more thorough understanding of desired purchase and usage experience in an <u>interactive environment</u>
3. Identify key leverage points in customer experience	Buying process is typically a simplified representation of customer segment <u>behavior with static leverage points</u>	Buying process tends to be more dynamic and flexible
4. Continually monitor competitors	Requires monitoring of competitor <u>advertisements and activities</u>	Competitor advertisements & activities can be <u>monitored online</u>
5. Design compelling and complete brand intent	Brand intent (desired positioning) is designed to address the needs and beliefs of target segments	Greater opportunity for customization of key messages
6. Execute with integrity	Strong, positive brands are built up over time	Online interactions bring in added concerns of security and privacy Limited familiarity with online brands makes fostering trust more difficult
7. Be consistent over time	Brand intent guides marketing <u>communications</u>	Brand intent guides marketing <u>communications</u>
	Image reinforced through variety of offline media	With the ability to customize, one customer's brand image may be different than another <u>customer's brand image</u>
8. Established feedback systems	Collecting and analyzing customer feedback is more time-consuming	Sophisticated tools exist for tracking online; allow for anonymous, interactive, quick <u>feedback</u>
9. Be opportunistic	Marketing strategy includes plan for	Customization for multiple segments and opportunity for early recognition of the changing customer requires a corresponding <u>tailoring of brand intent</u>
10. Invest and be patient	Building brand image requires significant investment	Building brand awareness requires significant investment, especially for those competitors who are not first in their category online
	Building brand loyalty takes time offline, especially because early customer receptivity to brands is difficult to assess (and usually involves market research)	Brands have the potential to generate loyalty more quickly, especially if customers are targeted effectively

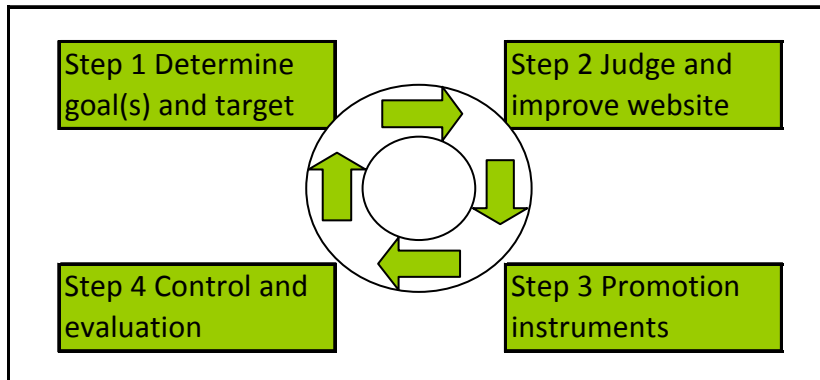
Source: Rayport and Jaworski (2001, p.193)

### 3.7 Website

In the world of e-commerce, websites are certainly one of the most important communication channels. Websites are the place to offer information but also the place where transactions are executed. So a question has always been raised: What make a good websites?

### 3.7.1 Steps to build a good website:

CBI, the Dutch government agency for import promotion has published a very intensive toolkit for website promotion. According to this toolkit, determine goals of the website is an essential step but not many companies have paid enough attention on this.



Source: CBI, 2007

The goals of the website should be:

- Specific
- Measurable
- A challenge
- Realistic

Content goals:

- Knowledge goal
- Opinion goal
- Action goal

### 3.7.2 Perceived value of websites

Steenkamp & Geyskens (2006) did a research on how country characteristics affect the perceived value of websites. This research has been published on Journal of Marketing July 2006.

According to this research, the most important driver of perceived value is utilitarian experience associated with the site. A company can achieve this by providing clear, truthful and new information in a way that ease decision making and increases decision confidence.

The next important driver is pleasure. Visual material appears often play the role in increasing website's visitors' pleasure.

Especially for individualistic countries, customization is the third important factor. It can be achieved by adapt the content, the feel & look to customer's own preference. Personal accounts can also be used to keep track of customer's data and activities.

Next, arousal is a positive effect. Websites should be able to engage visitors actively.

Surprisingly, privacy/security protection is only the 5<sup>th</sup> important driver.

After all, websites oriented to countries in which national identity is high should be adapted to the local context by using local language, symbols and so forth.

Wang et al (2007) suggested that retailers can contribute to consumers' online experiences by adding social cues (avatars, in this case) that enhance their flow, pleasure and arousal. Website social perceptions could ultimately increase customer's emotional bonds through pleasure and arousal with an organization.

### 3.7.3 Web stickiness

Dale Troppito and Dawna are members of The Gantry group, a Concord, MA-based organization that creates blueprints for e-commerce initiatives. According to Troppito and Dawna, the best steps toward web stickiness are:

- Make life easy for visitors: simple, frequently updated pages that load in about eight seconds.
- Deliver an affinity network: linking with complementary vendors.
- Provide impeccable customer service: 24/7 access to their account information as well as Web site purchases. Integration of your back-office databases with your Web site to let customers receive informed service, complete with transaction histories.
- Recommend purchases: using past purchases to demonstrate interest in the customer by making suggestions for further buys. Personalize.
- Offer free takeaways: provide the services that customers would value.
- Don't treat your visitors as nothing more than traffic: transparent privacy policy.

(Bickerton, 2001 p. 39)

### 3.7.4 Website checklist

Hereunder are the details of the website checklist, one of the very practical tools that have been applied by many exporters to audit their websites as well as their web shops.

CONTENTS	SCORE
<b>1 Effective and efficient goals</b>	
The participant has indicated what he wants to achieve with the website (marketing and content goals) and –if relevant- has prioritised the goals as well.	
The website does not contain any redundant information, taking into account the target group.	
The website contains all the information that is possibly relevant for the target group.	
Most relevant interaction possibilities are used (e.g. contact form, e-mail, Request for proposal, ask for brochure...).	
<b>2 Correct presentation of information and organisation</b>	

The website contains good and correct information on the organisation and when necessary information on the staff.	
The website does not contain any dated information. If relevant, the date of the latest update is presented as well.	
The website does not contain any spelling mistakes.	
The website address (URL) is logical.	
Depending on the goals, the website is available in one or more EU-languages.	
<b>NAVIGATION</b>	<b>SCORE</b>
<b>1 Clear layout</b>	
The target group knows quickly what can be found on this website.	
Explanation: the target group can easily define a clear view of the structure of the site by means of the 'buttons'	
The main categories and subcategories have clear chapter names, so that everyone gets a clear view of the contents.	
There are not too many main categories and subcategories, as these might cause the visitor to lose his overview. A guideline is to use no more than seven to nine options in a menu.	
<b>2 Workable user interface</b>	
The buttons of the navigation bar have a clear shape.	
The main navigation bar can be seen on each page, so that the main subjects (categories) are shown at all times.	
The button bars can be seen entirely on an 800x600 screen.	
The most important buttons are situated on the left side of the screen (or on top).	
There is a clear differentiation between buttons, which show a factional layout, and buttons that give other functions, like 'search', 'sitemap', 'help' and 'get in contact'.	
The company name is mentioned on each page (also when visitors enter the site on a random page by means of a search engine).	
The button to the homepage is placed on every page.	
The position in the website can continually be followed, e.g. because the button of the category you are visiting has a different colour or shape (surfing tracks).	
<b>3 Clear hyper links</b>	
Texts do not contain too many links, as this might cause visitors to click further or to lose the overview.	
NB. When possible, the links are mentioned at the end of the text.	
A link can clearly be defined as being a link by means of its colour or shape.	
The external hyper links are opened in a new screen.	
<b>4 Effective homepage (without clicking)</b>	

The homepage clearly shows who the company is and which purpose the website serves.	
Think of the logo, the tagline (describes the added value of the website for the target group in maximum eight words) and a good welcoming text which can be read without scrolling.	
There are sufficiently clear starting points on the homepage.	
Is it clear how to go further with the help of e.g. the search box and /or browsing	
The homepage does not offer unnecessary information, i.e. information for which the visitor who just enters the site is not looking yet (e.g. mission statement)	
Within 8 seconds, the homepage convinces the target group to continue exploring the website.	
<b>5 Clear page layout</b>	
The page appearance is quiet, clear and scannable	
<b>6 Word and PDF files</b>	
The information is offered in Word format as little as possible.	
When documents have to be printed, they are presented in PDF format. The link to the document offers enough information on the contents, by means of which the visitor can determine whether downloading the file might be worthwhile.	
The printing quality of a file is good. Points of attention are:	
• The URL is mentioned on each page;	
• The company and contact possibility are mentioned;	
• A good numeration (both the page number and the total number of pages are indicated):	
• A good layout.	
<b>COMMUNICATION</b>	<b>SCORE</b>
<b>1 Accessible presentation of information</b>	
Each page has a header that clearly indicates the contents of the page.	
The core information is always given on the starting screen of the page.	
Texts can be scanned, so that visitors can easily define what part contains important information (for them).	
Texts are divided into short paragraphs (preferably no more than 5 or 6 lines) with blanks.	
When it is useful, enumerations and/or bullets are used.	
There is a clear contrast between text and background.	
Fonts used are suitable for use on screens (no italic font).	
The font size is large enough to be read easily.	
The use of fonts is consistent (guideline: maximum of two fonts).	
CAPITAL letters are avoided as much as possible.	

Long tables are avoided.	
<b>2 Accessible style and understandable texts</b>	
Texts are short.	
Active style (no passive).	
As few examples as possible are used (only when relevant and / or functional).	
All information is understandable, also for people who have not yet visited other pages of the site.	
The text contains as many everyday words as possible. If jargon cannot be avoided or is desirable, the text only contains jargon, which the target group is familiar with.	
<b>USER FRIENDLINESS</b>	<b>SCORE</b>
<b>1 Fast loading time</b>	
The pages can be loaded within a few seconds (guideline: within eight seconds).	
Flash introductions do not occur.	
In case of a long loading time, users are warned about it.	
The total content size of a web page has a maximum of 30 Kb (Use <a href="http://www.websiteoptimization.com/services/analyze/">http://www.websiteoptimization.com/services/analyze/</a> ).	
Pictures are smaller than 15 Kb (Use <a href="http://www.websiteoptimization.com/services/analyze/">http://www.websiteoptimization.com/services/analyze/</a> ).	
<b>2 Platform en browser independence</b>	
The website can be loaded on every computer and in every browser (Internet Explorer, Netscape and Opera) as used by the visitor. In the EU Internet Explorer is used the most.	
<b>3 Scrupulous registration</b>	
There is a clear statement of what the organisation will do with visitor details.	
Visitors can unsubscribe / undo registration.	

Source: CBI 2007

### 3.7.5 Web based e-marketing techniques

Websites are now the primary approach for e-marketing. Beynon-Davies (2004, pp.355-356) discussed the main techniques of Web-based e-marketing:

- Banner advertising on Web sites. Banner adverts are so-called because they are usually displayed across the top of some Web-page. These are one-to-many passive advertisements that are encountered by the user merely by accessing a Web page.
- Target advertisements on Web sites. These are one-to-many active advertisements in the sense that the user must click on something in order to be taken to the particular advertisement page. Certain banner advertisements may also be click through.
- Use of the company's brand name as a domain name

- Registering Web site with a number of search engines so that the company's online material is easy to locate.
- Use of e-mail to directly contact existing customers with offers or promotions. Use of direct e-mail is one-to-one aggressive promotion strategy.
- Use of e-mail to contact potential customers from purchased mail lists.
- Use of intelligent agents to track how customers use a Web site, build profiles of customers and take actions on the basis of profiling, such as suggesting particular information resources.
- Use of cookies to collect data about customer behaviour.

Also according to CBI (2007), search engine marketing and online product catalogues are considered to be important business tools by EU buyers/experts. Registering in directories, using a build up prospect database, following up by email, mentioning certifications, offering the possibility to place orders online and electronic transaction processing are all interesting applications. Shipment notifications and tracking and tracing are helpful for letting buyers know about the status of their shipment.

### 3.8 E-commerce:

#### 3.8.1 E-commerce definition

Longman dictionary of contemporary English published in 2003 defines e-commerce as "the activity of buying and selling using a computer and the internet". This is a basic and clear-cut definition but in my opinion, it has only reflected the outside of e-commerce. The content of e-commerce itself is much more dynamic. To have an insight, the best way would be to compare e-commerce with traditional commerce.

#### 3.8.2 E-commerce vs. traditional commerce

Rayport and Jaworski (2001, p.5) discussed the main differences between e-commerce and traditional commerce as below:

- Core strategic decisions are technology-based: with e-commerce, technological decisions are tightly linked to strategy. The choice of whether or not to apply a new technology to improve customer service or the site's feel and look is among popular situations that managers have to deal with. The heavy involvement of technology is one of the first sign to distinguish e-commerce with traditional commerce.
- A real-time competitive responsiveness: together with the dramatic growth of the New Economy, the speed of decision making has been reduced from months to

minutes. Speed-based competition and "hyper competition" are the new introduced concepts.

- The store is always open; with e-commerce, customers demand to reach the store 24/7. On the firm side, the level of access has forced businesses to adjust both tactical responsiveness and strategic responsiveness.
- A technology-based customer interface: "screen-to-face" interaction is one feature of e-commerce. If designed correctly, there will be no need for follow-up phone conversation or direct human intervention. As the "screen-to-face" feature can reduce cost substantially but may also make customers hesitate to purchase, it is worth investing in a correct and customers friendly interface design.
- The customer controls the interaction: since there is no shopkeeper to play a role in the transactions, the seller has much less power in the online environment due to the control and information flows that customers receive from the online world. Indeed, in the online business world, customers have more power than ever.
- Knowledge of customer behavior: compared to the brick and mortar world, technology offers online businesses the chance to easily track their customers' behaviors. On one hand, information about customer behavior is easily accessible. It makes it easier for businesses to find the best way to approach and serve their customers. But as this information is widely available and accessible for any online business, there is a great pressure on how to make use of this information wisely to get ahead of other competitors.
- Network economics: the importance of word-of-mouth among potential customers has significant meaning in this new environment. For some technology, the value to the customer is largely determined by the number of other people who adopt the same technology. Therefore, making use of widely accepted technology will be a fundamental factor in attract more customers.
- Nontraditional performance metrics and emergent valuation models: for a long time, cash-flow or market capitalization has been considered a metric to evaluate the performance of a business. However in the New Economy, Rayport and Jaworski mentioned that many start-up dot-com companies have negative cash flow and have no plans in the near term to reverse that trend. Indeed, when this book was published, it was the time that the world observes the historic "dot -com bubble". Obviously, after this event, more attention has been paid on the financial aspect of Internet based companies. However, still, for many online businesses, the initial capital and cost can be almost as low as zero.

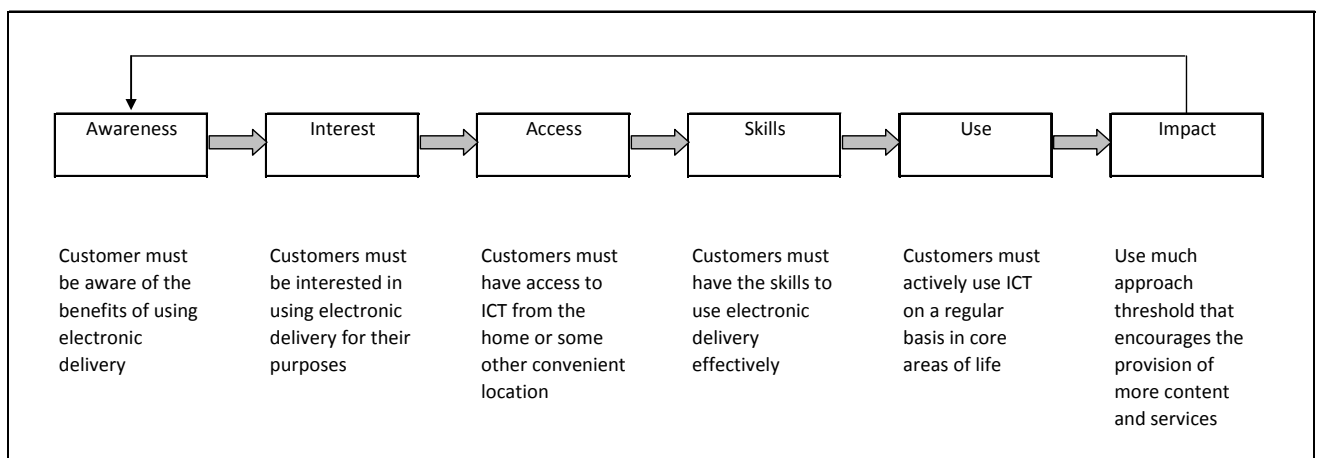
### 3.8.3 Customer chain

Beynon-Davies (2004, p. 306) explained the customer chain in e-business generally uses either a cash or a credit model of commerce. E-commerce applications can be used to support most of these stages of the customer chain. For instance:

- Pre-sale: On the Web, product identification can be enabled through banners on Web sites, high rank on search engines, entries on portals and online catalogues.
- Sale execution: Web sites permit online ordering of products and services.
- Sale settlement: Online payment can be made through secure B2C sites and integration with back-end information systems such as accounting and distribution.
- After sale: Various forms of customer profiling and preferencing systems may be used to encourage further purchases from customers.

### 3.8.4 Social environment

According to Beynon-Davies (2004, p. 251), the social environment of e-business was presented as below:



Source: Beynon-Davies 2004

Apparently, e-commerce will be greatly dependent on the involvement and advancement of its customers in ICT.

### 3.8.5 E-commerce in the Netherlands

According to CBS's 2007 statistic, around 30 percent of Dutch internet users aged from 12 to 75 has never made an online purchase. In the highest 20% income group, 26% of internet users have never shopped online.

The detailed figures are presented hereunder:

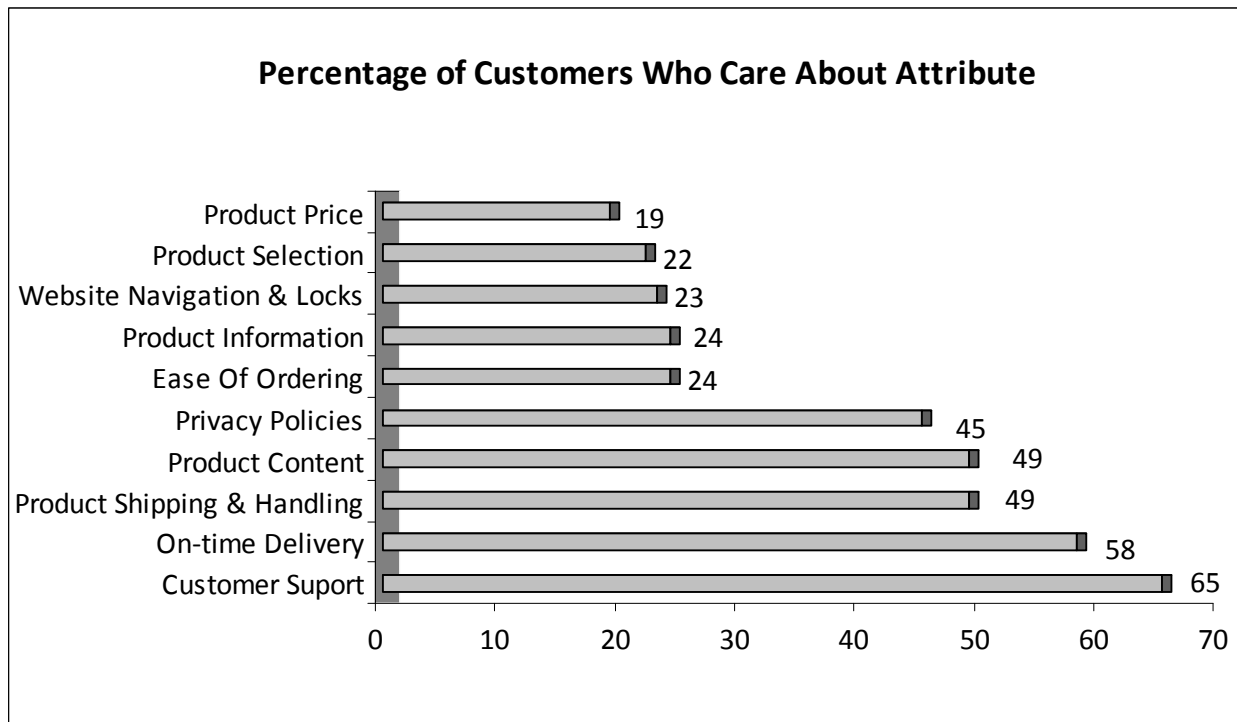
	Have you ever purchased something via internet?			Never before
	Yes	In the last 3 months	More than 3 months ago	
<i>% of internet users</i>				
Total	66	47	19	34
<i>Gender</i>				
Male	69	50	19	31
Female	64	44	20	36
<i>Age</i>				
12 - 14	33	13	20	67
15 - 24	68	44	24	32
25 - 34	82	59	23	18
35 - 44	75	55	19	25
45 - 54	68	50	17	32
55 - 64	52	37	16	48
65 - 74	35	23	12	65
<i>Education</i>				
Lower	50	30	19	50
Middle	70	50	20	30
Higher	81	62	19	19
<i>Employment status</i>				
Employed	73	53	21	27
Unemployed	73	53	21	27
<i>Household income</i>				
1st lowest 20%	62	42	19	38
2nd 20%	61	40	21	39
3rd 20%	65	44	21	35
4th 20%	68	51	17	32
5th highest 20%	74	55	20	26

Source: CBS 2008

Looking from the companies' perspective, contribution of e-commerce in total turnover is on the rise. In 2000, e-commerce contributed 8% of total turnover. This figure for 2006 was 11%. However, compared to the average of EU-15, this 11% is still a little bit behind. Also in 2006, average contribution of e-commerce in turnover of companies in EU-15 is 13%. The figure of Netherlands is quite similar to Germany, Belgium and EU 25 (approximately 11%). But the same figure for Finland, United Kingdom and Denmark are 15%, 19% and 22% respectively. (CBS 2008).

### 3.8.6 Web-shop

There is the myth that consumers care only about prices when they shop online. The fact is, according to J.P. Morgan report on *eTailing and the five Cs* which is quoted by Rayport & Jaworski (2001, p.74), price is definitely not the only factor.



Source: Rayport & Jaworski (2001, p.74)

From their research, customer support is a huge factor. Since customers do not interact face-to-face with shopkeeper, they always concern that the web-shop provide them support when they need. Because when shopping online, customers cannot directly take the product themselves, on time delivery is of course another important attribute.

### 3.8.7 Problems with E-commerce

As a form of commerce, E-commerce has many advantages as well as disadvantages. According to Beynon-Davies (2004, p. 296), the problems with e-commerce are:

- Trust. Many people do not trust e-commerce in the sense that they will refrain from purchasing high-value goods or services using this medium. Such mistrust seems to be focused around issues such as the perceived difficulties of securing electronic transactions and the reluctance to release personal information over the Internet. The first is an issue of information security; the second is an issue of information privacy.
- Reintermediation. One of the problems with the Internet is the difficulty of finding exact/precise suppliers of goods and services. Organizations have arisen in electronic markets (frequently known as e-brokers or information brokerages) trying to satisfy this need.

- Information rich and poor. Technological standards develop rapidly in support of electronic markets. Some of these standards are not particularly secure or have trouble integrating with standards in other areas.
- Cost of computer-related mistakes and errors. The visibility of mistakes made with customers and suppliers is much more prominent within electronic markets.

### 3.9 Summary

Compared to offline marketing, online marketing tends to be more aggressive, interactive and information strong. Online marketing is independent from time and location. The e-promotional mix contains the same elements like in the traditional promotional mix. Only the methods will be different.

The internet provides 2 more communication options: personalized and general approach. Virtual community is an emerging communication channel.

Basically, the decision making process of customers is the same for both online and offline environment. It is online searching behavior that brings the difference.

For both online and offline business, a good brand must be able to create confidence, loyalty and satisfaction to benefit customers. The techniques to build an online brand are slightly different thanks to the sophisticated tools. Customization is extremely important in building a brand online.

Website must be designed with a clear objective in mind. Website visitors from different cultures can perceive the website's value in different ways. The common drivers are utilitarian, pleasure, arousal and privacy/security.

Main web-based e-marketing techniques are banner advertising, target advertisement, website domain, direct e-mail campaign, using intelligent agent, cookies to customize based on customer's data.

Compared to traditional commerce, E-commerce involves more technology decisions and customer interaction.

E-commerce will be greatly dependent on the involvement and advancement of customers in ICT.

Compared to other countries in Europe, The Netherlands is just about at the average in e-commerce usage.

When it comes to shopping online, customers do not only care about price. Price actually stays behind many other factors such as customer support, online delivery, shipping, product content, privacy, easy of ordering, product information, website navigation and product selection.

The main problems associated with e-commerce are trust, reintermediation, information rich & poor and cost of computer related mistakes and errors.

## Chapter 4: Methodology

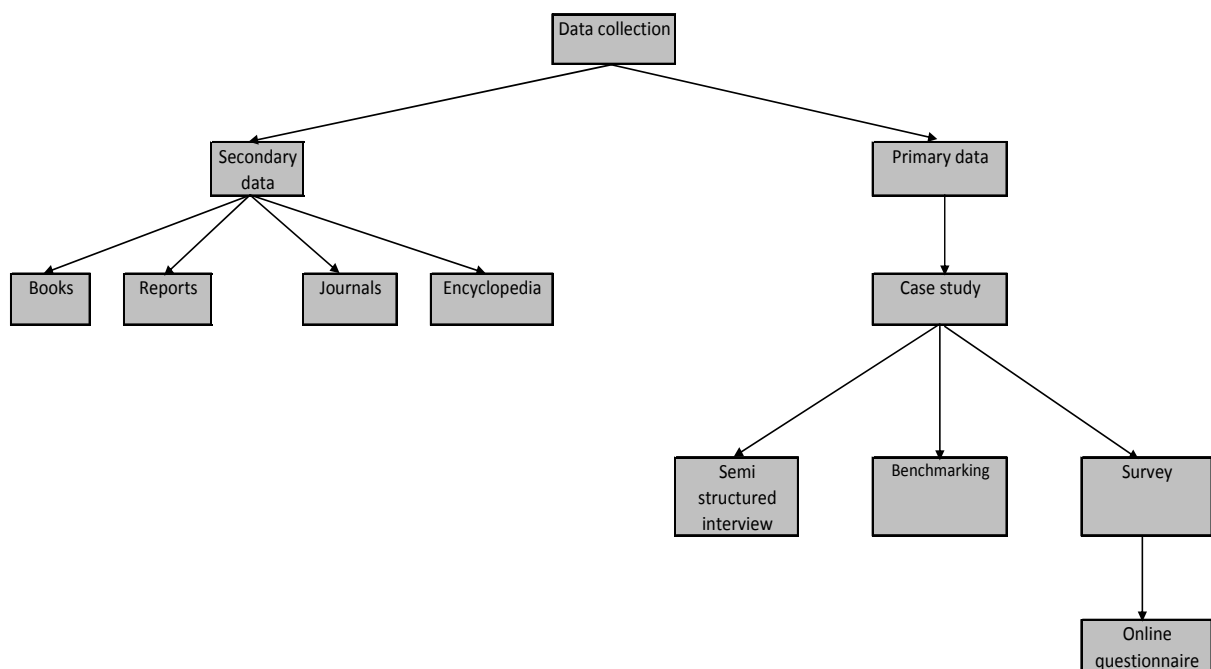
### 4.1 Introduction

In order to answer the research questions, there is the need to collect and process a large quantity of quality data. In this research, both secondary data and primary data are valuable.

At the first stage or the exploratory stage, data is collected from different secondary sources and case study to clarify the problem and seek an insight into the business and the market.

The later stage is a descriptive study as an extension for the exploratory study in order to portray the target customers group. At this stage, an online questionnaire has been adopted.

This chapter will discuss only the collection of primary data because the secondary data has been presented and explained in the previous Literature Review chapters.



### 4.2 Research questions

The research questions are:

**Question 1:** Defining in details the target customers of FORTYFOUR DEGREES: their wine consuming behaviors and their online purchasing behaviors.

**Question 2:** How is the market and e-commerce practice of wine sector in the Netherlands?

**Question 3:** What are the strengths & weaknesses of FORTYFOUR DEGREES? What are the company's preference and capability in promoting their web-shops?

**Question 4:** What are the e-marketing methods of other wine web-shops?

**Question 5:** How to optimize the website and web-shop to best fit e-commerce purpose?

**Question 6:** What are the possible e-promotion methods for FORTYFOUR DEGREES? What are their costs and requirements?

### 4.3 Data collection methods: Case study

The goal of the case study is primarily investigating the online wine business in the Netherlands. Three data collection methods for this case study are semi-structured interview, survey (online questionnaire) and benchmarking (structured observation).

#### 4.3.1 Semi-structured interviews

In order to deeply understand the case company and explore the nature of its industry & market, semi-structured interview has been chosen as the one of the case study research methods.

Each interview took approximately thirty minutes.

Interviews were taken during the launching event of THREESIXTY DEGREES. In this event, about 100 wine traders, wine experts and reporters were invited.

Concerning the limited time and accessibility, the sampling size was 5 (5% of the population).

The sampling technique is purposive sampling. The researcher decides to ask only the wine traders and wine experts who have got experience in the Dutch market in order to generate most valuable information.

Interviews are made face to face and one to one. Each interview contains about 10 to 14 questions covering 3 different themes. Interviews are taken and recorded by the researcher herself. Each interview takes approximately 30 minutes.

Notes were taken during the interviews.

#### 4.3.2 Structured observation: Benchmarking

As market-based organizational learning has been identified as an important source of sustainable competitive advantage (Vorhies and Morgan, 2005), benchmarking is a widely recognized and used management tool. In this research, benchmarking is executed firstly in order to analyze the competitors. Secondly and more importantly, the result of the

benchmark will generate a source of knowledge for FORTYFOUR DEGREES regarding e-promotion techniques and web-shop optimization.

Population of this benchmark is all the wine web-shops which are active in global wine market. Although the population is extremely big, purposive sampling technique can be executed thanks to very good search engines.

The sample size is 10 of which 5 samples are Dutch websites and 5 are foreign websites. The Dutch samples are taken from the survey among customers. In this survey, one question was “Where on the internet do you mostly shop for wine?”. The most popular answers were chosen as samples for this benchmarking. The foreign samples were selected by typing in Google search “wines online”. The 5 highest ranked results were chosen.

A checklist was developed based on the website checklist published by CBI (see Literature Review) together with knowledge about e-commerce that researcher has gained (see Literature Review). This checklist covers the content, navigation, communication, user friendliness, search engine optimization of the website. All the samples are graded from 0 to 5 for each criteria of the checklist.

Another benchmarking compare the strategies of the web-shops by analyzing the web-shops based on the 6P marketing mix of service. These Ps are products & service, price, promotion, process and interaction (instead of “People”, because those are online shops).

#### **4.3.3 Survey: Online questionnaire**

Survey is widely used in business and management research for its ability to collect a large amount of data from a sizeable population in a highly economical way. For the same reason, survey is chosen as a data collection method in this research. The objective of this survey is answering the research questions about consumer behavior and online buying behavior of FORTYFOUR DEGREES’ target customers.

Particularly, in this case, an online questionnaire was used to reach a large amount of respondents in a short period of time in the most convenient and economic way.

To reach the right respondents, the population of this survey is the contacts in the database of FORTYFOUR DEGREES. There are 1100 contacts in total. This database firstly contains the existing customers. Secondly, the database contains addresses of people who are interested in FORTYFOUR DEGREES and have subscribed for the e-newsletter by the subscription function on the homepages of FORTYFOUR DEGREES. Thirdly, the contacts also come from the VIP club of FORTYFOUR DEGREES. Member of this club pays a certain amount of money for the membership and receive 10% discount on their online purchases. Finally, as FORTYFOUR DEGREES has made some partnership with Hachette Media and Brideflight movie in different promotion activities and gained a huge number of contacts via these partners. The contacts in the database have indicated their interest in FORTY FOUR DEGREES. Many of the contacts have made purchase on the websites themselves. Therefore they can be considered representative to the customer group that FORTYFOUR DEGREES want to target at.

The census was adopted because the researcher has the possibility to send the questionnaire to every contact in the database.

The questionnaire is designed and stored on the website [www.freeonlinesurvey.com](http://www.freeonlinesurvey.com). This website offers service to design and launch the questionnaire online. After receiving a response, the results are processed automatically.

Fundamentally, the questionnaire is designed in order to generate as much necessary information as possible to answer the related research questions. Obviously during the designing stage, it is essential to take into account what is the information that the managers want to know about their customers. Some instruction documents have been used are the book Research Methods for Business Students written by Saunders, Lewis & Thornhill and the book The New Business Road Test by John Mullins. It is certainly very important to have the questionnaire short, clear cut and in proper language.

The questionnaire includes 14 questions. Among them, 11 were multiple choice questions, 2 were open questions and 1 was scale question.

The questionnaire was firstly tested on 5 respondents at one of the event of FORTY FOUR DEGREES. One respondent was a wine marketing expert. The rest are existing customers.

The link to the questionnaire is placed on the homepages of FORTYFOUR DEGREES. It was sent together with the November e-newsletter to every contact in the database. A personal reminder was sent after 1 week. After 1 month, the invitation to answer the questionnaire is posted one more time on the December e-newsletter.

#### **4.4 Measure taken to get reliable data**

Different methods were applied in order to get the most reliable and validate data considering the limitation of each data collection technique.

For the interviews, the interviewees must be experienced wine traders, sommeliers from restaurants and wine reporters. They are not only influential individuals in the wine sector but are also the ones that have deep understanding of the market.

To generate valuable result from benchmarking, extra care need to be taken when designing the checklist. The checklist is indeed the backbone of this benchmarking. Understanding the importance of the checklist, the researcher has collected a good amount of knowledge on e-commerce before designing the checklist. After that, the checklist is discussed with 2 wine marketing experts.

Observer effect can also affect the result of benchmarking. In this case, the researcher plays the role of the observer in grading the samples for each criterion. It is not always clear whether criteria compliance is bad, moderate or good. Therefore, extra notes of explanation are taken during the benchmarking process.

Besides all its advantage, online questionnaire survey has its own drawback as well. These drawback concerns the questions' validity, the response rate and the reliability of the results.

Regarding the validity of the questions, the pilot test has been made in order to refine the questions.

The most concerning issue is the low response rate. Since every personal email account receives so many spam emails, people tend not to open email which does not come from their familiar contacts. That is why the questionnaire has been sent together with the monthly e-newsletter via the official email account of FORTYFOUR DEGREES. However, because the respondents are usually extremely busy, they may put the questionnaire aside and never look at it. To deal with this, the personal reminders are sent and once again emphasize the importance of the survey in improving FORTYFOUR DEGREES' service. In both the e-newsletter and the reminders, it is indicated that the questionnaire will not take more than 5 minutes from respondents.

To avoid bias, a cookies recording function makes sure one computer cannot answer the questionnaire more than one time.

Apparently, the nature low response rate of online questionnaire method is the main source of limitation when implementing this survey.

#### 4.5 Summary

The approach was chosen for this research is single case study approach but also involves some elements of multiple case study approach.

The secondary data sources were text books, journals, encyclopedias and reports. The primary data is collected via semi-structured interviews, benchmarking and surveys.

In order to reach the highest level possible of reliability and revalidation, different measures were taken for each data collection methods.

In the next chapter, an in-depth company analysis will be presented in order to give readers an insight about the case study.

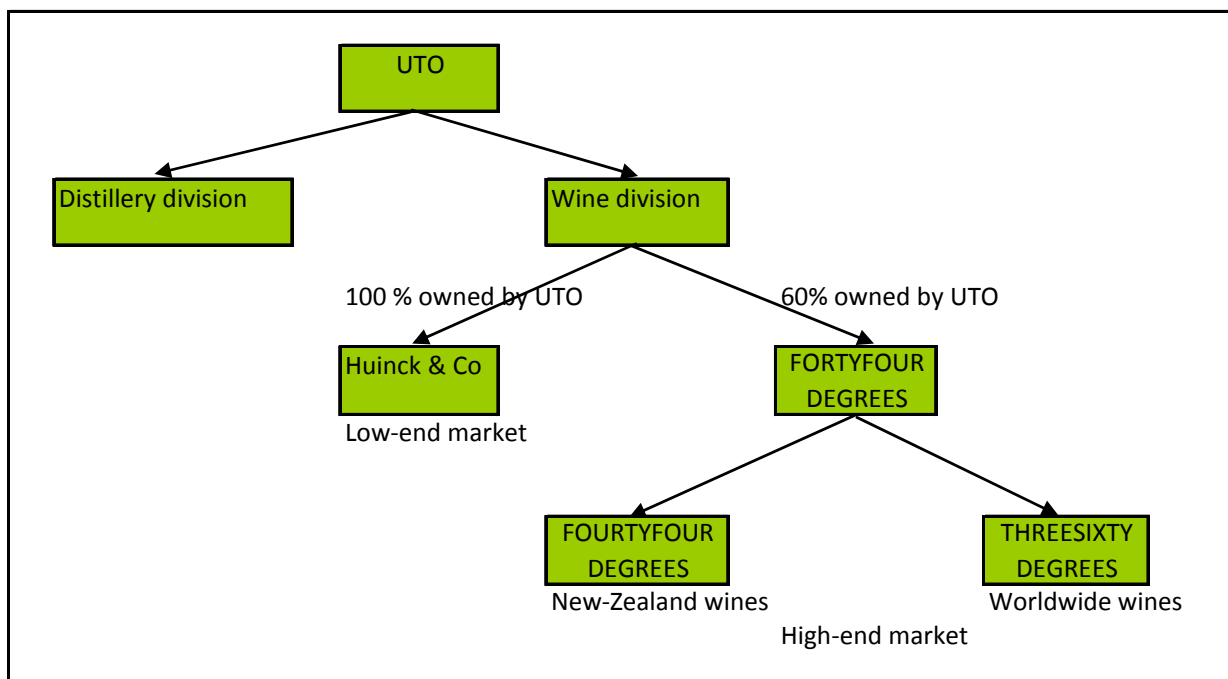
## Chapter 5: Company analysis

### 5.1 Introduction

This chapter analyzes the case company FORTYFOUR DEGREES from different angles. The ultimate reason for this analysis is giving both researcher and reader a deeper understanding of the case company. This analysis will also be used in order to formulate the recommendations for FORTYFOUR DEGREES to make sure the recommendations are efficient.

### 5.2 General overview

FORTYFOUR DEGREES has its office and warehouse located in Schiedam, The Netherlands. The company itself employs fewer than 10 people including the general manager. DEGREES has just been active in the industry for 3 years until now but holding sixty percent of the company's share is UTO, an over two hundred years old Dutch distiller. The below chart will briefly illustrate the relationship between FORTYFOUR DEGREES and UTO.



### 5.3 Unique selling proposition

In the Netherlands, the wine industry employs about 10,000 people. There are approximately 800 wine importers. In order to be success in such an intensive competition,

each company has to come up with an original selling proposition. For FORTYFOUR DEGREES, the product portfolio that they offer is also their unique selling point.

The company is directly managed by Andrew Bailey and Jarrod Englefield who both come from New Zealand. Andrew Bailey himself studied Viticulture and Oenology and worked in several vineyards and wineries in New Zealand. Jarrod Englefield studied marketing management but his family has involved in the liquor industry for over 40 years. They have wide network and good relationship with many New Zealand wineries in order to select the excellent wines from New Zealand.

Staying under the UTO umbrella, FORTYFOUR DEGREES can benefit from the existing infrastructure, market knowledge and also an extensive network. The new connections that were established via UTO have added also non-New Zealand flavors in their selection. As a result was the launch of THREESIXTY DEGREES.

Being aware of the intensive competition, FORTYFOUR DEGREES only deliver the wines that have not yet been introduced to the Dutch market before.



Andrew Bailey (right) and Jarrod Englefield (left)

## 5.4 SWOT analysis

### 5.4.1 Strengths

Firstly, FORTYFOUR DEGREES have New Zealanders to showcase New Zealand wines. It makes perfect sense because they are the ones who have more local knowledge as well as network in order to select the wines.

Secondly, as UTO has been active in the Dutch liquor industry for more than two centuries, it plays an excellent supporting role that not many wine importer can have. Among the visible benefits are local market knowledge, infrastructure and customers database.

### 5.4.2 Weaknesses

Apparently, strength can sometimes become weakness. As both Andrew Bailey and Jarrod Englefield are new to the Netherlands, their knowledge about Dutch culture, language and people are limited. For instance, not all Dutch customers would feel comfortable to make contact in English and visit an English website.

### 5.4.3 Opportunities

Being in the Dutch market is already a great opportunity. Dutch people are known for being open-minded. They travel around the world and learn the best of the world including wines. Its location makes the country perfectly convenient for shipping.

Dutch wine market is vibrant. Dutch people are becoming more and more open to the wine world (both old world and new world). Looking at the figure, Dutch wine consumption per capita has never stopped growing from 1995 until now (Source: [www.wijninfo.nl](http://www.wijninfo.nl)). Not only growing in quantity, wine experts confirm that Dutch are becoming more and more aware in different aspects of wines. According to Mr. Willem Siebelink, director of Huinck & Co, unlike some traditional wine countries such as France, Spain, Italy, Dutch people may not drink wines every meal but they drink wines in special occasions and therefore, they are demanding more and more quality wines.

Also according to Mr. Siebelink, the stricter driving law concerning alcohol level will let a number of customers shift from strong alcoholic liquor to wines. If this assumption is correct, it will be a good opportunity for the wine industry. However, the real connection between stricter driving law and consumption of wines still need to be studied further.

Importantly, the world is in a fast-speed technology development era. If making use correctly, the new technologies can be of great benefits for businesses including wine businesses like FORTYFOUR DEGREES. At the moment, FORTYFOUR DEGREES has been using internet to sell its products to minimize intermediary cost. There are still many available applications to utilize marketing as well as supply chain management activities.

### 5.4.4 Threats

Firstly, as mentioned before, Dutch wine industry is highly competitive. Apparently, competition is the biggest threat. Especially in this information era, competitors can easily copy successful business module in a short period of time. Building a strong brand image should be the main strategy because brand is the only thing that competitors cannot copy (Saunders 2001). Besides that, staying alarm with new trends and being able to adapt quickly to the changes are highly important as well.

Secondly, since wines, especially premium wines that FORTYFOUR DEGREES offer are considered luxury products. If the economy has signs of going down, customers often cut off part of their consumptions. When they have to make the decision on which part to be cut off, the luxury goods like wines are general vulnerable. However, in a recent report by Rabobank, Mr. Morris, senior analyst, explained that "While consumers often reduce their on-premises consumption of food and wine, they choose instead to eat and drink at home.

While saving on overall expenditure for the evening, wine drinkers often seize the opportunity to drink a better wine that they normally would as a modest indulgence to compensate for the sacrifice of staying in for a meal.” If this is correct, there may be still opportunity for premium wines during the economy recession.

### 5.5 Summary

The unique selling point of FORTYFOUR DEGREES is its product portfolio which is an exclusive selection that is not yet introduced to the Dutch market.

Like any other businesses, FORTYFOUR DEGREES has its own strengths and weakness. The industry and market that it is operating in offer great opportunities but also include many difficulties. The scale of this research does not allow the researcher to explore all the methods to maximize the opportunities and minimize the effect of the threats. Recognizing that the development of information technology is playing as a very effective marketing tool to many businesses all around the world, the researcher would like to keep this as the main focus in this case. In the next chapters, research result will be discussed thoroughly. Some of the results will highlight what we have seen in the SWOT analysis.

## Chapter 6: Research results

### 6.1 Introduction

In this chapter, answers for the research questions will be discussed one by one. These answers are derived from the collected data and analyzed by the researcher.

### 6.2 Target customers:

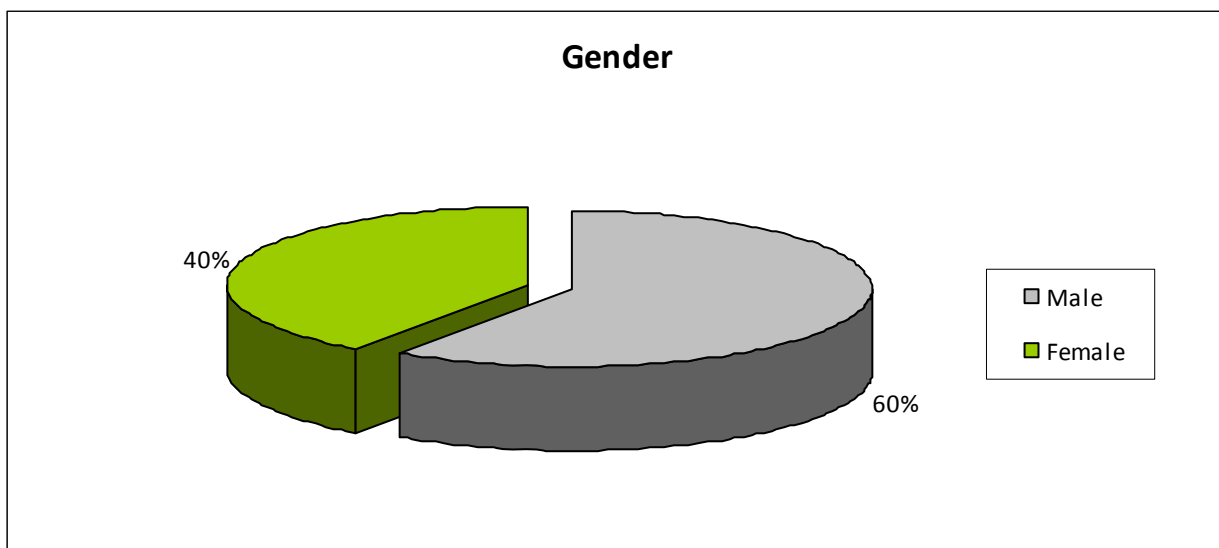
**Answer for research question 1:** Defining in details the target customers of FORTYFOUR DEGREES: their wine consuming behaviors and their online purchasing behavior.

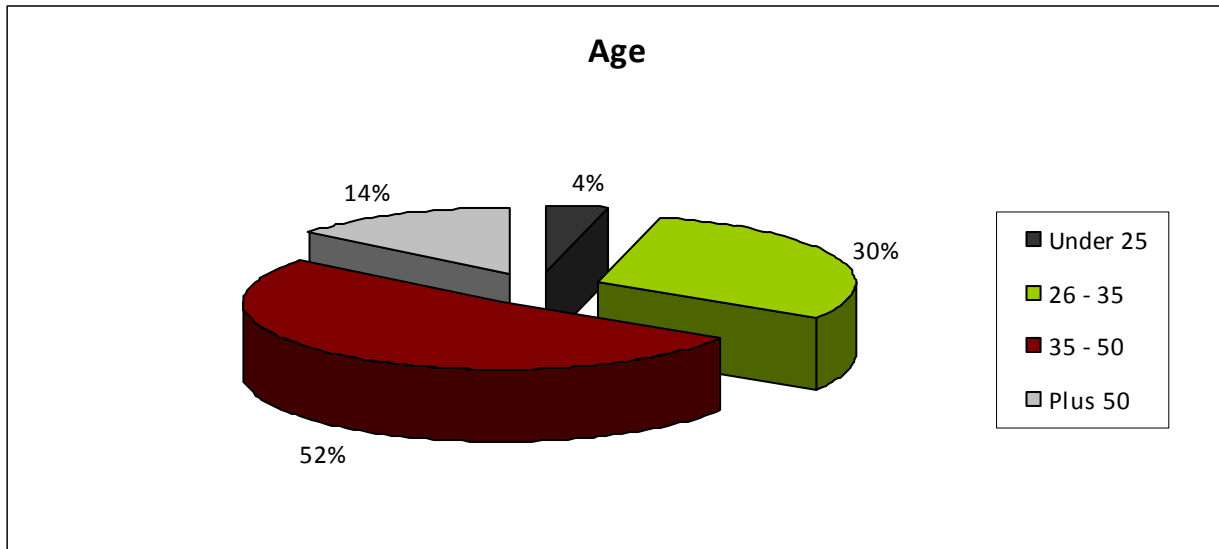
FORTYFOUR DEGREES are well aware of its niche market. As their wines are mostly in the medium high price bracket, the managers suppose that their customers usually have medium high income. The wines that they offer are handcrafted and have their uniqueness. Thus the customers who buy wines from FORTYFOUR DEGREES are not just interested in wines but also quite conscious about which wines they drink. Those were some general presumptions about FORTYFOUR DEGREES' target market that the marketing manager has shared with me.

Certainly, understand customers and their buying behavior has never been an easy task but it is extremely important to gain this knowledge. To approve the presumptions and to obtain an insight into the target group, a survey has been made among the existing and potential customers of FORTYFOUR DEGREES. Hereunder is the result of this survey. Please, keep in mind that this survey is to picture wine drinkers in general but to understand better the group of customers that FORTYFOUR DEGREES has targeted on.

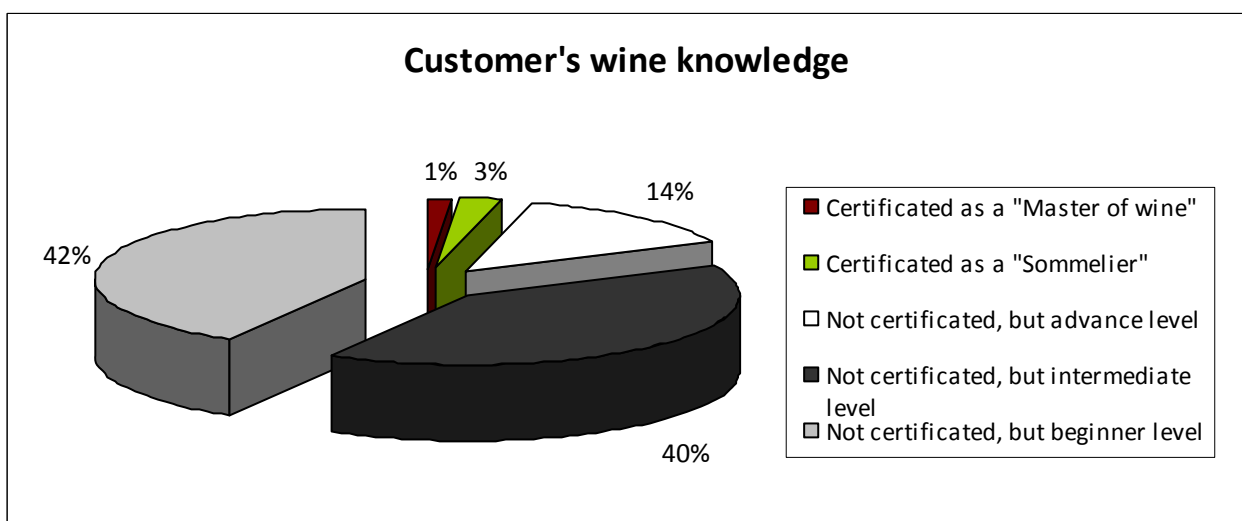
#### 6.2.1 Customers' profile

Among 77 respondents, 60% of them are males. There is indeed not a big imbalance between the number of male and female customers. Most of them (52%) are between 35 – 50 years old. Besides, it's also worth noticing that 30% are between 26 -35. This age group is considered young for wine drinkers.

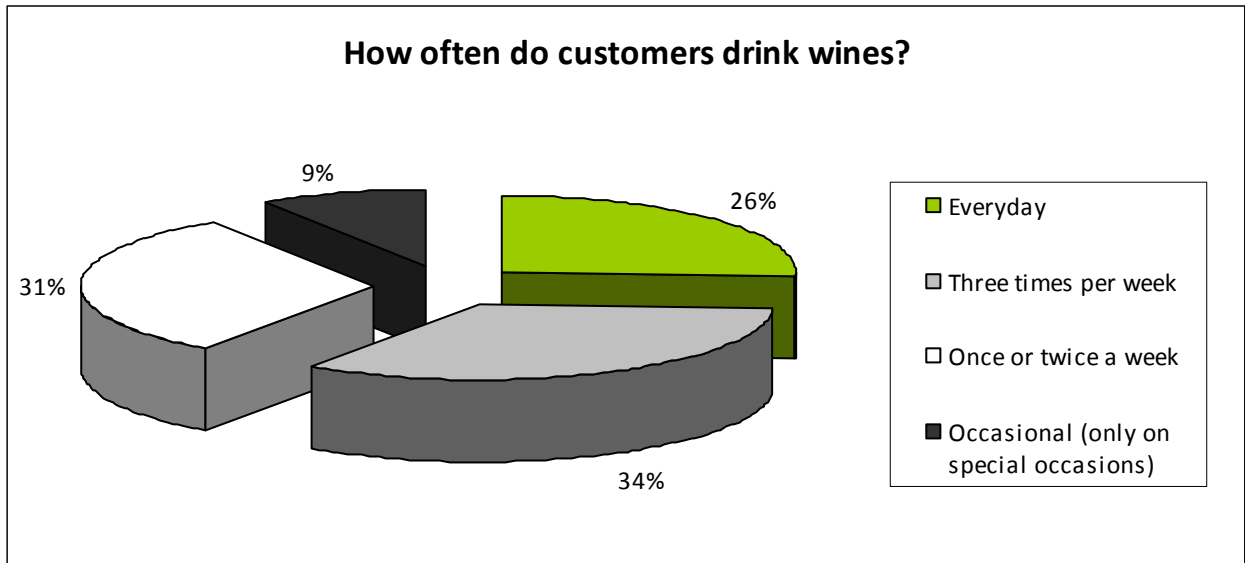




When it comes to wine knowledge, although being conscious about wine, 42% admit they are just “beginner” and another 40% consider themselves as “intermediate”. FORTYFOUR DEGREES should consider this when communicating about wines.

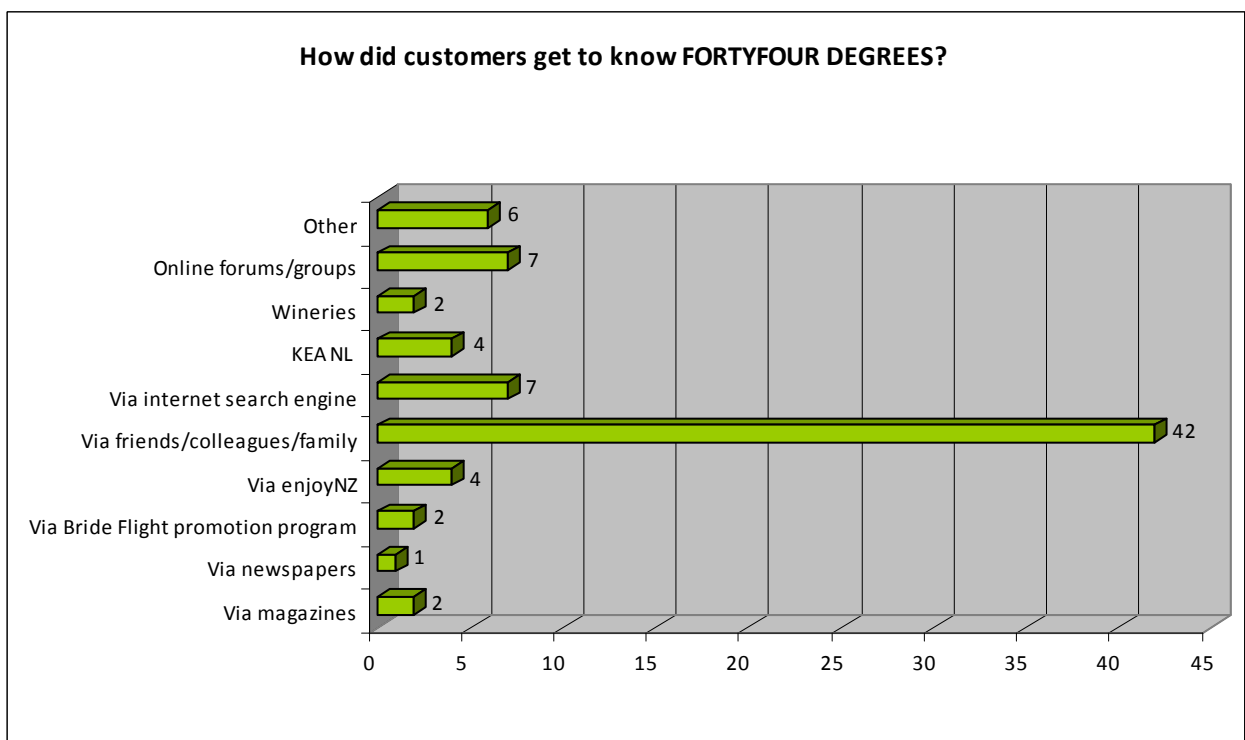


Often wine experts say that Dutch are occasional drinkers, meaning that they drink only when going out or in special occasions. Surprisingly, among the respondents, there are 26% drink everyday and 34% drink three times per week. They drink more often than we presumed which is a good sign for the business. However, perhaps more attention should be placed in advising customers on pairing wine & food.



### 6.2.2 Consuming behaviors

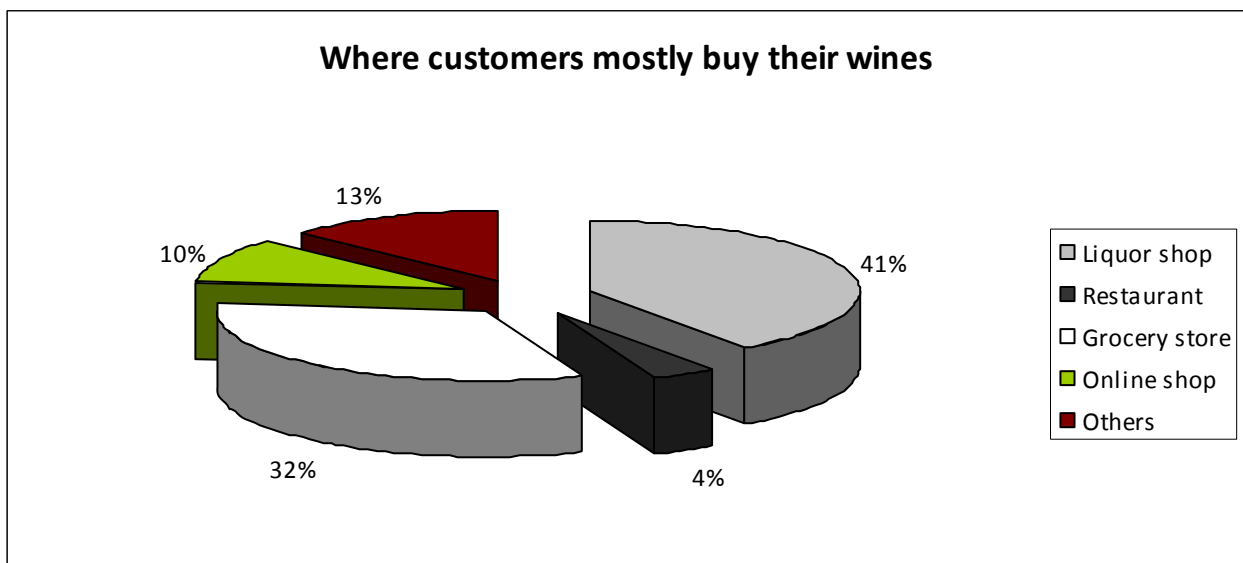
Firstly, let us have a look at how did customers get to know FORTYFOUR DEGREES? More than half of them knew FORTYFOUR DEGREES by “word-of-mouth”. Expensive advertising & promotion programs such as advertising on newspaper & magazine and affiliating with Bride Flight movie did not yield a good result. Among the other channels than “word-of-mouth”, online forums/groups and KEA (the New Zealand’s global talent network) have done a better job. As presented in literature review chapter, newspaper and magazine can reach more people but have less ability to communicate about wine price, quality and product information. Word-of-mouth reaches less people but has excellent ability in communicating about wines and thus could turn people become customers easier.



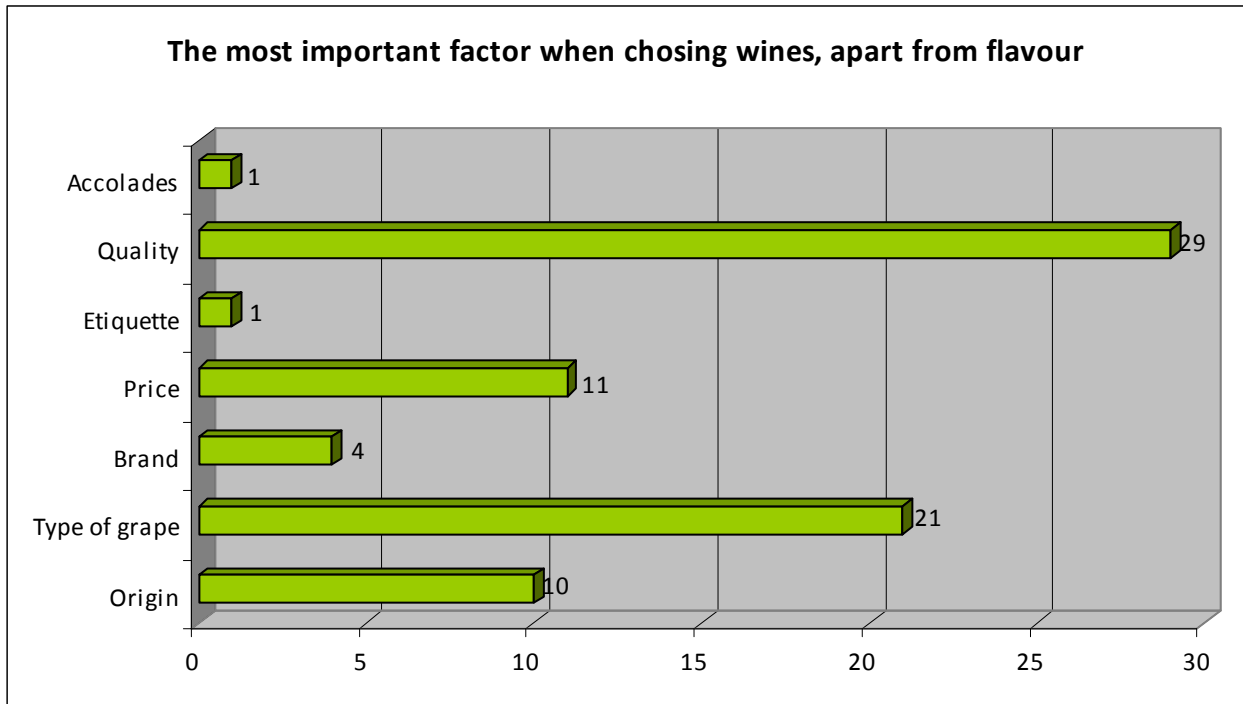
Liquor shops are more preferred than other distribution channels. Conscious wine drinkers are well aware that they can find higher quality, more unique and obtain more information at a speciality stores.

Nevertheless, also a big percentage mostly buys wines from grocery store thanks to its convenience and cheap price. Interestingly, about the group that mostly buys wines from grocery store, 75% of them are “beginners” in wines and 90% of them have never shopped for wines online.

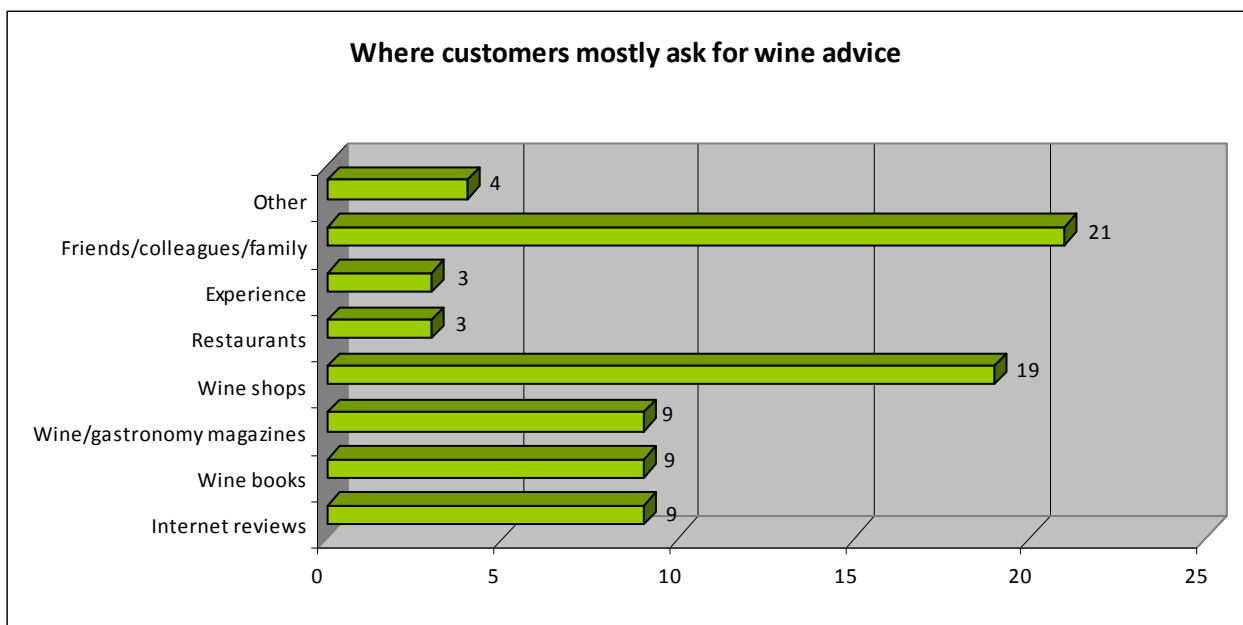
About the group that mostly buys wine online, most of them have intermediate or higher wine knowledge. A big percentage of this group drinks wine everyday. None of them are occasional drinker.



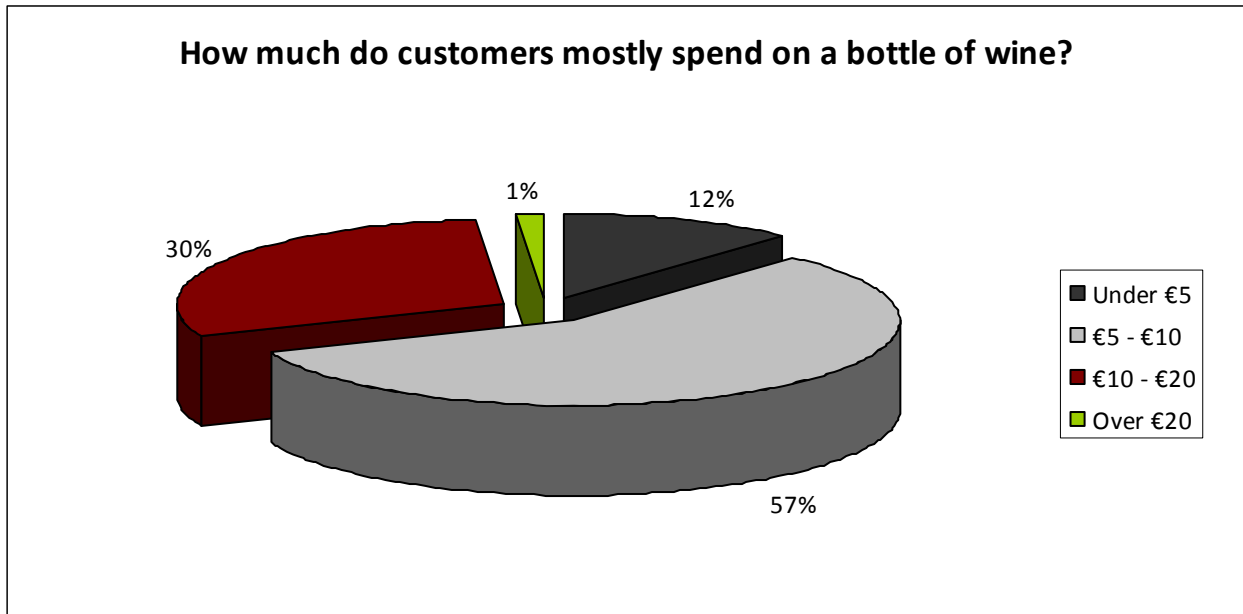
When it comes to choosing wines, apart from the flavour which is a matter of personal taste, quality is highly favored. However as quality is not easy to be defined, many respondents pick “type of grape”, “origin”, and of course, “price” as the prior criteria. Surprisingly, accolades are not as important as it is supposed to be in influencing buying decision.



Looking at where customers mostly ask for wine advice, again the role of "word-of-mouth" is emphasized. Next to that, customers also trust wine shops for advice. Perhaps it partly explains why people prefer the traditional way of shopping to online shopping. If online shop cannot provide instant advice to customers, that is a big disadvantage.

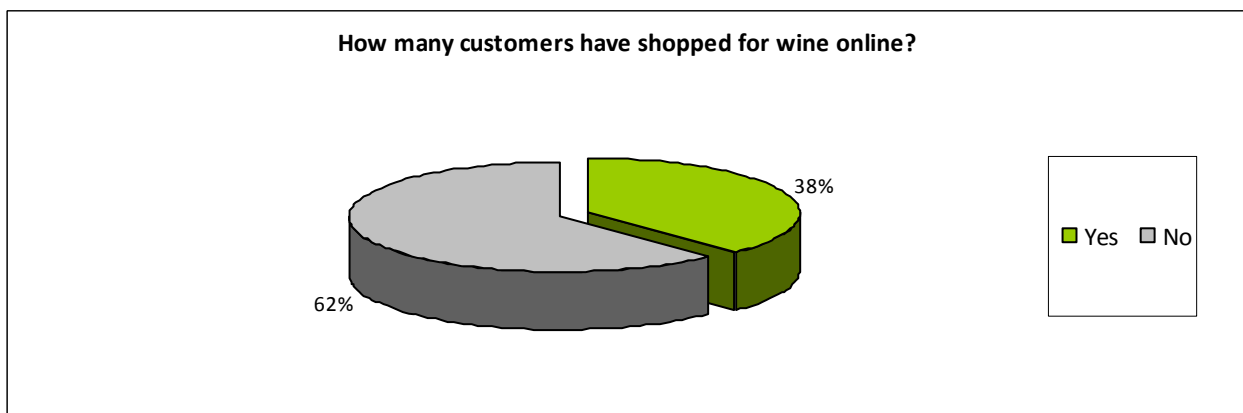


Indeed if price is a big factor in buying decision, almost two-third of the respondents usually spend less than €10 on a bottle of wines. FORTYFOUR DEGREES may have to investigate further on this issue to decide whether they are targeting the wrong group of customers or they should add cheaper wines to their portfolio.

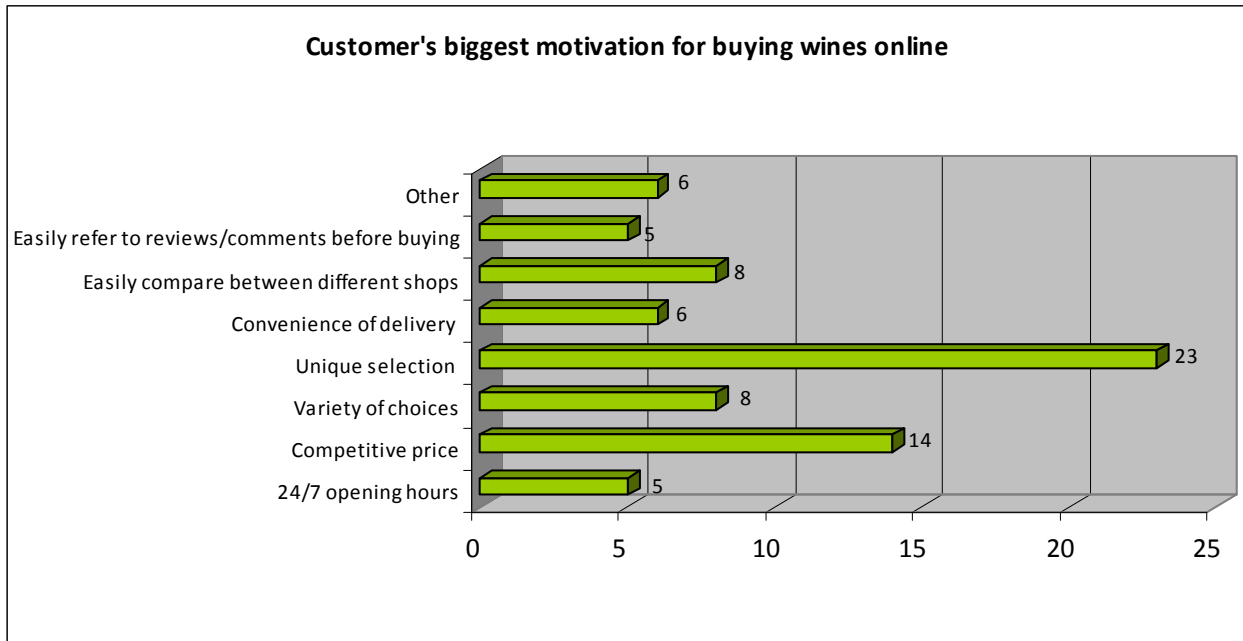


### 6.2.3 Online purchasing behavior

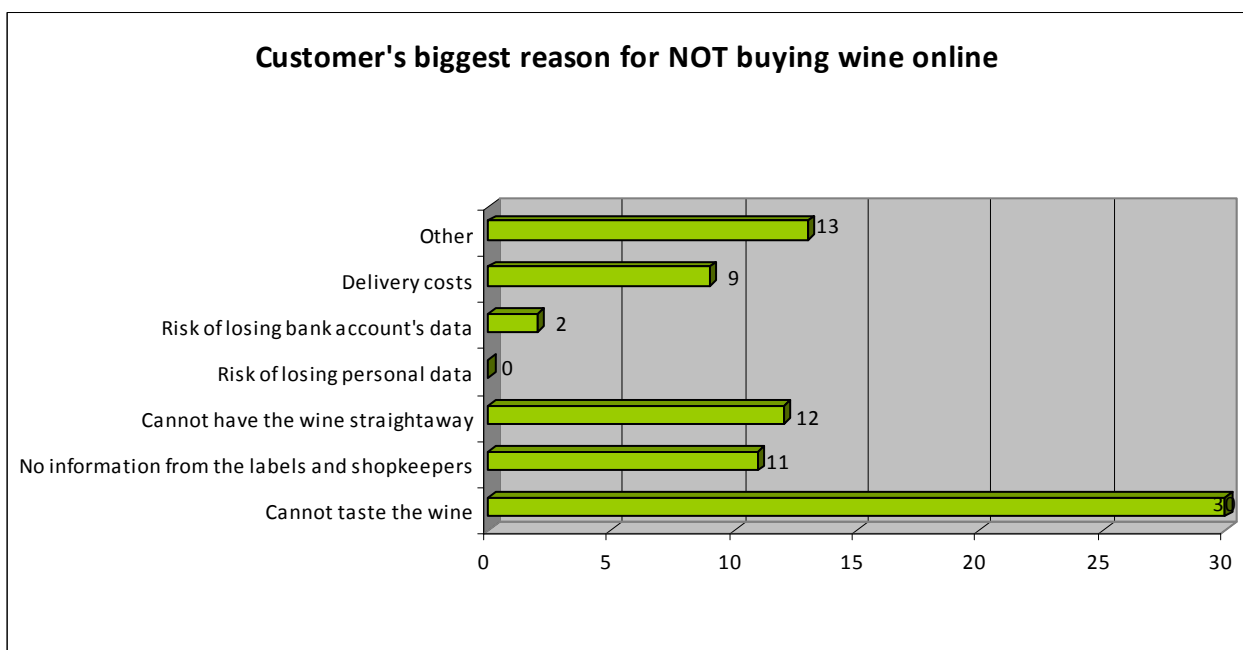
Among respondents, only 38% have ever shopped online. This figure can partly explain why the revenue from the web-shops is so low.



Predicted by the experts, customers' biggest motivation for buying wines online is the unique selection that they cannot find in the offline wines shops in their neighbourhood. One-third of customers would buy wines online for this reason. Next to that, competitive price is another motivation.

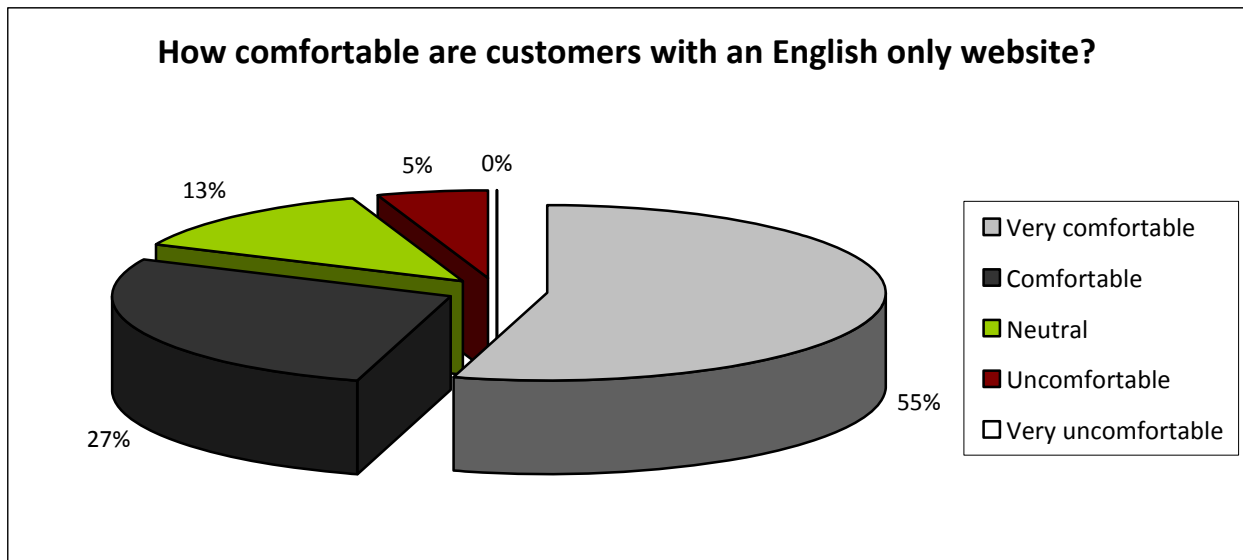


As 62% have never shopped for wines online, it is interesting to know what are the reasons? Almost half of respondents pointed out the reason is that they cannot taste the wines. Thus wine tastings are essential to promote online wine shops. A convenient guarantee scheme will also give more confident to customers to shop online. Some other reasons which are not listed here but were identified by respondents are: breakage during delivery, inconvenience in organizing delivery, 6-bottles-minimal-order. Some customers simply like to shop in the traditional way.



As both managers of FORTYFOUR DEGREES are not excellent Dutch speakers, the translation of the whole website from English into Dutch will require a professional translator and will yield a high amount of cost. Also on the website of FORTYFOUR DEGREES, they list *Fun* factor among their core values as: "unlike the French, we secretly know the Dutch love showcasing their English skills. So we keep them honest by talking KIWI slang!"

(<http://www.fortyfourdegrees.nl/values.htm>). Indeed, 82% of respondents are comfortable or very comfortable with the English website. However, it is worth mentioning that many among FORTYFOUR DEGREES' existing customers are expats and not Dutch speakers.



### 6.3 Market and E-commerce in the Dutch wine sector

**Answer for research question 2:** How is the market and e-commerce practice of wine sector in the Netherlands?

#### 6.3.1 Dutch wine market

General overview of Dutch wine market has been presented in Literature review, part 2.4.3: *Dutch wine market* of this report.

Other than that, here are some worth noticing facts about Dutch wine market which are collected from the interviews with the wine experts:

Dutch are the ones who seek for “Value for price”. Thus a balance between quality and price is important. Then come brand and origin. Dutch drinkers are not loyal with one brand. However brand image is important. People are very attracted by some kinds of short, entertaining stories about the origin of the wine.

Dutch wine drinkers used to be conservative. Only in the last couple of years, people start exploring more the world of wine. They are becoming more and more conscious about wines. New world wines are widely accepted and even considered to be “trendy”. People now also spend more money for well known wine.

They are occasional drinkers, mainly drink when going out. Unlike the French, Spanish or Italian, Dutch people do not drink wines every meal. They tend to drink wines in front of TV, or with friends in the weekend. Therefore, they often opt for higher quality wines.

Most of Dutch drinkers prefer soft, less tannin and not too sweet wines.

Dutch tend to experience wines themselves before searching for advice from someone else. Besides, wine buyers like to seek for advice from shopkeepers. If they buy wines online, they will demand the same information that they usually can obtain from the normal shops.

### 6.3.2 E-commerce in Dutch wine market

Part of the answer for this question can be found in the Literature review, part 3.8.5: *E-commerce in the Netherlands*.

According to the interviews with some wine experts, the conclusions are:

Shopping for wines online is a trend because customers can buy wines straight from the wineries and wines that they usually do not find in the normal shops.

Wine online is not yet popular. It will take a long time before people are familiar with shopping for wines online. When people see a bottle of wine, they want to read the label, touch the bottle, see the wine and taste it if possible.

Web-shop won't work with restaurants though. The cost and time will be too high for restaurants. Besides, restaurants always have people come to offer them wines. As restaurants, they always receive so many offers. So many wineries and distributors want to approach them. They never have to look somewhere for wines. Anytime they need, they make a phone call. For the moment, internet does not play any role between wine suppliers and restaurants. But in the future, if e-commerce dominates the wine market and online price is so much cheaper...then why not?

Internet is widely used to obtain information. But that is also the weakness of online wine stores. Customers are afraid that they cannot get as much information & personal advice from online shops as they do from traditional shops.

### 6.4 The case company: FORTYFOUR DEGREES

**Answer for research question 3:** What are the strengths & weaknesses of FORTYFOUR DEGREES? What are the company's preference and capability in promoting their web-shops?

The full answer for this question can be found in chapter 5: *Company analysis*.

### 6.5 Competitors' e-marketing strategies

**Answer for research question 4:** What are the e-marketing strategies of the other wine web-shops?

In order to answer this question, a comprehensive analysis of 10 wines web-shops has been made. The comparison chart can be found on Appendix I.

Each web shop has different product portfolio and price range. Beside wines, they often offer also wine accessories and gift certificated. A “taste case” which includes a selection of wines at discount price for “new comers” is also popular.

Products info is generally extensive and creatively presented by “tasting profile”, “reviews”, “wine maker’s note”, “professional rating”, “rating histogram”.



Rating Histogram ([www.wine.com](http://www.wine.com))



Taste profile (KLM selected wines: [www.fbselected.nl](http://www.fbselected.nl))

Customers can interact by various ways such as rating, writing review, send wine note to friends or making use of “advise me” service.

Variety of promotion methods were applied, mostly are special offers, newsletter. Some organize a community of customers under the form of a wine club or wine bank. Members of such communities receive wines at home every month (with wine blogs) or using the money + interest they got from their wine bank account to buy wines. Google Adwords are relatively popular to advertise the websites on Google.

Some website offers track & trace function. Some let customers make appointments for delivery or leave a delivery instruction note.

## 6.6 Website optimization

**Answer for research question 5:** How to optimize the website and web-shop to best fit e-commerce purpose?

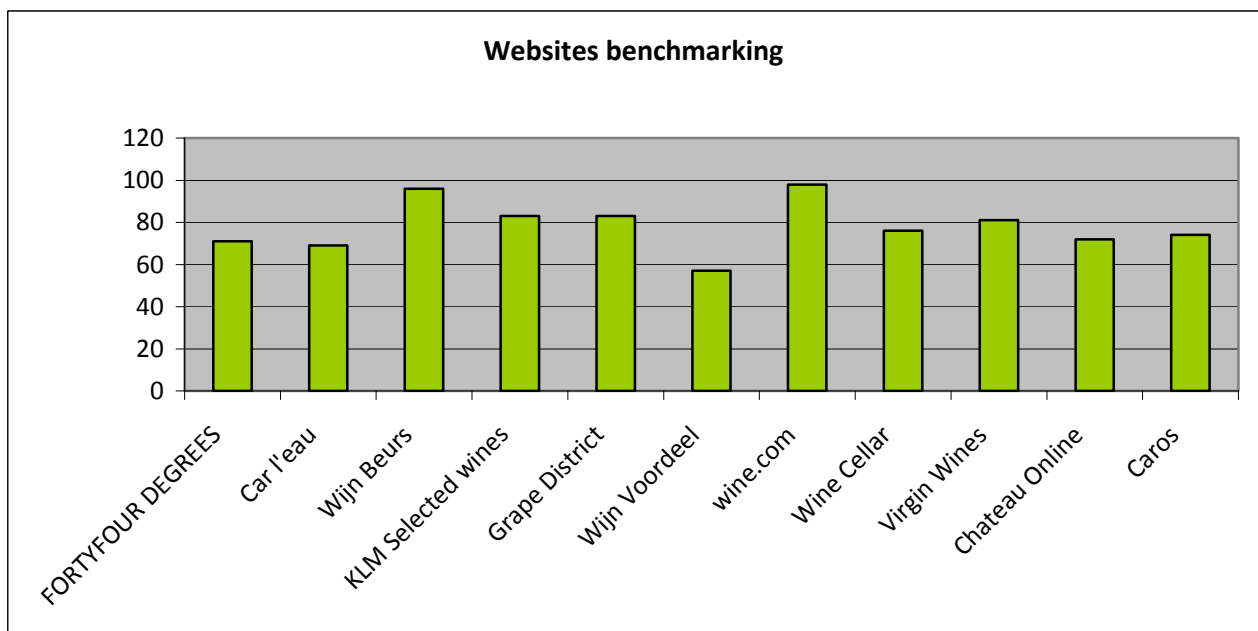
According to the experts:

A wine shop should look cozy but modern. Customers are somewhat bored with the traditional “cellar look-alike” image of a wine shop. Wine shop must be able to provide a lot of information if they want to get success.

Information is a key factor in selling wines. The more entertaining information a shop can provide, the more chance to convince customers to buy.

A web-shop firstly must have a good layout to let customers navigate easily. It must look attractive. Should investigate why many people step out at the last moment of the purchasing process? Do they find the process too time consuming? Or are they not happy with giving personal information to register to buy?

By benchmarking different websites, we can see in which field that the websites of FORTYFOUR DEGREES are better or worse than other websites of the same kind. 11 websites including [www.fortyfourdegrees.nl](http://www.fortyfourdegrees.nl) were graded on 24 criteria. Details of the benchmarking are presented on Appendix II. Here is the result:



The best Dutch site is [www.wijnbeurs.nl](http://www.wijnbeurs.nl) and the best foreign site is [www.wine.com](http://www.wine.com). They offer comprehensive product information and excellent personalized page for registered

customers. Their search engine optimization is strong, therefore they are highly ranked on Google search result.

About the content, KLM Selected wines ([www.fbselected.nl](http://www.fbselected.nl)) is highly graded for its information on the homepage because this information is simple, but just enough, practical and easy to read.



A good example of how wines are categorized is the categorization of Grape district ([www.grapedistrict.nl](http://www.grapedistrict.nl)) which classified wines based into different categories called *bubbly, easy, mellow, rich, rosy, blush, smooth, deep, honey*. It is not to say that all the web-shops should follow this classification. It is just an example of a creative and entertaining way to classify wines. Besides this classification, Grape District also classifies wines on the type of grape.

The websites with high graded search function often allow visitors to search different criteria such as price brackets, color, type of grape, origin.

Winebeurs.nl and wine.com offer excellent personalized pages. On these websites, customers who logged in can view their previous orders' status, their favourite list, or wines that are recommended based on their previous purchase.

Wine.com has paid great attention on search engine optimization. Apart from the domain name, they have good Meta Tags and link popularity. Their keywords are placed in the first 2-3 lines of the website and in bold letter type.

## 6.7 E-promotion methods

**Answer for research question 6:** What are the possible e-promotion methods for FORTYFOUR DEGREES? Measure their effectiveness and efficiency?

According to the experts:

For online wine shops, attractive promotion is crucial. Newsletter is a good way to keep customers coming back.

To attract more buyers, online web shops have to focus a lot on marketing and branding. If they can make the brand well known, people will have more confidence and motivation to shop there. Or if they can offer unique brands that people cannot find at offline stores, that

would be their advantages. So besides marketing its own brand, online shops have to strongly marketing it wines also.

Price is the critical success factor of wine e-commerce. There must be better offers compared to normal shop.

Delivery cost is also a big issue when it comes to shop online.

Hereunder are some possible e-promotion methods for FORTYFOUR DEGREES.

### 6.7.1 Domain name

As people are well aware, Google is a smart search engine but it is very hard to be highly ranked on Google search result. Besides, only the web pages which are listed on the first 2 pages of Google search result will have chance to be opened by web visitors.

One of the easier ways to get highly rank on Google search result is having a domain name that contains the keyword that potential customers mostly likely will search for. For instance, the domain name [www.nieuwzeelandwijn.nl](http://www.nieuwzeelandwijn.nl) has been bough by Wijnhandel Kiwi for that purpose. When visitors enter [www.nieuwzeelandwijn.nl](http://www.nieuwzeelandwijn.nl), they are automatically redirected to [www.wijnhandelkiwi.nl](http://www.wijnhandelkiwi.nl).

To promote their New Zealand wines, FORTYFOUR DEGREES can consider the following domain name:

Domain name: [www.nieuw-zeelandse-wijn.nl](http://www.nieuw-zeelandse-wijn.nl) for €5.99

Domain name [www.nieuwzeelandsewijn.com](http://www.nieuwzeelandsewijn.com) for €7.99

Domain name: [www.newzealandwine.nl](http://www.newzealandwine.nl) for €5.99

Domain name: [www.wijnnieuwzeeland.nl](http://www.wijnnieuwzeeland.nl) for €5.99

(Source: [www.hostingdiscounter.nl](http://www.hostingdiscounter.nl))

The price listed above is the registration cost for the domain name. After register the domain name, the web designer can direct this domain name to the website [www.fortyfourdegrees.nl](http://www.fortyfourdegrees.nl) and submit it to Google.

### 6.7.2 Google Adwords

Google Adwords is another way to be found easily on Google. This is indeed an advertising method on Google. The company will buy some “Adwords” which are the keywords that they think their target customers will look for. Once customers type these keywords in Google search box, the website will be displayed on the right top of the site.

The advantages of Google Adwords are:

- Low cost: Each keyword costs approximately €1 per click.
- Easy to manage cost: company can set a daily budget for each keyword, as low as €5 per day.
- Company only pays when someone clicks on their link.
- Company can choose to target on certain geographical areas only.

Next to the advantages, there are also concerns on the effectiveness of this method. The biggest concern is whether customers would click on the link if they already knew that it is just an ad.

Some keywords that are suitable for FORTYFOUR DEGREES are:

Adwords	Average pay per click
new zealand pinot noir	€0.82
new zealand wines	€0.82
new zealand wine	€0.89
new zealand sauvignon blanc	€1.17
new zealand white wine	€1.26
new zealand red wine	€0.94
new zealand wine online	€1.25
nieuw zeeland	€1.00
online wijn	€0.75
wijn kopen	€0.64
wijnen	€0.40
wijnhandel	€0.38
wijn online	€0.75
wijn shop	€0.05
wijn winkel	€0.52

### 6.7.3 Online communities:

As seen from the literature material as well as approved by the result of the online survey, word-of-mouth has tremendous influence on wine buying decision. Nowadays, since internet is widely used, online communities are such ideal place to implement viral market. In this section, two types of online communities will be discussed: the traditional forums and the social networking sites.

#### 6.7.3.1 Traditional forums

In Netherlands alone, there is countless number of wine forums. Those forums are the place where people find precious wines, make deals or simply post some questions. Almost anybody can create an account on such forum for free and start posting topics. It is one of the easiest and cheapest ways to introduce about your company and your products. At the

same time, it is highly effective because such forums are highly targeted to the right group of customers.

Among the most popular ones are:

[www.wijnforum.com](http://www.wijnforum.com)

[www.wijnforum.nl](http://www.wijnforum.nl)

[www.dewijnhoek.nl](http://www.dewijnhoek.nl)

[www.wereldvanwijn.nl](http://www.wereldvanwijn.nl)

The importance is the company must have entertaining story to tell or new wines to introduce. The writing style must be neutral, not too commercial. The better way would be to have a sommelier/customer write his/her thoughts and post them. The company should come back to the topic at least twice per week to answer the questions and update the information.

#### 6.7.3.2 Social network sites

Social network sites are less “targeted” than the traditional forums but can reach more people with “personal touch”. On both Facebook and Hyves, there are special categories for such brand like FORTYFOUR DEGREES to establish its special profile and invite members to form a group. On Facebook, this section is called “Fan” and on Hyves, it is called “Hyves”. For instance, this is the link to the profile of Heineken: <http://heineken-pilsener.hyves.net/>. Here the brand can upload pictures & video, create events, write blogs, create polls or send message.

Firstly, the company must create a profile like the one of Heineken above. The profile must be accompanied with entertaining blogs, video and pictures. After that, the company can start inviting people to their network by entering email addresses of their existing customers. At the beginning, the network can be small. The idea is that once a person decides to join FORTYFOUR DEGREES network, this news will be seen by other people in his/her own network also. If they wonder what is FORTYFOUR DEGREES, they would open the FORTYFOUR DEGREES’ profile and then the website. If lucky, they will also want to be in FORTYFOUR DEGREES’ network and therefore, more people will know about FORTYFOUR DEGREES.

On such network sites, there are also “Groups” which have something in common or share the same interest. For example, a New Zealand expat groups living in the Netherlands might be more interested in FORTYFOUR DEGREES. FORTYFOUR DEGREES can choose to be member of such group, make introduction of their brand and invite other group members to join the FORTYFOUR DEGREES’ network.

All these activities are free of charge but more effective than normal advertising. Certainly, the company will have to reserve at least 5 hours/week to update its profile, write its blog and invite more people.

At this moment, Hyves is the most popular social network site in the Netherlands with 7 million users.

To conclude, the next chapter will summarize the most critical points of the results of this research.

## Chapter 7: Conclusions

To conclude, this chapter will summarize the results of the research in 6 different topics themes which match 6 research questions.

### 7.1 Target customers

Here is an overview about the target customers of FORTYFOUR DEGREES:

Most of them are male, aged between 35 and 50. Their wine knowledge is at beginning or intermediate level. They are regular drinkers. They shop for wines at specialty stores. When choosing wines, they seek for a balance between quality and price. They spend on average €8 - €15 on a bottle of wines. To seek for advice on wines, they mostly trust “word-of-mouth”.

### 7.2 Dutch wine market

Dutch wine consumption has been continuously growing by 28% (from 17 liters to 21 liters) since 1995.

Dutch wine drinkers are becoming more and more open to experiment New World wines. Since most of them are occasional drinkers, they often opt for higher quality wines but they strongly consider “value for price”.

Shopping for wines online is obviously a trend but not yet popular. Customers will go online only if the wines they look for cannot be found in normal shops in their neighborhood or if they can have a bargain.

### 7.3 The company's inside out

FORTYFOUR DEGREES has certain advantages such as their knowledge about New Zealand wineries and their well-established foundation in the Netherlands. As a result, they can create a good network to buy and sell their exclusive assortment. Nevertheless, Dutch wine market is highly competitive. Besides, choosing internet as the main distribution channel is already a big challenge. FORTYFOUR DEGREES, as a small player with a tight budget can take advantage of information technology to increase their brand awareness, thus step-by-step improve their sales performance.

### 7.4 Competitors' e-marketing strategies

Each shop has different product portfolio and price range. Products info is generally extensive and creatively presented. Customers can interact by various ways.

Variety of promotion methods was applied. Most popular ones are special offers, wine club and newsletter.

### **7.5 Website optimization**

Websites of FORTYFOUR DEGREES is rated at the average level. Search engine optimization is a very weak part of FORTYFOUR DEGREES' websites compared to other websites. Besides, contents and user friendliness can also be improved.

### **7.6 E-promotion methods**

Some e-promotion methods that can be used by FORTYFOUR DEGREES are: using domain name with key search terms, buying Google Adwords, creating and building online communities.

Apparently, those conclusions open many possibilities for FORTYFOUR DEGREES to improve their online business. The next chapter, chapter 8, will present these possibilities.

## Chapter 8: Recommendations

As a result of my research, I have come up with several e-marketing solutions for FORTYFOUR DEGREES in order to generate online sales.

On a strategic level, for a young and small start-up like FORTYFOUR DEGREES, generating online sales is not something that can be done in a short term. Everything has to start from improving the brand awareness and brand image, making the website more well-known, making the web-shops perfectly convenient, etc. Recommendations on strategic level are:

- Product: Since New Zealand wines are relatively new in the Dutch market, FORTYFOUR DEGREES is identical by its product portfolio. So FORTYFOUR DEGREES should be the primary brand. If customers like what they get from FORTYFOUR DEGREES, they will be more confident to shop at THREESIXTY DEGREES later.
- Price: Keeping New Zealand wines at medium high price bracket has been approved to be a successful strategy.
- Place: More investment should be made on developing the website. It should not be only graphically attractive but also be highly convenient for online shoppers.
- Promotion: Costly advertising did not prove to show success in this case while buzz marketing made stunning effect. Therefore more attention should be placed in low cost methods which initiate the spreading of word of mouth. This can be done efficiently on the internet.
- Process: More features on the websites should be offered to online shoppers to maximize the convenience and minimize its drawbacks.
- People: More interaction between customers and the websites to draw customers closer to the shops.

On a tactical level, each recommendation hereunder will be presented in 2 parts: “Why” and “How”.

### 8.1 Search engine optimization

#### Why?

It is said that 8 out of 10 people use this search engine. Any website wants to be highly ranked on Google’s search engine. Indeed if a website is not listed on the first 2 pages of Google search result, there is almost no chance for that website to be found via Google.

#### How?

Google ranking is sophisticated and is affected by different factors such as Meta Tags, Link Popularity, Format and Position of the keywords on the website.

- Meta Tags: Title Tags, Keyword Tags and Description Tags of the website need to be formulated. FORTYFOUR DEGREES can take other website of competitors as reference. In order to view Meta Tags of other websites, FORTYFOUR DEGREES can make use of the Free Meta Tags Analyzer of [www.scrubtheweb.com](http://www.scrubtheweb.com). After deciding the title, keywords and description, the Tags can be added by the web designer. All

the activities from formulating the Tags to adding them to the website will take maximal 5 hours.

- Link popularity: the more websites that link to FORTYFOUR DEGREES' website, the better chance FORTYFOUR DEGREES' website is highly ranked. In order to be linked from other websites, affiliate marketing can be an option. Since FORTYFOUR DEGREES has explored this possibility from the very beginning, I will not mention it here again. An alternative way to enhance link popularity is PR on the Internet which will be discussed later in this chapter.
- Formulation and position of key words: the key words which FORTYFOUR DEGREES expect customers will use to search for their products need to be placed on the first 2-3 lines of the website and preferably in bold/capital letter type. Google search engine consider those texts more important than the rest of the website. These activities will take approximately 10 hours.
- Sitemap: a simple sitemap can be done by the web designer and submitted to the search engines. The sitemap will make sure the search engines do not miss any sub-page of the website. This activity will take no more than 5 hours.

## 8.2 Google AdWords

### Why?

The importance of Google search engine has been discussed previously. Google ranking system is highly sophisticated. While search engine optimization is more complicated and focuses on the long run, Google AdWords can be a better solution for a small business like FORTYFOUR DEGREES draw traffic to their websites in the short run.

### How?

As explained on chapter 6, Google AdWords let businesses "buy" the words that they expect web visitors/customers will look for. For instance FORTYFOUR DEGREES buys the word "New Zealand wine" and limit the ads to cover only the Netherlands. When a person in the Netherlands type "New Zealand wine" on Google search engine, the website of FORTYFOUR DEGREES will be placed on the right column of the screen under "Sponsored links". If that person decides to click on the link, FORTYFOUR DEGREES will have to pay a "pay per click" fee which is normally less than Euro 1 depending on the AdWord (each AdWord costs differently). FORTYFOUR DEGREES can also set daily budget as low as Euro 5 per day so that the cost cannot go higher than prepared.

Detailed price for AdWords (both in Dutch and in English) as well as step by step guide to implement this advertising campaign can be found on [adwords.google.com](http://adwords.google.com).

More investigation on key words, detailed cost and ROI needs to be done. Perhaps the best way to do this investigation is running a trial period and observing the web statistic closely to see the effect.

### 8.3 Domain names

#### Why?

Using domain names which covered their products or included the keywords that FORTYFOUR DEGREES expect their targeted customers will search for is perhaps the easiest and cheapest way to advertise themselves on search engines.

#### How?

All details have been presented in 6.7.1 of this report. All the steps include: deciding which are the most important key words that customers will search for, formulate several domain names with those key words, check the price and availability of those domain names with a hosting service, buy the domain name(s), link those domain name(s) with the current websites.

### 8.4 Websites and web-shops improvement

#### Why?

In the competitive marketplace that FORTYFOUR DEGREES is operating in, simply the company has to deliver the best in wines as well as in the service around their products. The website has to be attractive, yet convenient. It has to offer useful information, yet entertaining. The web-shop must offer many features, yet easy to use.

#### How?

One disadvantage of web-shops compared to offline shops is that customers can not read the label, touch the bottle and most importantly, consult the shopkeeper. This disadvantage can be compensated by the following methods:

- Products information: More product information must be presented. A tasting profile like the one on the website of KLM business club ([www.fbselectedwines.nl](http://www.fbselectedwines.nl)) can be a good example. Comments and rating from a wine expert are widely used by other web-shops can be very valuable too. Especially since the wine knowledge of most customers are at beginning level, experts' opinion will play an important role in giving them more confidence to buy. Apparently, the cost to obtain such comments and ratings are high and vary depending on FORTYFOUR DEGREES' network and relationships. On each product display, there should be a link to the story behind the wine or the winery which will be opened in another window so that customers can refer to this story without ending their shopping process. A "send to a friend" feature on each product display is easy to be created but can be very useful as well to make use of viral marketing.
- Personal account: For the moment, the customer account on FORTYFOUR DEGREES is really simple. Competitors of FORTYFOUR DEGREES are doing much more with their customer's personal accounts. Typically, logged-in customers usually can view their own purchase history, track their orders, leave delivery instruction note, store their tasting notes or get personal recommendations in the form of "If you like this wine, you may also like..." or "People bought this wine also bought..." All these features can be provided by the e-commerce solutions providers. FORTYFOUR DEGREES can contact the company which is powering their web-shops for a detailed price quote.

- Interaction: There is no shopkeeper on the Internet does not mean that there is no interaction between customers and sellers. Indeed web-shops are working hard to involve their customers more and more. The more customers are involved, the more customers feel connected to the shop and the more chance they buy. Most popular way to involve customers is inviting them to write review and rate the wines. Certainly personal taste may vary greatly so there is a big risk that some wines are low rated. Since FORTYFOUR DEGREES have not got many online customers yet, the rating result may not be very accurate. Still, FORTYFOUR DEGREES can involve customers in other ways. Organizing a "wine comments competition" can be an option. By this way, FORTYFOUR DEGREES can interact with customers, and actively making use of the comments for commercial purpose. Another interaction option is "consulting an expert" feature. An "expert" plays the role of the "shopkeeper" and can be presented under the form of an avatar. The way it works is exactly the same with the normal contact form: customers fill in their name, address and questions. This feature must be linked from a button that is placed separately on the website in a way that web visitors can reach from any sub-page.
- "Shop" button: At this moment, the "shop" button is placed on the menu bar between other buttons such as "home", "about us", "our wineries", "gallery". In fact, many web visitors will leave the homepage in just 10 seconds if they do not find what they are looking for. Therefore, the button "shop" must be more outstanding by being bold/colored or being separated from other buttons so that it catches more attention. Since most people (at least, most Dutch people) start reading from the top left corner, it may be wise to place this button foremost on the top left corner of the web page where the text "Welcome" is placed at this moment.

## 8.5 PR on the Net

### Why?

There are three reasons:

- First, it increases the brand awareness
- Second, it improves "link popularity" which is useful for search engine optimization
- Third, it is free.

### How?

- The use of traditional forums has been discussed in part 6.7.3 of this report. The idea behinds using traditional wine forums is introducing targeted customers about FORTYFOUR DEGREES and its products. It should look like a "press release" which is published online. Besides the wine forums, forums about food and lifestyle are very helpful as well.
- The use of online networking sites such as Hyves and Facebook has been discussed in part 6.7.4. The idea is that creating a small community/network of people who are interested in wines and in FORTYFOUR DEGREES' wines, keeping them updated with the upcoming events and involved in the improvement of the brand. Interestingly, when a person joins the FORTYFOUR DEGREES' network or posts a comment/reply on

FORTYFOUR DEGREES' blog, all his/her friends will notice that, thus more and more people know about FORTYFOUR DEGREES. A page for business such as FORTYFOUR DEGREES can be simply done via: <http://www.facebook.com/pages/create.php> . Similar to Facebook, on Hyves, a corporate account can be done via <https://secure.hyves.org/subscribe/corporate>. FORTYFOUR DEGREES can connect their members by stories about their wines, winemakers and wineries written under blog format or simply by posting customers' testimonials which are obtained from the "wines comments competition" discussed above to start a forum.

## 8.6 VIP club

### Why?

FORTYFOUR DEGREES has already organized a VIP club but the membership has been merely used as a way to discount. VIP club can actually work better and yield more profit. Why? Because being a VIP member makes customers more connected and involved with the brand. It is a step to enhance customer loyalty which is very precious in this strong competition.

### How?

- Involvement: VIP members should be the first one to be informed about new products, promotional programs or new developments of the brand such as the launch of FORTYFOUR DEGREES' page on Facebook. They should be always reminded that they are VIP customers.
- Events: VIP members should get personal invitation for wine tastings organized by FORTYFOUR DEGREES. At least once per year, there should be an exclusive free-of-charge gathering for VIP members. Ideally this event should be organized in November (1.5-1 month before the holiday season).



*At the Launch of THREESIXTY DEGREES. Such gathering should be organized more often.*

## 8.7 The gifts that keep giving

### Why?

Encouraging customers to send wines as gifts is a great way to making use of word of mouth which has been proved to be highly effective for the case of FORTYFOUR DEGREES. Besides that, it is an extra product in FORTYFOUR DEGREES' assortment and generate extra revenues, especially in special occasions.

### How?

Gifts can be given under different format. More important, these options should be announced on the homepage/blogs/newsletter/forums so that customers are well aware of them.

- Wines as gifts: if customer wants to purchase wines to give as a gift, there is the need for them to write a personal message. This can be done at the same time when customers enter shipping address by simply adding an extra text box for "Personal message".
- Gift certifications: a gift certification works like a discount voucher. Each gift certification has a different code so that the person who received this gift can redeem it by entering the code when checking out. To be economic and convenient, gift certifications should be made digitally.
- VIP card as a gift: certainly it is a perfect present for wine lovers because the person who receives it can receive the benefits for an extended period.

Those were the recommendations especially made for FORTYFOUR DEGREES. Apparently, making them happen will require time and efforts. Hopefully the “road map” will be presented at the next session of this report will partly simplify the implementation of those recommendations.

## Afterword: An eye on the future

This was a very challenging, yet fascinating research I have done. I wish my recommendations will be implemented with care and I am confident that they will be of beneficial for FORTYFOUR DEGREES. To simplify the implantation process, a roadmap has been created based on priority and time requirements. Details of the roadmap can be found in Appendix III.

Although my mission has been fulfilled, I understand that businesses keep on going and there are always more rooms for improvements. If I myself or any other market researcher would get the chance to extend this research, the topics below might be of great value.

- Topic 1: Investigate the return on investment of Google AdWords in the case of FORTYFOUR DEGREES which is serving a rather niche market.
- Topic 2: Investigate the return on investment of having a professional translator to translate the websites of FORTYFOUR DEGREES into Dutch.
- Topic 3: Bongo ([www.bongo.nl](http://www.bongo.nl)) provides gift certifications in the format of “Weekend boxes” which let the gift receivers choose between some activities from selected addresses. One of those “Weekend boxes” is “Wine box” which is actually a discount voucher to buy wines or take part in wine tasting at one of the selected addresses. Is there a possibility for FORTYFOUR DEGREES to work with Bongo? What are the cost and the benefits?

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## Appendix

### Appendix I: Competitors' comparison chart

ID	Shop	Website	Products			Price range		Process		Interaction
ID	Shop	Website	Wines	Others products/ serv	Products info	Price range	Promotion	Delivery	Payment method	
1	Car l'eau	<a href="http://www.carleau.com">www.carleau.com</a>	small collection of French wine	pink garlic, cookbook, delicatessen	Very basic	mostly €7 - €15	discount when order in bigger quantity, special offers, newsletter	within 14 days	iDeal, reimbursement, paypal, bank transfer	contact form
2	De Nederlandse wijnbeurs	<a href="http://www.wijnbeurs.nl">www.wijnbeurs.nl</a>	large assortment from all over the world	wine arrangement	Extensive: taste, color, date, accompanied food	mostly €7 - €15	member price, seasonal offers, wine of the year, favourite wines of the tasting, gift voucher, lucky draw, exclusive cellar for members, newsletter, Google adwords,	within 14 days	automatic collection, iDeal, visa, master	vote, comment, customer support
3	KLM Selected wines	<a href="http://www.fbselectedwines.com">www.fbselectedwines.com</a>	small collection from all over the world		Extensive with a <i>taste profile</i>	mostly €6 - €12	award Flying Blue miles	within 3 days, customers can choose delivery date&time, free delievery from €150	iDeal, credit card	
4	Grape District	<a href="http://www.grapedistrict.nl">www.grapedistrict.nl</a>	medium collection from all over the world	Taste case, (personalized) giftboxes,	Extensive, wines are creatively categorised	mostly €6 - €12	free borrow glasses & coolers for parties	within 7 days	iDeal, banktransfer, automatic collection	
5	Wijnvoordeel	<a href="http://www.wijnvoordeel.com">www.wijnvoordeel.com</a>	large assortment from all over the world	Taste case, Wine searching service	Extensive	mostly under €10	discount price, Google Adwords	within 6 days, free delivery for order from €120	banktransfer after order received	contact form
6	wine.com	<a href="http://www.wine.com">www.wine.com</a>	extremely large assortment from all over the world	monthly wine club, wine gift set, gourmet gift basket, gift certificates, accessories, business gift service	tasting chart, winemaker's note, rating histogram, reviews, tasting tags, pair with	mostly \$10 - \$30	professional rating, add to wine list function, seasonal & occasional recommendation, Affiliates Program, online community	next day, evening, weekend, appointment, date specific delivery, track & trace	credit card, paypal	customer rate & review, customer care session, send wine notes to friends

Part 1/2

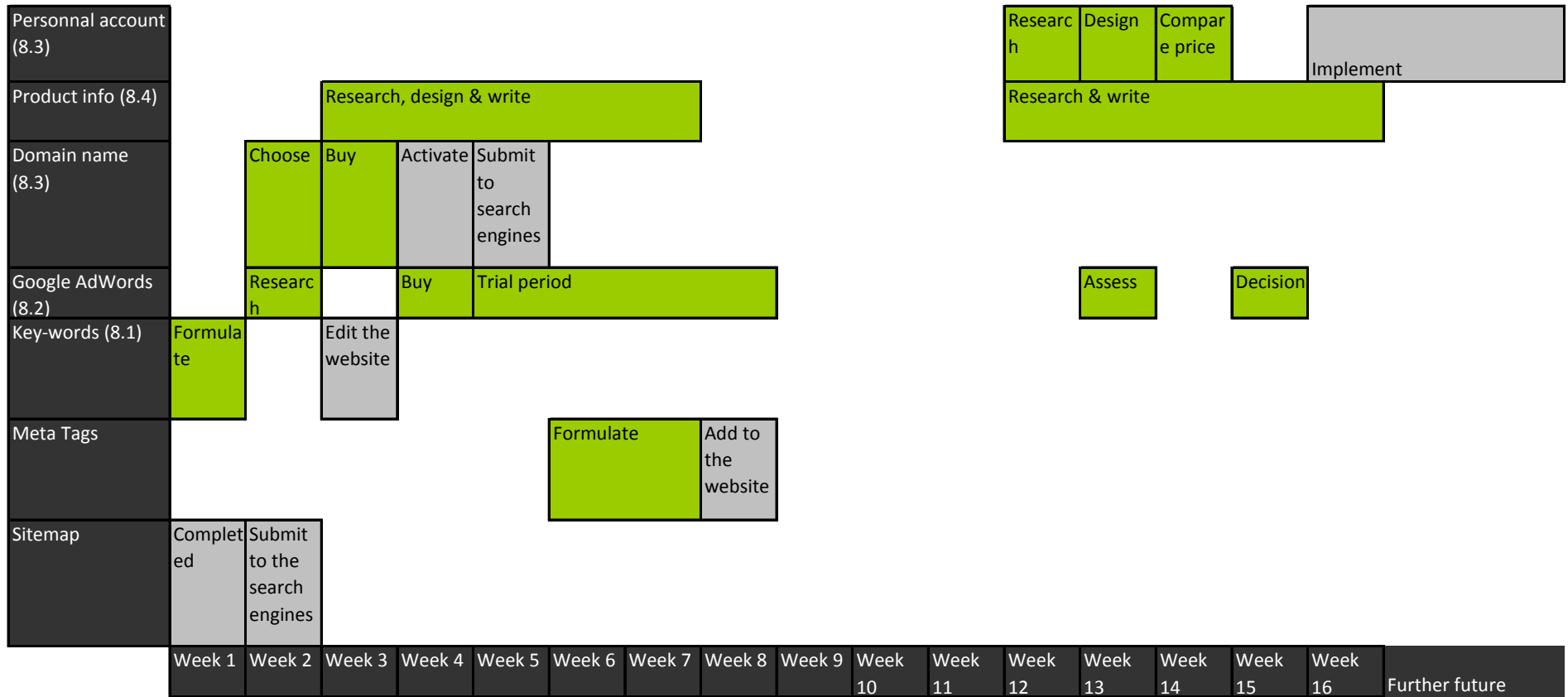
ID	Shop	Website	Products			Price range		Process		Interaction
ID	Shop	Website	Wines	Others products/ ser	Products info	Price range	Promotion	Delivery	Payment method	
7	Wine Cellar	<a href="http://www.winecellar.co.uk">www.winecellar.co.uk</a>	medium collection of wine & spirit from all over the world	gift voucher	wine maker's note	mostly £5 - £10	seasonal offer, gift wrap, personal recommendation	free delivery for order from £60	credit card, paypal	
8	Virgin wines	<a href="http://www.virginwines.com">www.virginwines.com</a>	large assortment from all over the world	discovery club, wine bank, gift voucher, gift pack, auction	wine maker's note, review, rating	mostly £5 - £10	welcome case discount, discovery club discount, £20 interest in wine bank per quarter, special offer, seasonal sales, gift personal message, £20 for recommending a friend to join discovery club/ wine bank	free delivery	credit card	rate, review, testimonial
9	Caros	<a href="http://www.caros.co.nz">www.caros.co.nz</a>	large assortment from all over the world	wine clubs, gifts, gift vouchers, tasting arrangement	testimonial	any price	newsletter, free bottle welcome to wine club, discount on big order	delivery with instructions/ gift message		contact form
10	Chateau online	<a href="http://www.chateauonline.com">www.chateauonline.com</a>	large selection, mostly French wines	wine subscription, accessories, advise, paradise club		any price	sommelier rating, affiliation, special offers, food & wine match, "advise me!" service, newsletter	order tracking system	credit card, paypal	

Part 2/2

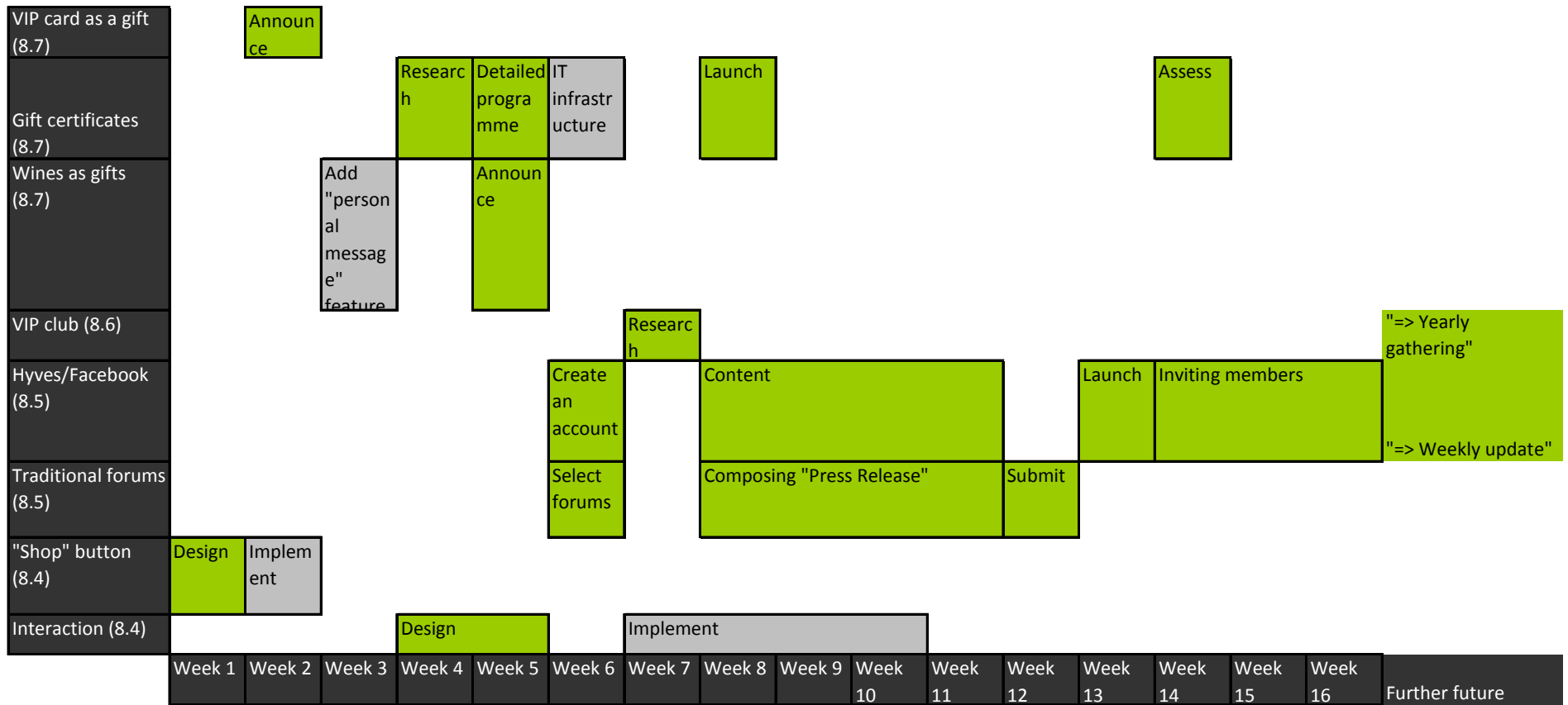
## Appendix II: Websites benchmarking chart

ID	Criteria	FORTYFOUR DEGREES	Car l'eau NL	Wijn Beurs NL	KLM Selected wines NL	Grape District NL	Wijn voordeel NL	Wine.com US	Wine cellar UK	Virgin wines UK	Chateau online FR	Caros NZ
	<b>CONTENTS</b>											
1	Information on homepage	4	4	4	5	5	3	5	4	5	3	4
2	Product information	3	2	4	4	4	4	4	3	3	3	1
3	Shipping/delivery information	3	3	3	4	3	3	5	3	4	4	2
4	Origin & Wineries information	4	5	3	2	0	0	3	0	1	2	2
5	Wines information/advice	3	3	4	3	1	3	5	1	0	3	3
6	Guarantee information	5	3	5	4	3	0	3	0	4	3	2
	<b>NAVIGATION</b>											
7	Search function	3	0	4	5	4	4	5	5	5	3	4
8	Categorisation	4	4	3	4	5	2	4	3	4	3	4
9	Homepage attractiveness	3	4	4	3	4	3	4	3	4	3	4
	<b>COMMUNICATION</b>											
10	Clear, short, & straightforward	5	4	5	5	5	4	3	5	4	3	4
11	Attactive/ entertaining stories	5	3	4	2	2	1	5	0	4	4	2
12	Suitable vocabulary	4	5	5	5	5	5	4	5	5	3	5
	<b>USER FRIENDLINESS</b>											
13	Suitable languages	3	5	5	5	5	5	5	5	5	5+	5
14	Loading speed	4	5	5	5	5	5	4	5	4	5	5
15	Privacy policy	5	5	5	4	3	3	5	5	5	3	3
16	Customers interaction	1	1	3	3	2	1	3	2	2	1	1
17	Various payment methods	3	5	5	4	4	4	4	3	3	3	3
18	Personnalized page	0	3	5	0	0	0	5	1	2	2	0
	<b>SEARCH ENGINE OPTIMIZATION</b>											
19	Title Tags	1	2	4	2	4	0	4	4	4	4	4
20	Keywords Tags	0	0	5	5	4	0	4	4	0	4	3
21	Description Tags	0	0	4	1	5	0	4+	3	2	3	4
22	Link popularity	2	2	4	1	3	2	5	2	3	2	1
23	Strategic keywords' position	4	1	2	3	3	4	4	5	4	4	4
24	Strategic keywords format	2	0	1	4	4	1	4	5	4	4	4
	<b>TOTAL</b>	<b>71</b>	<b>69</b>	<b>96</b>	<b>83</b>	<b>83</b>	<b>57</b>	<b>97</b>	<b>76</b>	<b>81</b>	<b>72</b>	<b>74</b>

Appendix III: The roadmap



To be done by FORTYFOUR DEGREES  
 To be done by web designer/developer



To be done by FORTYFOUR DEGREES  
 To be done by web designer/developer

Part 2/2

## Appendix IV: Survey questionnaire

### Experience with 360

1. How did you get to know 360 Degrees?
  - a. Via 44 Degrees
  - b. Via newspapers (De Telegraph)
  - c. Via magazine
  - d. Via friends/colleagues/family
  - e. Others.....

### Experience with wine:

2. Do you consider your wine knowledge as:
  - a. Master of wine
  - b. Sommelier
  - c. Not certificated but
    - c.1 Advance
    - c.2 Intermediate
    - c.3 Beginner
3. How often do you drink wine?
  - a. Everyday
  - b. One every three days
  - c. Once a week
  - d. Only occasional (special occasions)

### Wine consuming:

4. Where do you buy wine most often?
  - a. Liquor shop
  - b. Restaurant
  - c. Grocery store
  - d. Online shop
5. What is the MOST and the LEAST important factor for you when choosing wine?
  - a. Origin
  - b. Type of grape
  - c. Brand
  - d. Price
  - e. Etiquette
  - f. Quality
  - g. Accolades
6. How much do you usually spend on a bottle of wine?
  - a. Under €5
  - b. €5 - €10
  - c. €10 - €20
  - d. Over €20
7. Where do you mostly turn for advice about wine?
  - a. Internet reviews
  - b. Wine books

- c. Wine/ Gastronomy magazines
- d. Wine shops
- e. Restaurants
- f. Others.....

8. How do you consider the wine reviews/comments when buying wines?
- a. Very important
  - b. Moderately important
  - c. Neutral
  - d. Not really important
  - e. Not important at all

**Experience with online shopping:**

9. Have you ever shopped for wine online?
- a. Yes. Which shops? Why those shops? How did you get to know those shops?
  - b. No.

10. How comfortable are you with a website in English only?
- a. Very comfortable
  - b. Comfortable
  - c. Neutral
  - d. Uncomfortable
  - e. Very uncomfortable

11. What is your most important reason for shopping for wine online?
- a. 24/7 opening hours
  - b. Competitive price
  - c. Variety of choices
  - d. Unique products which cannot be found in normal shops
  - e. Convenience of delivery to my door
  - f. Others.....

12. What is the most important reason for not shopping for wine online?
- a. Cannot taste the wine
  - b. Cannot ask for advice from shop keepers
  - c. Cannot get the wines immediately
  - d. More chance of losing personal data
  - e. More chance of losing bank acc's data
  - f. Delivery costs
  - g. Internet/computer skills
  - h. Others.....

**Demographic**

13. Age bracket:
- a. Under 25
  - b. 26 – 35
  - c. 35 – 50

## Appendix V: Survey answers

Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Date Taken
	5	5	1	3	2	4	3	2	Not applicable		2	2	3	2	10/23/2008 14:41
	5	5	3 friends	1	Friends/family	3	2			Can always buy from friends	2		3	2	10/23/2008 15:05
	5	4	2	1	6 family	2	1		know already what i want	no reason	1	The search engine should functions very well.	2	1	10/23/2008 15:10
	5	5	3	4	6 experiment	4	2			Prefer shopping in traditional way	1		2	1	10/23/2008 15:17
	5	5	2	1	7 Friends/family	3	2		no reason		3	1	3	2	10/23/2008 15:25
	5	4	4 Tasting	1	only by experiment	3	1			4 out of stock without notice	1	Privacy policy - have to give too much information when ordering	2	1	10/23/2008 15:30
	5	3	1 at cellar door	1	friends	2	2			3 can not drop bottle on my foot	2	your check-out does not function properly	3	1	10/28/2008 14:18
	2	4	2	1	6	2	2	1		1	1	3	2	1	11/9/2008 0:19
	6	1	3	1	2 mnie son is learning about wines	3	2		by accident, because of the price		1	3 it is okay	4	2	11/14/2008 1:52
	5	5	1	1	2	4	2	2		4	1	1	3	2	11/16/2008 0:08
	5	4	2	1	1	4	2	2		7	3	2	3	1	11/17/2008 23:47
	6	5	3	3	6	4	1	2		4	6	2 none	2	1	11/17/2008 23:48
Via KEA	4	2		1	4	1	2	1		2	3	1	3	1	11/17/2008 23:50

## Survey answer – part 1/6

- True/Yes = 1
- False/No = 2
- Answers to Multiple Choice questions are given in numeric form reflecting the order in which they appear, counted top to bottom.
- Answers to Matrix questions are given as the column number counting from left to right.
- No answer: 0 or blank cell on spreadsheet.
- 999999 = respondent selected the "other" option but did not specify a full answer.

friends of Andrew	4	1	Where ever I can find best quality / price	6	1	2	1	44 degrees, 360 degrees, sauter wines, ad wineshop	4	1	2	4	1	11/17/2008 23:55			
	6	4	1	4	4	3	2	1 Wijnbeurs Wijnvoordeel 44 degrees	5	not applicable	2	Wider range Wider price range	4	1	11/18/2008 0:04		
through the Spyvalley website	5	4	3	1	6	4	2	2	2	2	2	3	1	11/18/2008 0:05			
	5	4	2	3	4	4	2	1	44 degrees	4	2	1	?	2	2	11/18/2008 0:06	
										4	you have to buy a large amount in one time = expensive compared to supermarket 1 bottle a time						
Was looking for NZ wines	4	1	most often in sense of quantity of bottles	2	3	3	1	44degrees, henriBloem.nl, gall.nl, other specialized winesites		and variety of choice no withholders	2		3	1	11/18/2008 0:13		
	5	4	1	1	2	4	2	2	2		5	2	3	1	11/18/2008 0:20		
	5	4	2		6	2	2	1	Yswselwijn	4		1	2	no at the moment	3	1	11/18/2008 0:23
LAE NI		4	2	Supermarket	6		3	1	44 degrees	4		6	1		3	1	11/18/2008 0:38
	5	4	3		1	2	4	3	2	4		1	2		3	2	11/18/2008 0:49
	5	3	3	I follow the recommendations of friends; I mostly buy wine in specialized wine stores	6	3	2	2		4		1	1		3	2	11/18/2008 1:05

Survey answer – part 2/6

KEA	4	1		1	6	1	2	1	44 degrees, and have on occasion bought champagne online for NZ friends via NZ websites	4	3	1	Get a few more staples in the stable (e.g. villa maria cellar selection or reserve) for 44 degrees. For 360', work on a binding theme - seems very disparate at moment and some bad wines sit alongside some good (e.g. poor romanian wine at tasting next to	3	1	11/18/2008 1:26
through Jarrod	5	3		3	6 friends		2	2		2	1	1	No	3	1	11/18/2008 1:30
Kiwisauce Owner.	5	3		1	6	3	3	2	only 44 degrees recently.	4	2	1	nil	2	2	11/18/2008 1:30
	5	5	2	1	4 friends		1	2		6	5	1		2	1	11/18/2008 1:48
	5	5	4	3	2 friends		1	2		2	3	3	Don't offer a mininum order of 6 bottles. You now miss out on customers who prefer to buy 1 to 5 bottles online.	2	1	11/18/2008 1:53
restaurant	4	1	50% <sup>^</sup> online, 50% shop	6		4	2	1	44degrees, okhuyzen	6	1	1	no	4	1	11/18/2008 1:54
via travelesence	5	4	2	1	2	4	2	2		6	2	1		2	1	11/18/2008 1:56
									Reliability en Trust in diliverance en quality		1	3		3	1	11/18/2008 2:02
	5	4	2	de nederlandse wijnbeurs	6 friends, family	3	1	44degrees		4	1	3	no	4	1	11/18/2008 2:48
n.v.t.	4	3	supermarket	2		2	1	2		5	2	2		3	1	11/18/2008 2:48
	5	3	3	trough our restaurant	4 our wine deliveres		2	2		2	1	4	talk a lot to your customers what they like or not like	3	1	11/18/2008 2:56
	5	5	2	1	2	4	2	2		4	1	2		3	1	11/18/2008 3:52
Colleques	3	1	Supermarket	2		2	2	1	Glerum	2	3	1		2	1	11/18/2008 4:33
NZ embassy function	5	1	Ven/sligro	6	tastings	3	1	44 degrees		4	1	1	maybe recipe of the month designed to go with wine of the month	3	2	11/18/2008 6:05

Survey answer – part 3/6

	1	4	2		1	6		1	2	1	www.pasteunings.nl		4		6	2	it's great already. ☺ Maybe a column from various 'sommeliers' of the different top restaurants you deliver, might be nice. Especially if they explain why they have choosen this specific wine and with what favours it matches perfectly.	3	1	11/18/2008 6:29
	5	4	3		1	3	Advice from friends	2	1	44Degrees		7		2	1			3	1	11/18/2008 7:19
Jarrold Englefield	5	3	Friends and 44 Degrees		1	Jarrold Englefield		3	2			5		1	1	Keep Jarrold Englefield in your ranks!		3	1	11/18/2008 7:30
KEA Netherlands newsletter	3	2			1	6		4	3	1 30/60 ☺ forty four degrees		4		6	1			3	2	11/18/2008 7:57
	5	5	2		3	4	colleagues	1	2			5		3	4			4	2	11/18/2008 8:39
	5	5	2		1	6		1	2	1 Margaret Wines, Prinselijk Proeven		4		1	2			2	2	11/18/2008 10:15
Via link to NZCPA emails	4	3			4	6	and wine guides	3	1	These are NZ ones. ☺ Caros, Fine Wine Delivery, Advintage, Regional Wines, Glengarrys, Scenic Cellars.	and price and variety.			3	1	I would get a wider variety of NZ wineries supplying wines... the ones you've got are mid range... I'd get higher end.		3	1	11/18/2008 11:54
	5	4	3		1	3		4	2	2		3		1	1			2	2	11/18/2008 13:50
	5	4	2		4	6		4	3	I am an aussie living in Holland. Here in Holland I only buy on line with 44 degrees. In australia I would go to a bottle shop.		4		1	1	I think your doing a great job!		3	2	11/18/2008 23:33
	5	3	2		3	2		3	2	2		1		3	1	easier check out		3	1	11/19/2008 1:23
	5	5	3		3	1	Friends and family	1	2			7		3	4			1	2	11/20/2008 0:05
My work	5	4			1	6	Family	3	2	-		6	Combination of the first and the second line		2	-		2	2	11/20/2008 0:10
	5	4	3		3	2		4	3	2		3		1	1	Very comprehensive, clear navigation - good!		2	2	11/21/2008 3:16

Survey answer – part 4/6

	5	2	1 Importers		2 Wine Academy	3	1 Grape District New World Wineries Taste du Vin	Combination of price, delivery and unique selection	when I buy online i tasted it before	1		3	2	11/21/2008 12:22
	5	4	2		1 5	5	2 2		2		2	3		1 1 11/25/2008 6:05
	5	4	4		3 1	1	2 2		6		1	2	maybe buy some Google AdWords	1 1 11/26/2008 13:38
I dont...was asked by rotterdam group	5	2		3	4 friends - i have some friends who are EXPERTS in wine	2	2		7		3	1		2 2 11/26/2008 14:45
Alice Nguyen	5	2		2	4 recommendat ions	2	1 wijnbeurs.nl		5 Inconvenience of organising delivery		1			2 1 11/26/2008 15:03
expat group	5	3		3	6	3	2 2		7		6	1	Feedback forum for costumers	4 2 11/26/2008 15:22
word of mouth	5	3		3	4 Friends suggestions	1	2 N/a		2		6	1	The system used for showing pictures is dated, and sluggish. I'd suggest something along the lines of highslide.js (example), which would work much better.	2 1 11/26/2008 17:38
	5	5	3 Special expat shop with fine South African wine	3		1	3 2		3 none		1			2 1 11/27/2008 0:44
you told me about it in your email asking to fill out this questionnaire!	4	2		3	2	2	2 2		4		6	1		2 2 11/27/2008 1:12
yahoogroup	5	4	2	1	6	4	2 2		3		2	1		2 2 11/27/2008 2:30
		4	1 Supermarket		2 Friends that know about wine	2	2	Compare in prices			3	1	Wines look quite expensive, the Dutch are known to be cheap (hell I am Dutch I know we are).	2 1 11/27/2008 4:31
	5	4	3	1	4 word of mouth	2	2		2		1	1		3 1 11/27/2008 5:37
	1	3	1	4	2	2	2 1 crimea		2		6	3		3 2 12/1/2008 4:32

Survey answer – part 5/6

wijnforum.com	3	1	1	1 all of the above	2	1 wijnbeurs.nl	6	1	2 hold taste and take aways like De Wijnbeurs does, tasting is a very important disadvantage that a webshop cannot offer.	2	1	12/1/2008 6:20
online forum	5	4	3	4 don't ask advice	1	2	2 breakages during delivery	1	no	3	2	12/2/2008 1:30
	6	5	1	4	6	4	2	1	1	3	1	12/3/2008 12:34
	3	5	1	3	3	4	2	2	6	3	2	12/5/2008 9:32
	5	3	2	1	6	2	2	1 KLM Business Club	3	3	1	12/7/2008 3:46
	6	2	2	4	6	3	3	1 carleau	1	1	3	12/9/2008 11:23
proeverij	5	3	3	6 friends	2	2	the only way to get the cj pask red wine	2	3	4	2	12/10/2008 3:14
From Martinborough Vineyard New Zealand	5	4	3	1	3	2	1 44degrees	5	1	1	1 YES ENGLISH	12/11/2008 11:51
	3	5	1	3	2	5	1	2	1	4	3	12/11/2008 12:13
	5	4	2	1	2	4	2	2	3	1	3 Not Yet	12/12/2008 6:23
kiwisauce shop in de pijp amsterdam	5	3	1	2	1	2		4	2	1		12/13/2008 9:14
	6	3	3	3	6	3	3	2	6	1	2	12/18/2008 2:57
direct (e)-mail	3	1	specialist wine shop	6	6	2	2	2	4	1	1	12/24/2008 6:54
	6	5	1 Sent from Australia or NZ	1	1	3	2	4	6	1		1/6/2009 7:45

Survey answer – part 6/6

## Appendix VI: Interview notes

### Interview 1:

Antony Ceravolo  
T: +44 79 5656 8581  
3 Norburn St  
London W106EQ

Mr. Ceravolo is son of a winery in Australia. He is also a wine trader with several years experience of selling wines to UK and the Netherlands.

- Dutch people are becoming more and more conscious about wines. However, price is still the first factor. Then come brand and origin.
- Wine buyers will mostly seek for advice from wine shop. If they buy wines online, they would demand the same information that they usually can obtain from the normal shops.
- Information is a key factor in selling wines. The more entertaining information a shop can provide, the more chance to convince customers to buy.
- Shopping online for wine is obviously a trend. Check out [www.laithwaites.co.uk](http://www.laithwaites.co.uk) where he sells his wines. But in the Netherlands, the online sales are not yet strong.
- Web-shop won't work with restaurants. The cost and time will be too high for restaurants. Beside, restaurants always have people come to offer them wines.

### Interview 2:

A wine marketer of Bibendum Wine Ltd. UK. She has acted as representative to introduce many South African, South & North American wines to the Netherlands.

- Dutch wine drinkers value price and quality. The obvious trend is that quality becomes more and more important while price is less concerned.
- They are occasional drinkers mainly when going out.
- New world wines are very welcome in the Netherlands and are considered to be trendy.
- When Dutch people choose wines, price is the first factor. Then comes brand. Dutch drinkers are not loyal with one brand. However brand image is important.

- Dutch tend to experience wines themselves before searching for advice from someone else.
- A wine shop should look cozy but more modern. Customers are somewhat bored with the traditional “cellar look-alike” image of a wine shop.
- Shopping for wines online is a trend because customers can buy wines straight from the wineries and wines that they usually do not find in the normal shops.
- For online wine shops, attractive promotion is crucial. Newsletter is a good way to keep customers coming back.

### Interview 3

Mr. Murray Giggins  
General Manager of Hidden Valley  
P.O. Box 12577 Die Boord  
Stellenbosch 7613  
South Africa

Tel: +27 21 880 2646

Fax: +27 21 880 2645

Email: [murray@hiddenvalleywines.com](mailto:murray@hiddenvalleywines.com)

Many years experience in selling wines to the Netherlands

- Dutch are the ones who seek for “Value for price”. Thus a balance between quality and price is important. Besides that, brand is also crucial.
- Wine buyers like to seek for advice from shopkeepers
- Wine shop must be able to provide a lot of information if they want to get success.
- Wine online is not yet popular. It will take a long time before people are familiar with shopping for wines online. When people see a bottle of wine, they want to read the label, touch the bottle, see the wine and taste it if possible.
- To attract more buyers, online web shops have to focus a lot on marketing and branding. If they can make the brand well known, people will have more confidence and motivation to shop there. Or if they can offer special brands that people cannot find at offline stores, that will be a plus. So besides marketing its own brand, online shops have to strongly marketing it wines also.

#### Interview 4:

Sommelier from De Jonge Dikkert restaurant, Amstelveen

- Dutch wine drinkers used to be conservative. Only in the last couple of years, people start exploring more the world of wine. There is the possibility to change Dutch taste from Old World wines to New World wines. People now also spend more money for well known wine.
- Brand is the most important factor when buying wine. When people like a wine, they search for that name again and again. When a brand is well known, it will be successful.
- Most of their customers seek for wine advice at the restaurant.
- People are very attracted by some kinds of short, entertaining stories about the origin of the wine. That's one of the critical success factors for a wine shop.
- At restaurant, they have wine list that fits the menu.
- At online shops, people cannot even taste the wine. That's a big negative
- Price is the critical success factor of wine e-commerce.
- As restaurants, they always receive so many offers. So many wineries and distributors want to approach them. They never have to look somewhere for wines. Anytime they need, they make a phone call. For the moment, internet does not play any role between wine suppliers and restaurants. But in the future, if e-commerce dominates the wine market and online price is so much cheaper...then why not?

#### Interview 5:

Willem V. Siebelink  
Director of Huinck & Co b.v.  
Zijlstraat 56,  
3111 PS Schiedam  
The Netherlands

Mr. Siebelink is leading Huinck & Co which is a big wine trader in the Netherlands. Also staying under the same UTO umbrella with FORTYFOUR DEGREES, Huinck & Co deals with lower end market including supermarket, wine stores, etc. Mr. Siebelink himself has got many years of experience in the Dutch wine market. Universities invited him to give lectures about wine marketing.

- Dutch are occasional drinkers. Unlike the French, Spanish or Italian, Dutch people do not drink wines every meal. Dutch people tend to drink wines in front of TV, or with friends in the weekend.
- Most of Dutch drinkers prefer soft, less tannin and not too sweet wines. New world wines are widely accepted. Dutch drinkers are not very faithful for the brand. They are willing to switch to different brands and try new things.
- Price is the most important factor when they choose wine. Brand is only appealing to high end market.
- Wine buyers mostly seek for advice at wine shops and restaurants.
- Internet is widely used to obtain information. But that is also the weakness of online wine stores. Customers are afraid that they cannot get enough information from online shops like from traditional shops.
- Delivery cost is also a big issue when it comes to shop online.
- A web-shop firstly must have a good layout to let customers navigate easily. It must look attractive. There must be better offers compared to normal shop. Should investigate why many people step out at the last moment of the purchasing process? Do they find the process is too time consuming? Or are they not happy with giving personal information to register to buy?