PERCEPTIONS OF EXPORT BARRIERS AND CULTURAL ISSUES: THE SME E-COMMERCE EXPERIENCE

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ABSTRACT

Studies have shown that small- and medium-sized enterprises (SMEs) have embraced E-Commerce to strengthen their competitive position. In the case of SMEs engaging in export activities, the Internet is supposed to be useful in reaching out to international markets. In this paper, we discuss findings from a study comparing Australian and UK small exporters' perception of export barriers and the impact of E-Commerce. In addition, we highlight how exporters might be faced with cultural issues during the process of marketing internationally across different cultures, by examining factors within an export philosophy framework. We conclude that the perception of barriers and how effectively the Internet can help to break down such barriers differs between Australian and UK SMEs. Also, different approaches to addressing cultural differences based on the firm's export philosophy could be found among Australian exporters.

1.   Introduction

The Internet has become an integral part of most successful businesses. Few businesses today do not have a website. Small- and medium-sized enterprises (SMEs) have been increasingly enjoying the benefits of E-Commerce (Bennett, 1997; Fink, 1998). Two of the most commonly cited benefits of E-Commerce revolve around being a low-cost and effective marketing tool, and an ability to reach out to a global audience (West Australian Electronic Commerce Centre, 1999). Some even suggest that the Internet is "the only cost effective way in which many such firms can engage in trade across borders" (www.dfat.gov.au). General consensus of opinion is that the Internet is a low-cost option, and SMEs that have traditionally been restrained from international trade because of resource limitations (Kandasaami, 1998; Poon & Swatman, 1995) are able to present themselves and their products in as eye-catching and professional manner as those of larger corporations (Bennett, 1997). With testimonials such as these from both academic and government organisations, the Internet is almost proclaimed to SMEs as the perfect tool, providing express routes to international trade.

Despite there being many studies on how SMEs adopt E-Commerce, this research focuses on how use of the Internet affects perception of export barriers, and the how cultural issues are faced by different export philosophies taken by SME exporters when adopting E-Commerce. By adopting a conceptual framework of exporting philosophy, we examine how some SMEs in Australia tackle E-Commerce export issues.

2.   Small-to-Medium Enterprises

SMEs are of crucial importance to the Australian economy and so is export trade. From 1991-92 to 2000-01, the total value of Australia's exports grew from A\$55,027 million[1] in to A\$119,602 million – an increase of 117%. The increase in the volume of exports (after adjustment for price increases) was 81%. This growth in export markets has resulted from Australian exporters actively seeking new markets, as well as increasing exports to traditional markets. In 2000-01 there were 24 countries that each purchased over \$1 billion of Australian exports, compared with 12 countries at the start of the decade. (Australian Bureau of Statistics, 2002).

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[1] At the time of writing, US\$1 = A\$1.75

An Australian small business is generally made up of up to 20 employees, while a medium-sized business has up to 200 employees (Chau & Pedersen, 2000). SMEs have traditional faced a number of barriers to adoption of electronic commerce (Chau & Pederson, 2000), such as:

- Lack of cost effective e-commerce enabled software
- General lack of resources
- Complications in implementing change
- Lack of technical skills and training
- Computer apprehension
- Ongoing support costs
- Inter-organisational motivation
- Giving priority to e-commerce initiatives

Theoretically, exporting SMEs should have a higher propensity for Internet uptake. Devins (1994) identified that successful SMEs had certain innovative activities, which included exports. Hence if SMEs who are more innovative are more likely to take up exporting, they are probably more likely to take up new technologies such as the Internet. Poon and Swatman (1997) identified that businesses with localised markets do not gain as much benefit from such factors as low cost communication or widened corporate exposure as businesses with wide geographic consumer base. It is logical extension then, to suggest exporters or international traders have a lot to gain from the use of the Internet.

Traditionally, small businesses wishing to export face a number of internal and external obstacles (Hamill, 1998; Hamill and Gregory, 1997; Julien, Joyal, Deshaies, Ramangalahy, 1997; Leonidou, 1995a; Bennett, 1997, Bennett, 1998). Leonidou (1995b) suggested that fear of intense competition in foreign markets was the biggest barrier to export activity, with attitudes towards risk and innovation also being important. The research confirmed previous research by Dicht et al. (1990) that psychic distance from the foreign markets greatly affected firms export activities. Hamill and Gregory's (1997) work identified four main categories of barriers to export activities

Table 1: Barriers to SMEs export engagement. Source: Hamill and Gregory, 1997

Barrier type	Examples
Psychological Problems	Concern with problems of high cost and excessive risk, short- term perspective's, ethnocentric orientation and similar variables.
Operational difficulties	Difficulties such as mundane paperwork, delays in payment etc.
Organisational difficulties	Resource constraints, lack of knowledge of foreign markets, lack of experience in international activities.
Product/market difficulties	Country selection decisions, needs to modify outputs, tariff and non-tariff barriers.

Small business has traditionally had a lack of resources, which has created barriers to international trade (Khoo, McGill, Dixon, 1998; Lefebvre E., Lefebvre L., Prefontaine., 1999), the growth of the Internet may allow SMEs to compete in the global business environment (Khoo et. al, 1998; Kandasaami, 1998; Lefebvre et. al., 1999). Lefebvre et. al. (1999) examined the role of technological capabilities in the internationalisation of SMEs, focussing only on R&D intensive firms, and posed that because competition is increasingly technology based, firms' technology capabilities would play a major role in determining a firm's propensity to export. Khoo (1997) also suggests that small exporters are able to compete in foreign markets because of their technological capabilities.

A study (Bennett, 1997) into the experiences of web site use and perceptions of export barriers among UK businesses, found barriers to exporting may become considerably lessened by the use of the Internet. The study included a sample who did and did not possess a website, enabling a contrast between the severity of export barriers perceived by the two groups. A number of major barriers (3.95 or higher in a likert scale of 5), existed for all businesses:

- Transport Problems
- Documentation Problems
- Exchange Rates
- Import Restrictions

Table 2 presents the findings of significant differences between the barriers faced by firms with websites, and firms without websites. Note that three out of the four barriers where significantly higher (to a $p < 0.05$ level) for firms who did not own a website, and each can be linked to resource shortages that are experienced by SMEs.

Table 2. Export barriers as perceived with differences between SMEs with websites and SMEs with out -websites. Source: Bennett, 1997

Significant Export barriers	Who the barrier was greater for
Need to obtain foreign representation	Firms with website
Financial costs of exporting additional to those for domestic sales	Firms without website
Competition for the firm's available resources consequent to the need to build up domestic markets	Firms without website
Lack of knowledge of foreign markets, customer buying habits and business methods	Firms without website

There were also findings suggesting that businesses who had their own website felt less psychic distance from foreign markets and were less concerned with resource constraints (Bennett, 1997). Causal effect was not established between this and perceptions of export barriers, though the finding could imply a generally more progressive and innovative attitudes towards exporting than found in non-web site owning businesses. This supports the role of innovative attitudes as a major factor in SMEs overcoming barriers to export and E-commerce adoption. A firm that owns a website has had the resources and attitude to overcome the barriers to SME E-Commerce uptake, thus it could be suggested that a predominant "progressive" attitude may also be what enabled the firms to overcome the barriers to exporting.

Generally, exporters held favourable views of the Internet's contributions to the facilitation of export. Internet use was regarded especially valuable for generating sales leads, helping the firm sell in remote countries, penetrate unfamiliar markets, create international awareness of the enterprise, and avoid having to bother with foreign cultures and business practises. A follow-up study by the same author (Bennett, 1998) comparing the perceptions of British and German firms using the WWW for international marketing (Bennett, 1998), found that the Internet:

- Helps firms sell anywhere in the world no matter how remote the country
- Avoids the need to bother about foreign cultures and business practises
- Avoids having to obtain foreign representation

The findings suggested that the Internet "avoids having to obtain foreign representation" was intriguing since in the earlier study (Bennett, 1997) firms with websites saw the need to obtain foreign representation as a significantly higher barrier than those without websites - while the later study (Bennett, 1998) concluded that using the Internet avoids having to obtain foreign representation. If the Internet can truly deliver on its promise (or potential) to be able to access a "global market", then it would be assumed that this barrier would be more redundant for firms with a website. Bennett (1998) found German respondents significantly less concerned about foreign representation and understanding foreign languages. From analysis, Bennett (1998) concluded German exporters were more ethnocentric in their approach to export business.

The intriguing result between the need for foreign representation and the use of websites needs further investigation. The examination of the export philosophies taken by firms may be able to help us understand this relationship, since the need for foreign representation is intrinsically linked to the way a business deals with foreign cultures and business practises. The role of foreign representation is to give the export business a local adviser, who is familiar with the local cultures and business practises. The 1998 study by Bennett pointed towards the need of further examination of export philosophies, which may be able to give further explanation of confounding results. Computer interface literature has suggested cultural and language differences impact on website interface design (Takasugi, 1999; Murrell, 1998; Vassos, 1996; Andrews, 1994; Russo and Boor, 1993), which also indicates a need for further research clarifying into this phenomenon.

3.   Export Philosophies

Perlmutter (1969) was one of the first of many (see Kandasaami, 1998) to discuss the various attitudes or orientations that can be taken in international trade: ethnocentricity (global integration), polycentricity (national

responsiveness), regionacentricity (regional integration and national responsiveness), and geocentricity (global integration and national responsiveness). Herbig (1998) looks at international orientation by the degree of standardisation or adaptation. In a pure standardisation orientation, a firm operates as if the world were one large market, ignoring regional and national differences, selling the same products and services the same way throughout the world. In a pure adaptation orientation, a firm's believes that each country should be approached separately as a different market, buying or conducting market research into the particular country and developing specific market strategy for that particular market. Toyne and Walter (1993) also discuss the market extension approach. This is based around the philosophy that foreign markets are either of secondary importance to the home market or can be satisfied with the same product.

3.1 A Standardised Approach

The standardisation approach operates on the belief that global culture is converging, or that the cultural differences are superficial. This is supported by various studies (see Levitt, 1983; Perlmutter, 1969; Wind, Douglas, Perlmutter, 1973; Douglas & Wind, 1987). The standardisation approach has many immediate benefits – cost reductions, improved efficiency, enhanced customer preference, and increased competitive leverage (Herbig, 1998). The problem with this approach is that the cultural, legal and national differences can inhibit trade – if the firm was wrong in assuming the differences were superficial.

If applied to web-based marketing, the standardisation approach would use a single web site or domain name for promotion across the entire globe. The website would be presented using a single language with only a single style of interface design to service the globe. The marketing content, prices, and promotions are universal, with no localised content at all. The philosophical underpinning is to have one approach to all countries across the world. Foreign representatives may be used in this type of approach but products or promotion would not be changed in anyway for the foreign country. The benefit of this standardisation philosophy is to optimise the costs in setting up the website, while being able to contribute to marketing in remote and unfamiliar countries, generating sales leads and stimulating secondary markets.

Communication is one of biggest barriers when doing business internationally and can be heightened when using the standardisation approach. Advertising messages may be misrepresented or misunderstood. Some famous communication blunders are (Herbig, 1998):

- American Airline "Fly in Leather" - output in Latin America meant fly naked
- Chevrolet car *Nova* - in Spanish, means "does not go"
- Parker Pens "Use Parker and avoid embarrassing situations" - translated in Spanish to using Parker pens reduces possible chances of pregnancy

These examples demonstrate the lack of consideration given to cultural factors when taking a standardisation approach. Examples can also be found of how a website interface can enact such a blunder. According to Murrell (1998), culture may greatly influence the users' perceptions of the useability of the system. Graphic literacy is one such factor. Certain graphics and images may offend one group of users on cultural or religious grounds. For example, a popping of a champagne bottle will offend Muslim users. Andrews (1994) points out that if using a snake for humorous feedback in South Africa "the colour of the snake had to be green as this made it an ancestral snake and therefore acceptable… a brown snake swallowing a man would not be amusing at all". Of course it is counter-productive to offend potential or existing customers with the firm's web page design. While some of the cases presented above may seem extreme, mistakes in any of these areas could severely hamper the export marketing efforts of a firm. These blunders have the potential to cause a company a major public relations crisis. While a firm with a standardised approach would ignore the cultural differences, an adaptation approach would consider the above factors, and have different web sites for different countries.

3.2 An Adaptation Approach

The adaptation approach looks to accommodate for cultural, legal, language, communication and geographical differences in markets. An important assumption of the adaptation orientation is the belief in diverging markets and the importance of segments. This is supported by Hofstede's studies (Hofstede, 1984; 1991). The major problem of the adaptation approach is implementation - with difficulties and costs in dealing the differences, while possibly still facing parallel imports and hedging (Herbig, 1998).

For an adaptation approach, a tailored marketing approach would be used for each targeted country (Buzzel et. al., 1995). Different interface designs would be used, with different advertising approaches, possibly offering different products. Usually due to resource constraints, only the most viable and attractive countries are targeted.

Vassos (1996) also identifies a number of website content factors that should be considered, which are particularly relevant to firms taking the adaptation orientation:

- Pricing and payment - local currencies, but also shipping, duties, tariffs and others. Different cultures may prefer different payment systems. For example, the use of E-cash has not yet been widely adopted in Australia and worldwide.
- Businesses may also customise content of the web page for certain countries, for example, including regional information such as events, special prices and promotions, different branding strategies, or different contact information.

Different approaches are used to promote the website(s). For example, the website could be promoted using television campaigns in some countries and billboards in others. Cultural factors will play a role in this choice, as will national and legal differences. Bishop (1998) also mentions that if a web site is aiming to reach customers in another country, then the web site needs to be registered on international search engines. If the web site is only registered on local search engines, it will not receive any attention internationally.

Vassos (1996) recognises that the Internet is growing rapidly around the world, and while this suggests that more people would be subject to your marketing efforts, in fact many of them may not understand English. Many businesses limit themselves to only the English speaking part of the Web. Others sell products unavailable outside the host country or include content that is geared only for the host country. Murrell (1998) says that while English is becoming more common, local dialects can be received wrongly and even offensively. Converting your web page to different languages can lead to significant sales in foreign markets. According to www.globalreach.com, the number of Web users worldwide having a non-English primary language is expected to double by 2003. This means the proportion of total users whose primarily language is not English will rise to approximately 71 per cent of all users. The major primary languages of Web users are English (45 per cent), Japanese (10 per cent), Chinese (8 per cent), German (6 per cent), Spanish and Korean (both 5 per cent) and all others (11 per cent). *(Source: www.globalreach.com data, June 2001).* Hence effective translation of websites becomes important when taking a adaptation approach. The use of different languages also needs to be integrated into business practises. There would not be a positive outcome of a transaction if the a Korean client wished to make a follow-up telephone call to the firm they had purchase a product through, only to find no one at the firm spoke the language that the website was translated into.

Language can also impact on how a user perceives the layout of the screen. Western style languages (Indo-European) usually read from top to bottom, and left to right. This means that users who speak this type of language will naturally look to the top left-hand corner of a screen as they do a page in a book. In marketing, it is common practise to place advertisements in such places where more attention is paid, such as at the top or on the left-hand side. When users of the web site speak other languages, such as Japanese, and do not read top-to-bottom or left-to-right (Takasugi, 1999), advertisements then need to be placed on different parts of the screen. The same principle applies for the placing of informational text or graphics.

Interfaces, which include the bundling of and navigation through web page content, are critical to the success of a website (Janal, 1995). Bad interfaces detract the marketing message while good interfaces highlight the information being conveyed. If the consumer is confused or annoyed by the interface, chances are the export marketing effort will be discounted. The interface design involves how the information is visually presented, and how the user interacts with it. This determines how the web page design can be customised for certain cultures. Murrell (1998) states that, "*Ultimately if a user does not find the system intuitively easy to use it will be discarded*" (pp. 1). This is especially true for web pages, where the site can be discarded easily by the click of a button. Therefore, it is essential that the user, who is the intended recipient of the Internet marketing, likes the web page and finds its function useful and useable which is what the adaptation approach is about. Interface components that need special consideration for cultural issues include:

- Text, number, date and time formats (Russo and Boor, 1993)
- Images, symbols, colours (Russo and Boor, 1993; Evers and Day, 1997)
- Flow and functionality (Russo and Boor, 1993)
- Preferred input device (Evers and Day, 1997)
- Graphic literacy (Andrews, 1994)
- On-screen metaphors (Murrell, 1998; Sukaviriya & Moran, 1990; Del Galdo, 1990)
- Language (Takasugi, 1999; www.globalreach.com, 2001),

Evers and Day (1997) have addressed the role of culture in user interface acceptance. For example, Asians prefer soft colours, fixed menus and explicit text (character)-based interfaces; while the mouse is the best input device, and sound is very important. Even within Asia there are differences in interface preferences: Indonesians

like soft colours, black and white displays, pop-up menus and new input technologies more than Chinese people do. Graphic literacy also may affect navigation. What may be assumed as universal symbols may not be known to everyone. An emergency exit sign, for example, was interpreted by a Zulu as "*don't run that way or you will get your head, hands and feet chopped off*" (Andrews, 1994). It is important not to make assumptions in interface design, as they may have undesirable consequences for the firm's export trade. On screen metaphors are also affected by culture. Screen metaphors such as the "trash can" are often used, which Thai users would not understand because in Thailand, a "trash can" is a wicker basket (Sukaviriya & Moran, 1990). More subtle differences exist, such as a black cat being bad luck in the US, but good luck in the UK (Del Galdo, 1990). It is important to note that a user's interpretation of metaphors is based largely on the users past and current knowledge (Murrell, 1998).

This demonstrates how cultural differences can alter the user perceptions of the interface - of crucial importance if there is no other form of foreign representation, when the interface may be the only representation of the firm that is available to the foreign customers. It should be noted that the "low cost" globalisation solution might not be so low cost anymore. Hence not only do the various websites need individual interfaces, but also each interface needs to be market tested. Prior to the construction of the website, research needs to be done into the user preferences and also the type of marketing mix that is appropriate. There will be an ongoing need for employees to maintain both the local content and backend business processes to ensure successful operation.

3.3   The Market Extension Approach

This approach is often associated with SMEs, where foreign markets are viewed as outlets for surplus production or as opportunities to smooth domestic production, increase volume to gain scale, or raise profit margins. A firm adopting this position tries to exploit foreign markets using its existing products and marketing-mix policies, so only mandatory changes are made to the marketing mix, and costs are minimised. The assumption underpinning the market extension orientation is that foreign customers are mainly concerned with product availability. This leads to two situations:

1) The company is only interested in satisfying unsolicited orders but is not interested in developing and maintaining this demand. These orders may be an unintentional result of Internet marketing.
2) Costs have to be minimised and overseas consumers and the foreign operating are not very different from the domestic situation. Exports are marketed to nations of similar cultures.

In this approach, firms may use a web page for domestic marketing, while having it attract overseas orders is an added bonus. Such an orientation would imply minimal effort to attract overseas sales. Gray (1994) identified that small retailers are "not particularly growth orientated" – hence this is a likely stance by taken by SMEs, who may fill unsolicited overseas orders, but do not look to expand business operations internationally, if at all.

4.   Research Design

The objectives of this research are to examine the effect of Internet on export barriers, and explore the role of export philosophies in how cultural related barriers are perceived. To do this, we conducted a survey with the support of a series of case studies.

First, we looked to re-examine the perceived significance of export barriers (Bennett, 1997; 1998) in an Australian context. Australia is a traditionally western culture, yet sits geographically in the Asian region, and so could present different perceptions of export barriers. With the exception of New Zealand, Australia is geographically isolated from most other traditional western markets. This could perhaps enhance perceived cultural differences by exporters. We also investigated the export philosophies, by inspecting how firms targeting markets and their perceived effectiveness of their approaches. We also examined how cultural issues were taken into consideration in interface design, and online marketing practices in general.

The survey approach was used, which allowed perception of export barriers to be assessed, as well as export philosophies, web interfaces and online marketing practises. Use of Bennett's (1997) survey instrument meant the majority of the instrument was already validated, while also allowing comparisons to the UK data. Questions addressed company demographics; perceptions of the role of export barriers (5-point Likert scale) and the contribution of the Internet to export marketing (5-point Likert scale) were added. Each questionnaire was assigned a number, and only the authors were able to link company with questionnaire. We admit that comparing our survey findings with the earlier UK and German findings of Bennett presents a problem of time lapse. However, given we did not have the ability to synchronise the two surveys, we took this issue into consideration when interpreting our data and were conscious that the issues discussed might have evolved.

A total of 300 questionnaires were mailed to exporting firms. 150 questionnaires were sent to exporting firms already known to have web sites. These firms were chosen systematically from the Austrade web site (http://www.austrade.gov.au) to cover a balance of sectors. Another 150 questionnaires were sent to exporting firms

of which there was no knowledge of them having web sites or not, chosen systematically from the 1998 'Australian Exports' reference journal (Isaacson, 1998).

5.   Results
5.1   Demographics

At the time of writing, we had received 83 responses (28% response rate), of which 74 were valid. As can been seen in Graph 1, the manufacturing sector makes up a large portion of respondents, being 46.8%. While such a large representation may seem abnormal, previous OECD research (1995) also found a large representation of the manufacturing sector in exporting. Among the respondents, only about 10% (8 cases) did not have a web site. This is a significant finding, indicating that Australian exporters are embracing the web in increasing numbers. However, it has meant that it is not possible to replicate Bennett's comparison between web users and non-web users due to the small size of the non-usage group.

Respondents were categorised into six industry sectors. A significant number (45.9%) of firms belong to the Manufacturing sector, which provides some indications that manufacturing firms are active in export. Of the regions exported to, South East Asia was number one, with 59.5% exporting to the region. This was closely followed by 55.4% exporting to the Pacific region (including New Zealand). 44.6% of firms exported to Northern Asia, while 45.9% exported to North America.

Industry Sector Representation

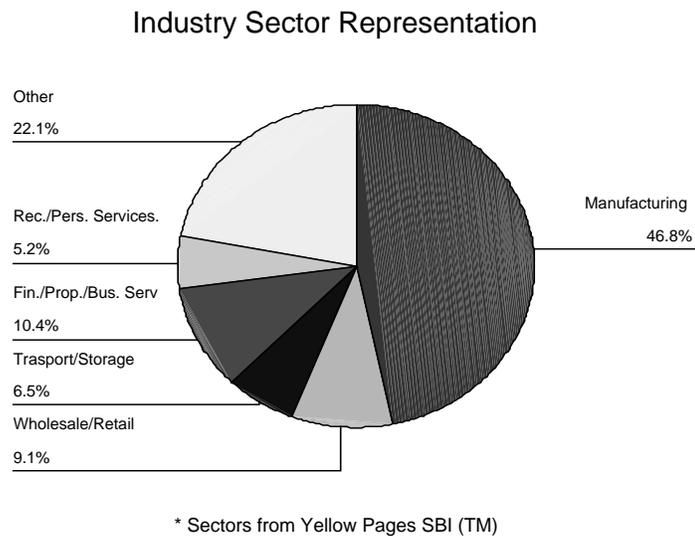* Sectors from Yellow Pages SBI (TM)

Figure 1: Industry sector representation in the sample

There is a significant percentage (81.1%) of SMEs (firms size small than 100 persons) among the respondents. A percentage breakdown of employee number is shown in Table 3.

Table 3 Size of companies within the sample

Number of employees	% of sample
1 – 10	36.5
11 – 24	16.2
25 – 49	14.9
50 –99	13.5
100 – 199	10.8
200+	8.1

Almost three-quarters (73%) of the respondents have been in business for ten years or more, while only 20% have been in business for less than or equal to six years. The age of organisations suggests that older firms are also active in adopting Internet for their export activities. The majority (67.6%) exports less than 25% of their outputs and only 10.8% export more than 75% of their outputs. The reason for this low figure is unclear, but may be related to the barriers to exports, which will be discussed later. More than half (55.4%) of the respondents have been

exporting for more than six years and almost one-third (32.4%) have been exporting for more than 10 years. 71.4% of the exporters use a foreign agent (or local representative) overseas to coordinate and/or manage the export process. All the respondents are SMEs, most with less than one-half of their outputs exported, mainly to Asia and the Pacific. More than 50% of the respondents have been exporting for six years or more and 90% of them are online.

5.2   Barriers to export

We examined the barriers to export among the Australian sample to see whether overseas experiences applied here. We acknowledge that the UK data was taken pre-1997, while the Australian data was gathered in 1999. We recognise the time lag between the two surveys and note that there might be issues evolved over time, and thus direct comparison is not significant, however the UK data does give a baseline to compare to.

To confirm the reliability of the instrument, we applied Cronbach's alpha test and obtained 0.8414, which suggests an acceptable level of reliability. Factor analysis to compare results with Bennett's study (1997; 1998) was considered, but the Australian sample size was too small for factor analysis to have any meaning.

Table 4 Perceptions of export barriers, firms with websites

	Mean		Diff.	S.D.	
	Aust.	UK		Aust.	UK
• Intense competition in foreign markets	3.40	3.95	-0.55	1.21	1.42
• Getting paid	3.28	4.24	-0.96	1.20	1.15
• Need to research foreign markets	3.16	3.13	0.03	1.07	0.94
• Financial cost of exporting additional to cost domestic sales	3.07	2.80	0.27	1.21	0.97
• Need to obtain foreign representation	2.94	4.28	-1.26	1.07	1.12
• Lack of knowledge of foreign markets, customer buying habits & business methods	2.99	2.32	-0.24	1.26	0.98
• Fluctuations of exchange rates	2.88	4.15	-1.27	1.32	1.25
• Inabilities to read, speak and understand the languages of potential foreign markets	2.84	3.00	-0.16	1.23	1.51
• Competition for firm's available resources consequent to need to build up domestic markets	2.76	2.05	0.71	1.24	1.01
• Risks attached to exporting	2.78	3.10	-0.32	1.26	1.19
• Import restrictions	2.65	3.96	-1.3	1.37	1.32
• Lack of management time devoted to export matters	2.47	1.23	1.24	1.10	1.11
• Documentation problems	2.49	4.15	-1.66	1.15	1.15
• Lack of staff with export skills	2.51	3.01	-0.5	1.23	1.16
• Lack of experience of exporting	2.50	2.22	0.28	1.39	1.26
• Transport problems	2.44	4.00	-1.56	1.36	1.25

A pattern emerged, with most of the barriers in the Australian study were perceived to be not as strong as shown in the UK results. Speculation on the causality of this is problematic, since the data was collected over time and country variables. The larger differences (> 1 from a likert scale of 5) existed for the barriers of:

- Need to obtain foreign representation
- Fluctuations in exchange rates
- Import Restrictions
- Lack of management time devoted to export matters
- Documentation problems
- Transport problems

Significantly, the barriers of "Transport Problems", "Documentation Problems", "Fluctuations in exchange rates" and "Import Restrictions" that were perceived by both website owning firms and non-website owning firms in the UK were significantly lesser barriers in Australia. This points towards a very different climate experienced by Australian exporters when compered to the UK exporters.

"Lack of management time devoted to export matters" was the only significantly higher factor for Australian exporters. This ties in with established studies that found a general lack of resources in small businesses (Khoo,

McGill, Dixon, 1998; Lefebvre E., Lefebvre L., Prefontaine., 1999), in this case, time being the scarcest resource. In Bennett's study (Bennett, 1997), 'intense competition in foreign markets', 'need to obtain foreign representation' and 'lack of staff with export skills' were ranked as the top three barriers to exports, while the Australian results listed 'intense competition in foreign markets', 'getting paid' and 'need to research foreign markets' as the highest barriers to export. This indicates that "intense competition in foreign markets" may be the highest barrier for exporters, regardless of country.

The "Need to obtain foreign representation" was significantly less in Australia. This may have been due to the majority of the Australian sample already using foreign representatives (71.4%). Interestingly though, even with 90% of Australian exporters already having adopted Internet technology, the majority still used a foreign representative.

We also asked the firms to rate the contribution of the Internet to a number of export activities. Although it was perceived that using the Internet helps firms sell anywhere in the world, no matter how remote the country, creates a good business image and generates international awareness of the business – it was also found the internet had a minimal contribution to "Avoids having to obtain foreign representation". The Internet also had minimal contribution in "avoiding having to bother about foreign cultures and business practises", which is supported by the results in "lack of knowledge of foreign markets, customers buying habits and business methods" and the "lack of experience of exporting". Minimal contribution was also found for "Avoids having to set-up foreign branches".

This suggests the Australian exporters are not relying on their websites as global solution, but part of a larger marketing effort. Australian exporters found the Internet made minimal contribution to overcoming cultural barriers, and still used foreign representatives and foreign branches, not relying on the Internet to overcome cultural barriers - a different situation from that painted of UK exporters by Bennett (1997), who concluded that website owners tended to use fewer foreign agents or other representatives. In fact, Bennett (1997) also suggest that website owners need to integrate their website marketing activities – which, two years on, Australian exports seem to have done.

5.3   Export Philosophies

In an effort to discover more about export philosophies used in E-Commerce, the Australian firms were asked questions about their target markets. Interestingly, a high number (68.7%) of firms targeting the "Entire Globe". Given that 82.4% of total respondents registered their web sites with international search engines, this supports that this is indeed the case. This would support the case for a large portion of exporters taking the standardisation philosophy to exporting. It was also found that only 11.8% of respondents translated their web sites into different languages, further supporting adoption of a standardization philosophy.

However, with the high usage of foreign representatives and acknowledgement that websites did not negate the need for foreign branches or consideration of foreign cultures and business practises, suggests other approaches are present. From this evidence, Australian exporters do seem to tackle cultural differences and take an adaptation approach, while their websites are intended to reach extra markets. Thus, suggested by Bennett (1997) and Poon and Swatman (1995) (for SMEs in general), website are not being fully integrated into marketing efforts. Either this, or firms are choosing to take a market extension philosophy with their websites.

A high proportion of those who targeted the entire globe only received sales from certain individual countries (32.6%). This is most probably attributable to the lack of language translation of web sites, though which countries the sales were received from was not asked, so this assumption cannot be validated. It does support the proposition that cultural and national differences are inhibiting the use of the websites to reach the *entire* globe, and that concerted marketing efforts of firms in target countries is needed for effectiveness.

Examination of the participants on a case-by-case basis did show a number of different export philosophies being used. 23.3% (18) of respondents operated multiple web sites for various markets or products, 9 of these for different products, and 9 for different markets. All were intending to expand their web site activity in the future. While this is not a huge number, it does provide evidence that some exporters are extending the adaptation approach to the online domain.

One firm exported 51-75% of outputs to the Pacific region, North America and South East Asia, and had various web sites for different products. The web sites were not translated into different languages, but were registered with international search engines. The entire globe was targeted by the web site, while the firm only received sales from certain individual countries. The product offering and market approach was described as fully standardised globally, while no changes were made to the product offering, design of the web sites, the content of the web sites or the marketing approach used. This case is typical of a standardisation approach. Nothing was altered for cultural differences, even though Eastern and Western cultures were exported to. As a result, sales were only received from certain individual countries.

A second firm presented a strong adaptation approach to web marketing. This firm exported 26-50% of their output, to most regions in the world, including Europe, Asia, North America and Latin America. The entire globe

was targeted with the various web sites, and the firm received web site hits, enquires and sales accordingly. The product offering and market approach was fully customised for each country, and the design of the web site, content and marketing approach was changed for the different markets. This is almost a classic case of the adaptation approach being used on the web, with many considerations and efforts made to accommodate for differences in foreign markets.

Another firm was representative of a market extension approach. Although multiple web sites were used for different products, the web sites were not translated to different languages. Even though the firm described its product and market approach as being "fully standardised globally", the firm exported 1-25% of outputs to our nearest neighbours of the Pacific region and South East Asia, but only the domestic market was targeted with the firms web site. Even so, web site hits and enquires were received from across the entire globe, while no changes were made to the design, content or marketing approach used on the web sites. This is a typical case of market extension, where the domestic market is targeted, but a small amount of outputs are exported to other countries. No special efforts are made to market the products to other countries, but orders from foreign countries are filled. The web sites targeted only the domestic market, but receive attention from across the globe, resulting in sales from only certain individual countries.

6.   Conclusions and Implications

While a number of studies are focusing on how SMEs can gain strategic advantage through E-Commerce, we have focused particularly on how small exporters in Australia can use the Internet to lower barriers to export activities. We have compared the experience between groups of SME exporters in Australia to their counterparts in the UK. Although there is a time lap when the two groups were studied, we illustrated that there are differences possibly due to different set of factors facing each group. Australian exporters using the Internet perceive export barriers to be lower than a similar group of exporters in the UK, and had higher rate of website adoption. In fact, it is the internal resource barriers that are the biggest impediment for Australian exporters to engage in export activities. Future initiatives by the government, business and education sectors should move to provide these resources.

The results demonstrated that the majority of Australian exporters were not extending their export philosophies to the online domain. They used a 'market extension' approach with there websites, expecting the website to reach 'global' markets, yet not expecting them to overcome cultural issues, and replace the need for foreign representation or foreign branches. Given this, there is evidence of existing philosophies of standardisation and the harder to implement adaptation approaches being applied to website marketing. This differs from the European results (1997 & 1998), where websites were expected to negate the need for foreign representation.

This study has shed more light on the use of the Internet and websites by exporters, particularly Australian exporters in relation to their European counterparts. It has also examined the philosophical approaches to export taken by exporters with their websites. What is not known, however, is the degree of success of the various export marketing philosophies. This is an enduring question that every export business must face, and now must also contend with the how to apply the chosen philosophy to a website. Also, before such a question can even begin to be answered, many other questions need to be answered: do exporters consciously choose a philosophy, or does it emerge? If we are to compare success of philosophies, how is success measured: success of a web site or the business? by exporter standards, industry standards or Internet standards? Are there and should there be benchmarks? These are questions that all need to be addressed by future research.

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Please rate the following export barriers by circling the relevant response:
(Export barrier: an impediment to export activity)

	Very Minor				Very Major Problem
Intense competition in foreign markets	1	2	3	4	5
Need to obtain foreign representation	1	2	3	4	5
Lack of staff with export skills	1	2	3	4	5
Transport problems	1	2	3	4	5
Financial costs of exporting additional to those of domestic sales	1	2	3	4	5
Documentation Problems	1	2	3	4	5
Lack of management time devoted to export matters	1	2	3	4	5
Risks attached to exporting	1	2	3	4	5
Need to research foreign markets	1	2	3	4	5
Getting Paid	1	2	3	4	5
Lack of experience of exporting	1	2	3	4	5
Competition for the firm's available resources consequent to the need to build up domestic markets	1	2	3	4	5
Lack of knowledge of foreign markets, customers buying habits and business methods	1	2	3	4	5
Fluctuations of Exchange rates	1	2	3	4	5
Import restrictions	1	2	3	4	5
Inabilities to read, speak and understand the languages of potential foreign markets	1	2	3	4	5
Other (Please specify)_____	1	2	3	4	5

Please rate the contribution of the Internet to export marketing

	Minima				Very
Helps with export marketing research	1	2	3	4	5
Helps the firm sell anywhere in the world, no matter how remote the country	1	2	3	4	5
Lowers the cost of international marketing	1	2	3	4	5
Creates a good business image	1	2	3	4	5
Avoids having to set up foreign branches	1	2	3	4	5
Makes exporting easier	1	2	3	4	5
Avoids having to bother about foreign cultures and business practises	1	2	3	4	5
Helps penetrate unfamiliar foreign markets	1	2	3	4	5
Helps introduce new products	1	2	3	4	5
Avoids having to obtain foreign representation	1	2	3	4	5
Creates sales leads	1	2	3	4	5
Generates international awareness of the business	1	2	3	4	5
Makes it easy for foreign customers to order goods	1	2	3	4	5
Gives the firm a competitive edge over rivals	1	2	3	4	5
Creates ongoing relationships with customers	1	2	3	4	5
Stimulates secondary markets	1	2	3	4	5
Generates useful feedback from foreign customers	1	2	3	4	5
Find an importer in a foreign country	1	2	3	4	5
Coordinate the shipping and delivery process	1	2	3	4	5
Communicate and work with customs and transport companies	1	2	3	4	5
Deliver documents using e-mail or EDI	1	2	3	4	5

Do you register your web site with international search engines?
□ YES   □ NO

Do you translate your web site into different languages?
☐ YES   ☐ NO

Who do you target with your web site:
☐ Entire globe Certain individual countries   Domestic market only   Do not think about it

*Do you have knowledge of receiving **web site hits** from:*
☐ Entire globe Certain individual countries   Domestic market only   Don't know

*As a result of your web site, do you receive **enquires** from:*
☐ Entire globe Certain individual countries   Domestic market only   Don't know

*As a result of your web site, do you receive **sales** from:*
☐ Entire globe Certain individual countries   Domestic market only   Don't know

Do you operate multiple Web sites for various markets or products?
☐ YES   ☐ NO

Would you describe your product offering as:
☐ Fully customised for each country   Fully standardised globally   In between

In regard to your Internet marketing, would you describe your market approach as:
☐ Fully customised for each country   Fully standardised globally   In between

Do you market different/customised products for different markets via your web site?
☐ Yes   ☐ No

*Do you change the **design** of your web site for these different markets?*
☐   Yes   ☐ No

*Do you change the **content** of your web site for these different markets?*
☐ Yes   ☐ No

*Do you change the '**marketing approach**' on your web sites for these different markets?*
Eg Target group
☐ Yes   ☐ No

When marketing on the web, what factors do you consider are important when marketing to other countries with different cultures (please circle):

☐   Screen colours
☐   Payment system *eg Visa, E-Cash, COD*
☐   Screen layout *eg positioning of advertisements*
☐   Screen metaphors/symbolism *eg Trash Can / Mail box*
☐   Graphic Literacy *eg Stop sign*
☐   Navigation *eg Links between pages*