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***INTERNET MARKETING: AN EMPIRICAL STUDY ON SMALL AND MEDIUM SIZE
CONSUMER GOODS INDUSTRIES IN THE STATE OF MINAS GERAIS - BRAZIL***

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INTRODUCTION

The economy for the Age of Intelligence on the Net is a digital one. In traditional economy, the information flow was physical: money, checks, invoices, bills, reports, face-to-face meetings, maps, photos, and so on. In the new economy, information becomes digital in all its forms - reduced to bits stored on computers and running in the speed of light through the net.

Such new economy is creating conflicting trends which make enterprises think over their missions. Virtual environment and some other factors are putting the cost structures of the large companies under pressure. Innovation has become critical, more than resources or capital access. Clients have changed, in the expectation that companies provide better quality and appropriate products, for a lower price and better and faster service with the guarantee of social responsibility.

Nowadays companies replace stocks on a daily basis as well as integrate suppliers and consumers throughout the internet. According to a study by the Gartner Group, the average is that companies of several sectors (retail, health, automobiles, etc.) which use the internet reduce their storage time up to 50%, deliver products within 3 days instead of 2 weeks, increase their production up to 30% and reduce 40% of suppliers.

The small and medium companies are in this context as part of their respective values. They have at their disposal a technology which allows them to empower their businesses, although they still don't know how to behave to reach the planned results.

By means of an empirical study by Internet Marketing on the small and medium consumer goods industries in the state of Minas Gerais, it was tried to get the true picture of the real situation of such companies before the internet phenomenon. The reduction in the consumer goods industries was due to the fact that they had for themselves all the variables involving the decision making in the new

economy - while they do business throughout the value chain, involving suppliers and distributors, they produce directly for the final consumer, that is, their goods have the perspective of retail trading directly, altering their promotion and price structures.

It is expected that the market analysis of the current stage in the development of small and medium companies from Minas Gerais on the internet helps their transition into this new industrial trend and contributes for the competitiveness growth in economy, with the proposition of an applied model for future priorities.

RESULTS AND CONCLUSIONS

In relation to sectors, 22,4% of the companies belong to the sector of furniture/mattresses, 22,4% of clothes/shoes, 19,0% of food, 13,8% of electro-electronic products, 10,3% and 1,8% belong to drugstore/cosmetics and electronic appliances respectively, and 10,3% chose other options.

Concerning the strategy used by the company to be on the net, the most popular one is the institutional site (39,7%) and secondly the commercial site (19,0%). The areas which have had the most benefits from the internet are: sales (73,7%), shopping (50,9%), and products development (45,6%). Other areas have also benefited, only in a smaller scale: services (29,8%), customer management (22,8%) and production (19,3%). 12% of all companies mentioned other successful areas. As for barriers, the main problems that inhibit progress are development costs (43,1%), site slowness (43,1%), and safety (37,9%).

In relation to the 7 I's, the practice-performance correlation shown in Figure 3, as a last resource, is what enables the analysis of SPALDER (1997)'s model. Correlation indexes (r) below 0.40 are considered weak, even if they're relevant ($p < 0.05$). Between 0.40 and 0.70 they're considered reasonable to good and over 0.70 the linear correlation is strong.

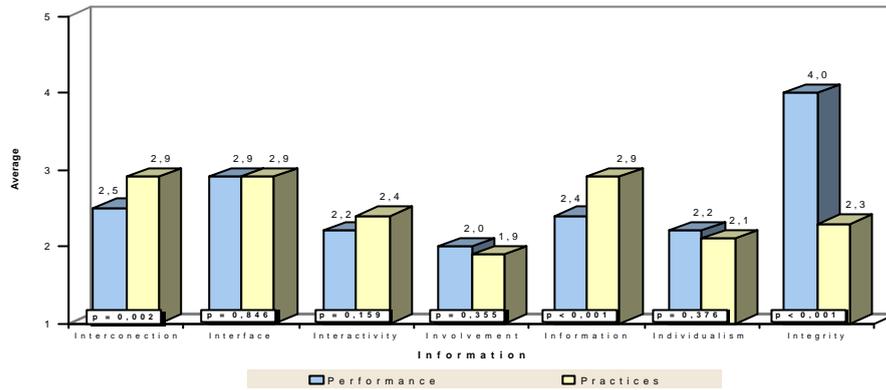


Figure 3 - Comparative analysis of performance and practice in relation to information

Something that adds to this is the analysis of the organizational areas most benefited by changes. The sales expectation has to be better discussed with enterprises aiming at deepening this work results, since in the internet marketing selling is the start of a lasting relationship which will guarantee profits in the future. In addition, the equally expressive bet on the purchase process suggests that working towards e-procurement may lead to good results due to companies' good acceptance. Now value incorporation through better maintenance and post-sale services should be researched more thoroughly, to better identify what practices are really justifying the benefits, because in terms of the site itself what was shown contradicts this. It is also interesting an in-depth study on the inter-relations in these areas aiming at an assessment of the impact of the internet in terms of integrating technology and marketing all over the organization.

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