Adapting the Internet as Distribution Channel for Stationary Retailers: The Austrian Case

MARIA MADLBERGER AND HERBERT KOTZAB

1 INTRODUCTION

1.1 Problem Definition

While analysing the content of articles in business and research media and the presentation topics of academic and professional conferences, it is probably very difficult to argue against the increasing importance of e-commerce and/or business. The latest annual conference of the Council of Logistics Management, held in October 1999 in Toronto Canada, offered more than 50% of its 250 presentations in the field of ‘e-business’, ‘e-tailing’, ‘e-commerce’ or ‘e-something’. In September 1999, the National Retail Foundation organized the first e-tailing related conference for its members. According to Green (1999) such a topic has not been introduced within the last three years.

1.2 Methodology and Structure of the Paper

According to Stern et al. (1996: 2), the implementation of electronic distribution channels by retailers appears as logical, because ‘channels of distribution evolve to serve customer needs’. Consequently Engström et al. (2000) conclude that traditional retailers offer a variety of distribution channels to their customers including Internet-based approaches (see their Figure 3, p. 27). Following the notions of Fog et al. (1999: 211), companies follow certain milestones while implementing an Internet-based competitive strategy. These time-phase-dependent milestones reach from setting up an Internet-department within the company and a homepage for offering Extra-net services for key accounts to offering an e-marketplace for the whole portfolio of products (see Fog et al.’s 1999 Figure 10, p. 212).

In our study, we have analysed how leading retailers in a special geographic area (Austria) adapt the Internet as a channel of distribution. The basic hypothesis behind the project is that these retailers consider electronic retailing as an alternative distribution channel (see Jørgensen 2000). In accordance with the distribution channel theory,1 we focus on the usage of special features and possibilities of the Internet as an alternative channel of distribution for traditional Austrian retailers. At this stage of the project, one might argue that our results might only show the ‘webyfication’ of retail operations instead of focusing on virtual retailing in Austria. Although recent research could identify a certain potential for online grocery especially in the urban area of Vienna (Schuster and Sporn 1998), consumers still wait for a typical Austrian-based virtual retailer.

Electronic commerce (e-commerce) seems to be a powerful tool for retailers. In our paper we show, how leading Austrian retailers reply to the ‘electronic revolution’ by analysing their electronic channels (webpages). We refer in our paper to the e-commerce, to end-users and to the e-commerce efforts of stationary retailing companies. In a first step we have integrated e-commerce to the institutional typology of retailing and present results of current studies to highlight the importance of e-commerce. Our empirical study shows that the majority of retailers had already implemented web-based offers but we could not identify an Austrian ‘amazon.com’.

Authors

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Our paper starts with a short introduction to e-commerce, where we try to characterize the phenomena based on the existing attempted definitions. We also apply the well-known framework of the wheel of retailing to explain the existence of e-commerce. In Section 3 we show the importance of the Internet for Austrian businesses and present some key numbers characterizing the market potential and market share of web-based retailing in Austria. In section 4 we portray the way leading Austrian retailers use the Internet for their retailing activities. This study should be seen as a first attempt to bring more rigour to this specific field of research. The paper closes with a short summary and an outlook for future research purposes.

2 ELECTRONIC COMMERCE IN GENERAL

2.1 Definition of E-Commerce

As in all disciplines of business administration, there exists no overall valid definition of e-commerce (EC, also called E-Commerce). Attempts to define the term EC range from ‘a new approach to performing procurement of supplies and service using information systems technology’ (Fischer 1996: 12–13) to ‘any business transacted electronically’ including ‘diverse activities as conducting market research, identifying opportunities and partners, cultivating relationships with customers and suppliers, document exchange, and joint product design’ (Cameron 1997: 6). Other authors emphasize the characteristic of EC as being a form of trading: ‘e-commerce is associated with the buying and selling of information, products, and services via computer networks today and in the future’ (Kalakota and Whinston 1996: 1). We define EC as electronic business via public or private networks including Electronic Publishing, Electronic Banking, and Electronic Retailing (cf. Hermanns and Sauter 1999: 4).

Usually EC can be divided into two parts: Business-to-Business (B2B) and Business-to-Consumer (B2C). This distinction is important because these two processes cause completely different requirements for companies engaging in EC (see Cameron 1997: 6) esp. marketing, logistics and/or sales functions. In our paper, we focus on EC B2C, also called Electronic Retailing (also E-tailing, ER).

2.2 Integrating ER to the Wheel of Retailing

Retailing appears in many formats in our daily life, either mail order or electronic; stationary or in ambulant or semi-stationary manners (see Müller-Hagedorn 1993). Undoubtedly, stationary retailing has the greatest economic impact in today’s retail life. However, most of the stationary retailing institutions are considered to be either in the end of the growth-stage or in the maturity-stage of the retailing life cycle. Such competitors can be characterized as ‘brick and mortar’ companies, meaning that these stores do have physical assets mainly in stores and distribution facilities (e.g. Caulfield 1999: 25; Levitt 1999: 78; Walsh 1999: 53). In the future, it is predicted that most of these retailers will correct their multiple format strategy (PWC 2000).

Today, new forms of retailing, especially ER, are ‘bulldozing’ the stationary retailers. Such retailers are labelled as ‘dotcoms’ or ‘virtual stores’ and the basic characteristic of such stores is that these companies do not have any physical stores and market direct to the customers through the Internet (Green 1999). ER can thereby be considered as a new type of non-stationary type of retailing like home-shopping or distance shopping.

While entering the markets, ER-competitors seem to follow the rules of the Wheel of Retailing (McNair 1958). This means, that new entrants are coming to the market in a very price aggressive manner and after gaining enough market share, they turn their price strategy into a quality strategy by widening their assortments, raising price levels thus allowing new price-aggressive competitors to enter the market. This development reoccurs continuously (Kotler and Bliemel 1999: 869). This typical behaviour can be observed by many virtual retailers, which are perceived as being very price aggressive. But, following one statement by PWC (2000): ‘First, retailers and mail order companies with strong brand presence in the market will become major on-line purveyors of merchandise’, we rather expect stationary retailing to be the better E-tailers, than being replaced by virtual entrants. Wal-Mart Stores Inc. gives a very prominent example of such a strategy with their new web- appearance www.wal-mart.com. Wal-Mart’s efforts will certainly affect the EC strategies of its competitors (Anonymous 1999). Analyses of past developments of previous forms of distance shopping permit this conclusion. For example, the total market share of mail-order companies was expected to increase up to 40% (according to Tietz 1992). In fact, mail-order retailing still remains at a share of 4 to 5% of total retail sales. As Karpinsky (2000) points out, dotcoms ‘are beginning to realize that a purely virtual delivery system has its flaws as well’.

Also in the past most of the leading European retailers followed a multi- format strategy in order to address as many target groups as possible (see PWC 2000). Figure 1 supports this fact by showing the development of the most important store types in the German-speaking area since 1970.

The majority of the store types had not been replaced. Becker (1998: 538) identified complementation processes rather than replacements. EC will thereby also play a major role as an additional distribution channel, although, at present, its importance is still not very high (see the following section).
3 THE ELECTRONIC INFRASTRUCTURE SUPPORTING EC IN AUSTRIA AND A COMPARISON TO OTHER COUNTRIES

3.1 Internet Diffusion and Use of the Internet in Austria

Figure 2 shows the percentage of Austrian Internet users. Most Internet users use the Internet in the office and not at home. This might be due to the high usage costs. In the coming years, an increased home-use of the Internet is expected because of decreasing costs (both operating and installation) together with an innovative technology (ADSL). The number of people having access to the Internet in Austria grew from 20% in 1997 to 31% in Summer 1999 (see Figure 3).

This is equivalent to more than 2 million Austrian inhabitants. Figure 3 also shows that most users have occasional rather than intensive Internet use. Another interesting aspect is the purpose of Internet usage, with Figure 4 providing fuller detail.

Generally Austrians use the email service, specific search and general surfing. It is interesting that EC-use by Austrians is rather low: online publications 10%, Internet banking 7%, and online shopping only 3%.

3.2 The Market Volume of E-commerce

Almost all publications concerning EC forecast the growing importance of this new form of retailing. Generally digital goods like software, books and music (which allow online delivery) as well as services are the most typical products bought on the Internet (see Anonymous 2000b).

Austrian EC turnover is estimated with around 2 billion ATS in 1999 (see Table 1 for a breakdown of the 1998 figures), making 10% of the total home-shopping market (Anonymous 2000m: 21). According to estimates of Austrian market research experts EC in this geographic area reaches a turnover far below 1% of total retail sales. The reasons for this slow development and the insignificance of this market are due to the Internet-users as the maximum target group of online retailers. Another crucial problem is logistics – unlike stationary retailers online retailers of undigitized goods have to deliver ordered products to the final consumer. This rather complicated and expensive service is likely to be a great obstacle for online retailing. For many online retailers delivery of ordered goods causes two major problems – on the one hand retailers have to fulfil logistic functions like picking, packing and transportation that are fulfilled free of charge by customers of physical stores. On the other hand customers may not accept delivery fees. A recent study conducted among 500 respondents by the Marketing Department of the Vienna University of Economics and Business Administration has shown that one of the main disadvantages of Internet-grocery shopping is the missing quality check by the end-user. Consumers have to trust that the provider applies the same quality standards as they themselves (Anonymous 2000t: 14).

Another central key number for retailing companies is frequency. As it is important for stationary retailing companies to attract as many passing people to enter their stores, it is also necessary to change ‘websurfers’ to ‘webclients’. But the results of visitor-analysis by Media Metrix (2000) are
indicating frequency numbers, which cannot be reached by any shopping mall or other traditional shopping environment (see Table 2).

Maybe seasonal effects are driving these numbers in a certain height, but Green (1999) refers to similar studies by Media Metrix comparing the number of visitors of certain websites in April 1999 and April 1998. Thereby one can identify average growth rates of 50%. Analysis of both studies shows that among the leading companies, there are also traditional retailers with their electronic channel offer.

3.3 Internet and E-commerce Diffusion in Europe and in the US

Due to varying Internet diffusion in the European countries and different costs of Internet access, the European online market is – unlike the United
States – extremely heterogeneous (cf. BCG 2000a). In Western Europe online retailers are dominated by brick-and-mortar companies offering their goods online (cf. BCG 2000a). Great Britain is thereby one of the leading countries of European online retailing. But the online market amounting to 976 million Euro in 1999 (cf. BCG 2000b) is also rather small compared to British GDP at 1,404 bn Euro (cf. Anonymous 2000h).

The Boston Consulting Group divides Europe in four groups (BCG 2000c):

- Early adopters, e.g. Sweden, which clearly stands out with the highest online retail penetration in Europe, but is relatively small in terms of market size.
- Awakening giants such as the UK and Germany which together account for 60% of the online retail market.
- Middleweights such as France, Italy and Spain/Portugal, and
- Small but connected such as the Netherlands, Belgium, Switzerland, Austria, Norway, Finland and Denmark with moderate online retail penetration rates that are growing rapidly.  

Also according to this report, the United States are the area where ER is most developed. It is estimated that E-tailing in Europe will reach the US status in about two years (cf. BCG 2000a). Online turnover B2C is said to reach 37.8 bn USD in 2000 (cf. Anonymous 2000i) compared to a GDP amounting to 9,299 bn USD in

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**Figure 4. How the Internet is Used**

**Table 1. Online Turnover 1998**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Turnover 1998 in Billion Euro</th>
<th>Growth Rate Versus 1997 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer hardware and software</td>
<td>4.393</td>
<td>230</td>
</tr>
<tr>
<td>Journeys and tourism</td>
<td>1.512</td>
<td>250</td>
</tr>
<tr>
<td>Books, music and entertainment</td>
<td>1.228</td>
<td>290</td>
</tr>
<tr>
<td>Auctions</td>
<td>472</td>
<td>-</td>
</tr>
<tr>
<td>Presents</td>
<td>472</td>
<td>340</td>
</tr>
<tr>
<td>Household articles</td>
<td>472</td>
<td>210</td>
</tr>
<tr>
<td>Jewellery and clothing</td>
<td>283</td>
<td>150</td>
</tr>
<tr>
<td>Food and spirits</td>
<td>189</td>
<td>40</td>
</tr>
<tr>
<td>Cars</td>
<td>66</td>
<td>60</td>
</tr>
<tr>
<td>Toys</td>
<td>38</td>
<td>310</td>
</tr>
</tbody>
</table>

*Source: Anonymous 2000e*
In 1999 online retailing made up to 1.2% of total US trading (cf. Anonymous 2000j). However, as this project is based on distribution channel theory and logistics, we examined not only the assortment offered online but also logistical and promotional questions. According to authors, online grocery shopping remains in Finland under a 5% level of total retail sales. Nevertheless, strategically thinking retail managers are forced to consider the installation of an alternative marketing channel in order to gain market share within this segment.

Table 2. Top-25 E-commerce Sites for the 5-week Holiday Shopping Season 14 November to 26 December 1999

<table>
<thead>
<tr>
<th>Rank</th>
<th>Site</th>
<th>Avg. Unique* Visitors in 000s for 5 weeks of Holiday Shopping Season-11/22–12/26</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Amazon.com</td>
<td>5,693</td>
</tr>
<tr>
<td>2.</td>
<td>Ebay.com</td>
<td>4,073</td>
</tr>
<tr>
<td>3.</td>
<td>Etoys.com</td>
<td>1,662</td>
</tr>
<tr>
<td>4.</td>
<td>Barnesandnoble.com</td>
<td>1,522</td>
</tr>
<tr>
<td>5.</td>
<td>Toysrus.com</td>
<td>1,486</td>
</tr>
<tr>
<td>6.</td>
<td>Buy.com</td>
<td>1,427</td>
</tr>
<tr>
<td>7.</td>
<td>Cdnow.com</td>
<td>1,416</td>
</tr>
<tr>
<td>8.</td>
<td>Egreetings.com</td>
<td>1,116</td>
</tr>
<tr>
<td>9.</td>
<td>Expedia</td>
<td>1,019</td>
</tr>
<tr>
<td>10.</td>
<td>Travelocity.com</td>
<td>934</td>
</tr>
<tr>
<td>11.</td>
<td>Egghead.com sites</td>
<td>900</td>
</tr>
<tr>
<td>12.</td>
<td>Kbkids.com</td>
<td>799</td>
</tr>
<tr>
<td>13.</td>
<td>Bmgmusicservice.com</td>
<td>782</td>
</tr>
<tr>
<td>14.</td>
<td>Bonzi.com</td>
<td>674</td>
</tr>
<tr>
<td>15.</td>
<td>Americangreetings.com</td>
<td>638</td>
</tr>
<tr>
<td>16.</td>
<td>Beyond.com</td>
<td>623</td>
</tr>
<tr>
<td>17.</td>
<td>Shopnow.com sites</td>
<td>619</td>
</tr>
<tr>
<td>18.</td>
<td>Ticketmaster</td>
<td>597</td>
</tr>
<tr>
<td>19.</td>
<td>Jcpenney.com</td>
<td>594</td>
</tr>
<tr>
<td>20.</td>
<td>Dell.com</td>
<td>582</td>
</tr>
<tr>
<td>21.</td>
<td>Overstock.com</td>
<td>549</td>
</tr>
<tr>
<td>22.</td>
<td>Compaq.com</td>
<td>522</td>
</tr>
<tr>
<td>23.</td>
<td>Shopping.com</td>
<td>515</td>
</tr>
<tr>
<td>24.</td>
<td>Columbiahouse.com</td>
<td>513</td>
</tr>
<tr>
<td>25.</td>
<td>Priceline.com</td>
<td>500</td>
</tr>
</tbody>
</table>

* Unique Visitors: The actual number of total users who visited the reported Web site or online property at least once in the given month. All Unique Visitors are unduplicated (only counted once) and are in thousands
Source: Media Metrix (2000)


4 HOW AUSTRIAN BRICK AND MORTAR RETAILERS APPLY INTERNET-BASED DISTRIBUTION CHANNELS – RESULTS OF AN EMPIRICAL INVESTIGATION

4.1 Research Methodology

We have concentrated our empirical projects on the EC activities of ‘brick and mortar’ retailers in Austria. The research project investigated how Austrian retailers have faced the developments in the field of EC. We set up a set of 12 observation items (see Table 3) in order to examine the way the 50 leading Austrian retail companies are adapting the Internet for their distribution channel strategies. This ‘snapshot’ perspective is basically due to the electronic infrastructure supporting EC in Austria, which we presented in Section 3.

The criteria for our observation have been chosen in order to estimate the stage of development of electronic settlement between retailers and consumers. As this project is based on distribution channel theory and logistics, we examined not only the assortment offered online but also logistical and promotional questions. The research design concentrates specifically on

- Whether these companies are using the Internet (item 1): Companies that do not use the Internet in general are not reachable for online consumers. So this criterion is a prerequisite for any online activities.
- How these companies apply the web as a special distribution channel (items 3 and 5): These criteria focus on the offered range of products at the homepage (the whole assortment or only parts of it) as well as on the goods actually sold online. The latter is an indicator of using the Internet as a real alternative channel of distribution and not only for advertising purposes.
- How logistics is affected by the use of the web (items 6 and 7): Minimum purchasing quantity and delivery fees can show how retailers cope with the difficult requirements concerning quick home delivery of non-digitized goods.
- How the web can influence promotional activities (items 2 and 4): The Internet can be used as a source of information for the consumers with, for example, the addresses of the physical outlets or current promotional activities.
- How the flow of monetary transactions is organized (item 8): This question concerns usage of traditional and innovative ways
Table 3. Observation Items

1. Web-establishment: Does the retailer offer a homepage at all? This point is necessary in order to examine the next 11 items.
2. Store-locator: Does the company offer a store-locator with which a client can check the nearest outlet either from home or from his/her working place?
3. Product offer: Does the company offer its whole range of products or only a specific web-oriented set of products?
4. Special offers: Does the company offer special daily or other promotional offers or only Internet-based offers?
5. Online-sales: Does the company offer its client the possibility to buy products over the Internet?
6. Minimum order quantity: Does a client have to order a specific amount of products or value of products?
7. Delivery fee: In case of online-sales possibilities, does a client have to pay a special fee for the delivery or not?
8. Payment: What is the offered payment possibility?
9. Email-service: Does the company offer its clients to get in contact via email?
10. Search-functions and online-help: Does the company offer its clients special ways for searching for special items?
11. Chat room: Does the company offer its clients special platforms to communicate with other clients in order to exchange customer experiences?
12. Job-offers: Does the company use the Internet as a special way to attract new human resources?

Source: Schönleitner 1999

Table 4. Methodology of the Empirical Research (According to Schönleitner 1999)

<table>
<thead>
<tr>
<th>Data collection and survey design</th>
<th>Internet observation by using the following web browsers Netscape Navigator and Microsoft Internet Explorer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>the leading 50 Austrian retailing companies measured by sales volume according to the Austrian Chamber of Trade List presented at <a href="http://www.wk.or.at/bshandel/default.htm">http://www.wk.or.at/bshandel/default.htm</a></td>
</tr>
<tr>
<td>Duration of the data collection</td>
<td>13.9.1999–24.9.1999</td>
</tr>
<tr>
<td>Number of observed companies</td>
<td>50</td>
</tr>
<tr>
<td>Number of homepages analysed</td>
<td>35</td>
</tr>
</tbody>
</table>

of payment like e-cash used in ER.

- How the web is used as a new platform to communicate with their clients and offer additional convenience (items 9, 10, 11 and 12): These items concentrate on the offer of additional services in context with the Internet like email service, search engines, chat rooms or online job offers.

These observation items follow the suggestion of Fog et al. (1999) who suggest several attributes as being crucial for a successful web-site. We adapted the suggestions as being adequate for a retail setting, but we consider it as a first research approach. The design should be extended or changed for future research purposes.

Table 4 presents an overview of the research methodology.

4.2 Analysis and Results

Web-establishment: Using the search engine www.altavista.com we could identify 38 homepages offered by the Top-50 Austrian Retailers. At the time of the research project, only 35 homepages could be evaluated as useful for our research purposes, giving a web-established presence of 70%. The following results are based on this share.

The web as a special distribution channel for Austrian Retailers (items 3, 4 and 5): Only half of the analysed companies market their total range of products at their homepages. This relatively low result could be due to technical, financial and/or organizational issues for offering their products rather than promotion activity.

Web-clients can also use only half of the Internet-homepages for their shopping. Interestingly enough there is no connection between the product offer and the online-purchasing possibility. Also there is no relationship between the existence of online-promotion activities and online sales functions. This could be due to the ‘disguised’ logistics problems of EC. Once these problems are solved, a higher degree of online sales functions is expected. A rather interesting note: One company only offers vouchers over the net, one retailer thinks that presenting sales folders is enough to be considered as online sales possibility.

Virtual logistics systems (items 6 and 7): As already mentioned, the successful assembling of online sales and logistics is a driving force for profitable E-tailing. Therefore, we thought that companies would force their clients to minimum order quantities and/or values for shopping over the web.
However, the majority of retailers do not insist on a minimum order quantity.

This leads to two possible explanations: on the one hand, these companies are not forced to minimum order quantities because of a low rate of on-line-sales; on the other hand, the logistical resources of these companies allow every order quantity. The possible truth might be positioned in between. As other empirical studies show, the rate of online purchases (in comparison to traditional sales) really is rather low. Also, retailers outsource the online delivery function to external logistics providers and also charge the clients with this delivery fee. Of the analysed retailers, 67% charge their customers with this fee, which usually is a fixed amount (independently from the sales volume). In some cases, the clients do not have to pay a delivery fee, frequently when their purchase volume exceeds a certain amount (between ATS 350 and ATS 2,500).

**Virtual promotional activities (items 2 and 4):** The majority of the analysed companies (31 out of 35) offers the possibility of finding the nearest outlet for the customer. Two companies do not offer this function due to a lack of a store-network (these companies are mail-order-companies). The use of the store-locator offers a great potential in identifying the ‘real way’ customers are taking for their shopping tours in the traditional outlets.

Despite this high degree of store-availability, the companies do not offer as much promotional activities over the web. Only 57% of the analysed homepages have a link to ‘promotional offers’ or ‘give-away-price-hunting’. We identified three groups of companies:

- retailers offering promotional items that can be ordered online;
- retailers offering promotional items that can only be purchased in their traditional stores; and
- retailers offering both possibilities

Retailers could be expected to convert to ‘virtual action distribution centres’ where they only sell the best promotional item. This tendency is conflicting with the every-day-low-price strategies as offered by Wal-Mart (Schnedlitz 1994).

**Virtual monetary transactions (item 8):** Figure 5 presents the existing modes of payment for online sales. The Figure shows exactly the minor offer of credit card payment. The most frequently used payment method is cash on delivery. Some companies offer multiple possibilities. The reason for the low implementation of credit card payment should be sought not in the security problems, but more in the traditional way of paying in Austrian retailing.

As Schnedlitz and Waidacher (1997) show, most of the transactions are in cash. Recent studies of non-cash-transactions in a retail setting have shown that ATM-transactions at the POS are increasing.

**New communication platform for clients and additional convenience (items 9, 10, 11 and 12):** Although more than 80% of the companies offer email functions for their web-clients, only 18% of these companies also offer search-functions at their homepages. It seems, that the installation of email-services is technically not that sophisticated – easier than the installation of an internal search engine. Only one company presents a chat room for its visitors.

Of the analysed companies, only 37% use the web as a new way of advertising job opportunities. Eight of the ten biggest Austrian retailers offer new jobs over the net and interested visitors can apply online.

![Figure 5. Modes of Payment for Online Sales (According to Schönleitner 1999)](image-url)
CONCLUSION AND OUTLOOK

Beyond an academic perspective, one could very quickly be irritated by the success stories of EC and its commercial value. Compared with the total retail sales volume, at present EC plays a minor role. On the other hand, business faces environments where one retailer can gain market shares only if another retailer loses his share. Therefore EC can be interpreted as another successful tool to secure the position of existing players.

Schnedlitz (1999) criticized the discussion of Austrian euphoria on electronic retailing, when he mentioned that consumers are able to order at speed of light but delivery is effected in the common 'slow' manner. There is a lack of E-tailing specific logistic infrastructure, which must first be established, with large amounts of money. Schnedlitz also emphasizes that not all products are suitable for online-shopping; this is a further obstacle for EC. He also disapproves of the presentation of market research results that do not apply the general requirements of scientific research, mainly lacking internal as well as external reliability.

Our research project should be seen as a first step to close this gap. We did not search for another billion Schilling promise, but we have discussed if and how the leading retailers face the electronic opportunity. For this we set up an examination tool with which we have studied and evaluated the web-offers of these retailers. As we have shown in our study, where we understood EC as an additional marketing channel, the majority of the leading Austrian retailing companies have already recognized the importance of this channel. We could see that 35 out of the top 50 retailers can be found in the world wide web. Our preliminary analysis has also shown that most of these companies are in the very first stage of electronic commerce as suggested by Fog et al. (1999). Some of these companies confound EC as a new form of electronic advertising. Provocatively said, we could not identify an Austrian ‘amazon.com’. For further research purposes we not only suggest applying our research design to other geographical settings, but we also would broaden our scope to ‘dotcom’ companies. Existing and future players are recommended to follow certain rules while setting up electronic distribution channels (Anonymous 2000m, 21; Smáros et al. 2000): Add value by offering more than only order forms; offer security and service and think in logistics as well as in E-tailing.

Notes
2. Nieschlag (1954: 9) supported this idea with his law of dynamic store types (Gesetz von der Dynamik der Betriebsformen), but both have often been criticized (cf. Berekoven 1995: 18). Theoretically these notions have been rejected by the introduction of Porter’s (1985) competitive strategy, where successful companies can choose either a cost-leadership or a differentiation position in order to survive. In retail practice, there are, however, store types that have survived without being price aggressive at all or without showing trading up tendencies.
3. The total market can be divided to 83% mail order, 6% home delivery and 1% TV-shopping.
4. A report by Forrester Research for example predicts a total turnover of EC in Northern Europe of 1.6 trillion Euro by 2004, which is equivalent to 6.3% of total trade (Anonymous 2000d). E.g. Jorgensen (2000: 41) reports for Denmark a total amount of Internet-based retail sales volume of around DKK 7.188 mln. More than 1 million Danes (21.5% of the total population) have access to the web, this number is expected to grow up to 2.5 million.
5. The total results of this study have been published in the form of a masters thesis by Schönleitner (1999) under the supervision of the authors of this paper.

References
Anonymous (2000l) ‘Hauszustellung setzt sich nur schleppend durch,
Smäros, Johanna, Holmström, Jan and Kamääräinen, Vesa (2000)


Tietz, Bruno (1992) Einzelhandelsperspektiven für die Bundesrepublik Deutschland bis zum Jahre 2010, Frankfurt am Main: Deutscher Fachverlag.