

CRITICAL SUCCESS FACTORS FOR REGIONAL COMMUNITY PORTALS: A PRELIMINARY MODEL

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Abstract

The successful adoption of e-business by regional communities throughout Australia has the potential to revitalise these communities. This paper draws on depth interviews with businesses and focus groups of consumers in a regional area to develop a model of success for regional community portals. The resulting model highlights the factors encouraging businesses to subscribe to such a portal, including perceived costs and benefits and target market characteristics, as well as the key factors influencing consumers to visit such a portal such as relevant and up to date content and site attractiveness. The importance of a virtuous circle of businesses and consumers is also highlighted.

Introduction

The e-commerce revolution has been seen as the most fundamental change experienced by society since the industrial revolution (Evans & Wurster 2000). This change promises to be just as significant in regional and remote communities as it will be in urban areas. With support from Australian government funding, regional communities have begun to develop the necessary infrastructure and applications to take advantage of the opportunities offered by the new economy. Several government-funded projects throughout Australia have involved the establishment of community portals, that is, websites offering a variety of Internet services from a single location, in an attempt to stimulate interest by local business communities (NOIE 2000).

One of the most important factors for community portal success is the ability to attract a critical mass of loyal users (Hardaker & Graham 2001). The greater the number of users of the portal the more businesses will be inclined to participate both as active Web stakeholders or as advertisers. The more businesses that participate the greater the capacity of the portal to deliver value to the users and enhanced electronic services to the business participants. This in turn attracts more users and more advertisers and results in what Hamel (2000) calls a 'virtuous circle'. There is, therefore, a clear need to identify the factors that will influence participation by both businesses and consumers in regional community portals to result in creation of the 'virtuous circle'.

One such project, Maranoa Online (MOL), is an Australian Government funded project which involves the development of a regional community portal with an e-commerce facility for local businesses. It commenced operation in February 2000. At the end of January 2001, 63 businesses from the Maranoa district had subscribed to this initiative including professional services, retail businesses, wineries and community clubs. This figure represents approximately 6.5 percent of the total businesses in the region (976). Visits to the site by

consumers have consistently averaged around 580 hits per week. Hence, while initial projections have been met there is considerable room for increased involvement by both businesses and consumers.

This paper presents the findings of a research project to develop a model of success for regional community portals using MOL as a case study. The research question addressed was:

What are the critical success factors, for both business participation and consumer use, of a regional community portal to the Maranoa region?

The Literature

We begin with a question, “What exactly is a regional community portal?”. A community portal is one with a distinct focus which brings together people with a common set of needs or interests (Hagel 1999, Hardaker & Graham 2001), in this case regional, means that the focus is on a geographic basis. Hardaker and Graham (2001) further state that the success of a community portal depends on the loyalty of its members rather than high traffic. Other factors that differentiate a regional community portal from other portals are the need to meet the needs of various community stakeholders, including both businesses and consumers, and the need to be self funding. Given these characteristics and the previously identified need for both businesses and consumers to use the portal, what are the factors that influence both consumers and businesses to loyally use a portal?

Firstly, let us consider the current nature and extent of business adoption of the internet in Australia. Approximately 52 percent of businesses in regional areas access the internet, with 13 percent having a web site or home page (ABS 1999b). The most frequent use of the internet is to display company information (88 %), with only 14 percent of businesses using online ordering and less than 6 percent more sophisticated uses such as transactions and payments (ABS 1999b). Key characteristics stimulating a business to go online include innovative culture, competitor use of the internet, access to skills, customer and supplier support and a knowledge and appreciation of the benefits of e-commerce (Yellow Pages Australia 2000). Further, access to wider markets, a fit between company products and Net demographics and the low cost and risk involved were other motivations for businesses to go online (O’Keefe et al. 1998). The most frequently cited barriers to adopting the internet by business include a lack of skills or training, a lack of interest, the cost of web development, a low rate of internet use by customers and suppliers, satisfaction with existing business arrangements, time and expense and a belief that their products and services do not lend themselves to the internet (ABS 1999b, Yellow Pages Australia 2000).

Given the community based aspect of the portals of interest to this study, the key success factors for non-profit portals were investigated and found to be: well designed and practical websites, up to date useful content, wide consultation and community involvement, skill development, ongoing marketing and support and assistance to Internet users (NOIE 2001).

From a consumer perspective, in the 12 months to May 1999, 650 000 Australians made an estimated 3 million online purchases, of which more than half were from overseas Web sites (ABS 1999a). In regional Australia, home access to the internet was 26 percent in May 2000 (NOEI 2000). Further, while online purchases are estimated to account for less than 1 percent of total retail sales, it is estimated that around 19 percent of sales in real world stores are

influenced by research consumers have undertake over the internet (Heun 2000). Internet banking is also growing with 35 percent of consumers using this facility, mainly due to reduced costs and convenience (ABS 1999a).

As highlighted above, before a consumer can actually visit a specific web site they must have both physical access to the internet, a willingness to change their current behaviour patterns and the ability to use a computer. However, once these factors are present what makes a consumer choose one web site over another? Previous research has highlighted the most influential factors for an effective web site to be: good contact or feedback between the consumer and the site, the ability to attract consumers for repeat visits, ease of use (Kent 1999); good design including page loading speed, business content, navigation efficiency, and customer focus (Turban & Gehrke 2000); and number of changes to the website in the previous month and number of cross-links to other sites (Dholakia & Rego 1998). Specifically in relation to online retailing convenience, site design and financial security are the most important factors influencing consumer satisfaction (Szymanski & Hise 2000).

In summary considerable research has looked at both business and consumer use of the internet. However, none of this literature specifically looked at the regional context or the special case of a regional community portal as opposed to commercial portals.

Methodology

Due to the lack of previous research in regional communities an exploratory design was considered appropriate for this research. Following the literature review depth interviews were conducted with nine local businesses – four who were subscribers to MOL and five who were not. Various business types were represented including retailers of products, services and non-profit groups. Next, four focus groups of consumers – again including both users and non-users of MOL, were conducted. The results of this research are summarised next and a preliminary model of regional community portal success is developed.

Findings

Profile of respondents. The businesses represented a diverse range of organisations and on criteria such as size, location of target markets, levels of computer awareness, Internet literacy and tendency to adopt new innovations, no differences were noticeable between subscribers and non-subscribers. Similarly, participants in the focus groups appeared to be evenly spread demographically with good representation of gender, age, computer experience, competency and usage with no noticeable differences between users and non-users of MOL.

Attitudes to e-business. Both businesses and consumers were very positive towards e-business. The majority agreed that e-business will become increasingly important and is the way of the future especially as younger generations, who are more internet literate, mature. The only slightly negative response of some businesses (who were non-subscribers) was that the time was not yet right to fully embrace e-business. Interestingly, the business most strongly voicing this negative view was a retailer of computer hardware and software.

From a consumer perspective, current barriers to widespread adoption of e-business in the region were noted as infrastructure problems, in that many consumers could not physically

access the internet and for many others the costs of internet access were relatively high (compared to urban areas). For those using the internet, common activities included online banking and searching for product information, with only a small number of consumers (predominantly male) actually purchasing online.

Business participation. The level of awareness of MOL was high amongst businesses, regardless of whether they had subscribed or not. However, knowledge was quite low with most non-subscribing businesses not quite sure exactly what it was, what it did or who ran it.

Key reasons given for not subscribing included time/cost issues, nature of the product, target market characteristics and practical limitations of the MOL portal. Some businesses were too busy meeting their existing needs to have time to consider going online (a computer retailer), and while in most cases the low comparative cost of MOL was acknowledged, for very small businesses and non-profit groups even this relatively low amount was seen as an issue. Some respondents did not like the idea of their customers shopping online as their objective was to get shoppers into a retail outlet and up sell (notably a clothing retailer with a large catalogue business). The clothing retailer also commented that his customers preferred catalogue shopping to internet shopping as customers could easily pick up, browse and put down a catalogue which they could not easily do with an online catalogue. Some businesses with target markets located outside the region (a specialist aircraft engineering firm with a national clientele) saw little value in using a regional portal, while other businesses wanted to wait and see if the MOL portal was successful before subscribing. Finally, in one case a business did not subscribe as their web requirements were more advanced than could be addressed by the regional portal, however in this case they were considering a link to their major site from MOL.

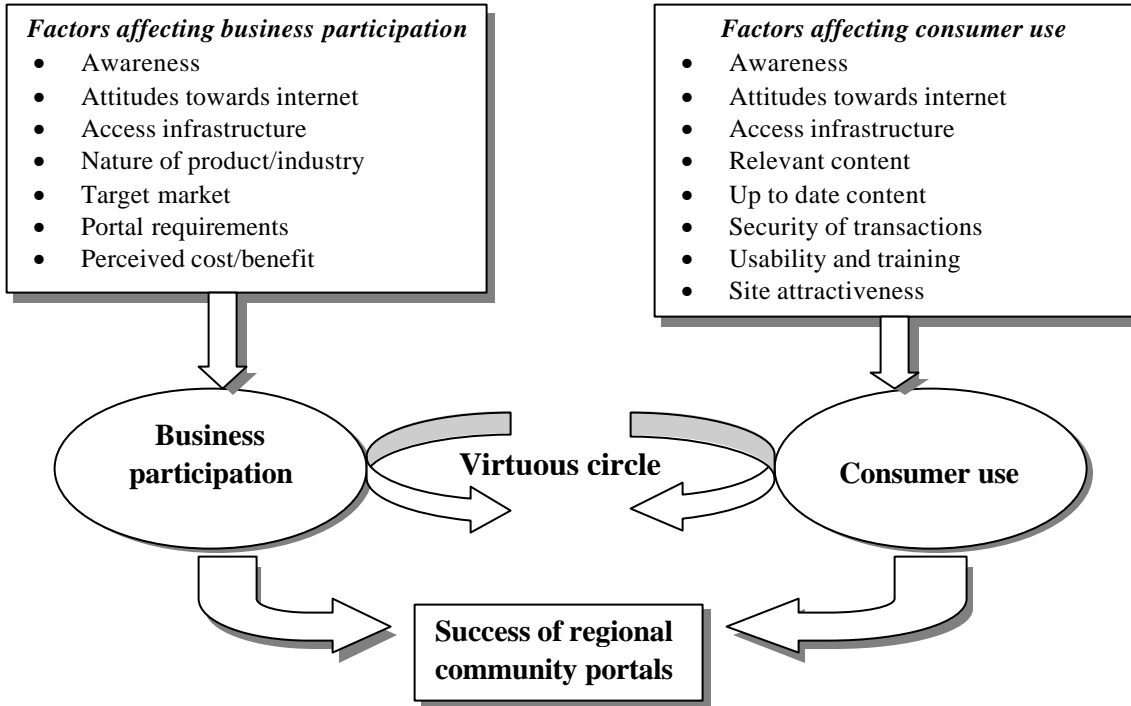
The key reason for businesses to subscribe to MOL was the desire to have a Web presence at a reasonable cost, with no other articulated objectives. This reason was common regardless of industry, target market and so on. Hence, satisfaction among subscribers was consistently very high even though consumer usage was low and no additional business had been generated. Subscribers thought more businesses would join MOL by improving knowledge of the site among non-subscribers, providing further information, training, feedback and advice to subscribers and including more cross-links to other related sites.

Consumer use. Similarly to businesses, awareness of MOL was high but knowledge was low. Use among consumers was low with several respondents who had gone to the site once not returning due to a lack of interesting and up-to-date content. Non-users consistently suggested the key features they appreciated in a site were speed of download, ease of navigation and interesting up-to-date content.

Satisfaction among consumers was quite low, as evidenced by the low repeat visitations. Interest in the site among non-users was high and there was general support for any initiative that encouraged the development of local business and the 'shop local' theme. Suggestions from consumers to improve loyalty included more comprehensive local content, clear sections for locals versus newcomers and/or visitors to the region and more links to other sites. An interesting suggestion from respondents of primary school age children was to initiate a 'class of the week', and so encourage family and friends to visit this particular section of the site.

Based on the literature and the findings of this study the preliminary model of regional community portal success presented in figure 1 was developed.

Figure 1: A preliminary model of success for regional community portals



Source: developed for this research

Conclusions and Implications

In conclusion, this research has developed a preliminary model of community portal success and has identified several factors influencing both business participation and consumer use of a regional community portal not previously suggested by the literature. The model further emphasises the importance creating a virtuous circle in the success of regional community portals. Interestingly there was considerable similarity in the factors identified as important for both business participation and consumer use.

The implications of this model for government funding bodies and for regional communities themselves are clear. Simply providing the infrastructure and access to e-commerce is not sufficient to meet goals of self-sufficiency and broader terms of trade for regional communities. Additional steps are required including clear and measurable goals for both consumers and commercial organisations.

The key limitation of this study was its exploratory and hence non-generalisable nature. Thus, this model should be further tested with quantitative data from both businesses and consumers to assess its generalisability and to validate these exploratory findings. This quantitative extension is currently underway. In addition testing the model across different regions would also add value to its applicability.

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