



Business Use of the Internet by Rural Entrepreneurs

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Our study investigated how rural entrepreneurs use the Internet as a business tool. It focused on providing a useful insight into benefits and challenges of adopting e-commerce by small rural businesses. Twenty-nine entrepreneurs were selected as the sample of this research because Minnesota Rural Partners recognized their innovativeness and entrepreneurial spirit. The university extension wanted to know how these successful rural entrepreneurs use the Internet as a business tool. Personal telephone interviews were chosen as the data collection method. The 29 entrepreneurs were initially contacted by e-mail and introduced to the study, its purpose, and how the interview data would be used. Each was asked to agree to a 30-minute telephone interview. Entrepreneurs replied by e-mail if they were interested in participating in the study. Fifteen entrepreneurs responded and participated in the study. Our interview questions followed a path of discovery, inquiring how the individuals built the business, the specifics of their use of the Internet as a business tool, how they created and maintained their website, and the resulting business challenges and benefits. The interviews were tape-recorded and transcribed for content analysis.

While the sample taken could not be used for representative purposes, it offers a fairly diverse range of small businesses including apparel, services (consulting and education), telecommunications (wireless phones), travel, restaurant and industrial manufacturing. The findings from this sample are intended to offer an insight into specific components that are critical to small rural business success in e-commerce, not to prove a cause and effect relationship between use of the Internet and business success.

Based on the model developed by Rao, Metts, and Monge (2003), most rural entrepreneurs in our study were currently in “the presence stage” including e-mail communication capability, and a basic online representation of the company product(s) or service(s). Few entrepreneurs established communication and collaboration with outside suppliers, and placed online orders. While Chau and Hui (2001) found that major barrier to the adoption of e-commerce was failure to see its advantages, all rural entrepreneurs in our study saw advantages in using the Internet and adopting e-commerce as a way to improve the efficiency of their communication, research, marketing, and daily business activities.



Most of the rural entrepreneurs in our study identified more of the Internet's intangible (improved communication) than tangible benefits (increased sales) and noted greater efficiency in their daily business activities, including research, communication and marketing. Using the Internet strengthened relationships with business partners, improved customer services and reduced costs of communication and research. Rural entrepreneurs also found that using the Internet made it easier to reach new customers and new markets. Reaching international suppliers, especially for products that were not available inside the United States was another way that the entrepreneurs in our study used the Internet.

One of the recurrent themes in e-commerce was the notion that rural businesses would have more difficulty time competing with their more robust and established urban counterparts. The access to a wealth of technology available to the latter was often used to justify such a position. In our study however, entrepreneurs did not feel intimidated and instead they chose to compete head on with large and mid-size companies by using the latest technology to create innovative websites. Capturing lucrative contracts and conducting business worldwide is an attainable goal, even for small and rural companies.

Chief among the Internet challenges for rural entrepreneurs were money, technology, and know-how. All the entrepreneurs in our study mentioned the difficulty in finding someone (or acquiring appropriate technical skills) to build and maintain an effective website. Entrepreneurs find another challenge in developing trusting relationships with customers who are reluctant to purchase over the Internet. Many entrepreneurs believe that not all of their sales and customer service transactions take place over the Internet, but that they also require some form of face-to-face interaction. Many believe that the Internet offers more opportunities than challenges, but the entrepreneurs in our study limited their Internet use to standard applications such as e-mail, web-browsers, and a basic website presence.

This research benefits organizations such as the University Extension Service that are working to help small rural businesses and entrepreneurs learn more about e-commerce and become more literate in the area of information technology. Knowing more about the obstacles facing rural entrepreneurs when implementing the Internet as a business tool will guide the development and refinement of educational curricula. The technology training needs of the rural entrepreneurs that were assessed in our study are key for organizations hoping to provide training opportunities designed to meet those needs. Training could take the form of website development and maintenance, and advanced online business tools such as security, inventory management, and online customer service. Our study also identified specific areas of challenge faced by rural entrepreneurs and we encourage further research in this area. For example, what factors make a small rural business likely to succeed on the Internet? What factors will destine a business to failure? What are the ways that small rural businesses use collaboration to overcome deficits? What is the nature of that collaboration? How can small rural businesses succeed by understanding the nature of trust in online retail environments?

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