



Chapter XII

Cultural Adaptation on the Web: A Study of American Companies' Domestic and Chinese Websites

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ABSTRACT

In the academic literature and the business press, there seems to be a lack of guidance and lack of cross-cultural models to support companies localization strategies on the Web. To address this deficit in literature and to provide marketers and Web designers with insights into website localization, this paper conducted a comparative analysis of the U.S. based international companies' domestic websites and their Chinese websites. A framework to measure cultural adaptation on the Web is presented. Forty U.S.-based Fortune 500 companies are surveyed to investigate the cultural adaptation of their Chinese websites. Content analysis of the 80 U.S. domestic and Chinese websites reveals that the web is not a culturally neutral medium, but it is full of cultural markers that give country-specific websites a look and feel unique to the local culture.

INTRODUCTION

The year 2001 was significant in the history of e-commerce. Despite the economic slow down and the present vulnerability of dot com ventures, online sales revenues worldwide are expected to have reached \$550 billion, a 92% increase from 2000 (e-

marketer, 2001). It is expected that by the year 2004, global e-commerce will generate \$3.2 trillion in revenues (e-marketer, 2001). This rapid growth in global e-commerce indicates significant business opportunities abroad. Any delay in launching international websites might prove to be a fatal mistake (Alvarez et al., 1998).

Simon (1999, 2001) emphasizes the need for international websites, as e-commerce expands into Asia, South America, and eventually into Africa. According to Lynch and Beck (2001), U.S. companies lacking an international Web presence are only reaching 5% of the world's population, and less than 25% of the world's purchasing power. However, in order to reach global online consumers, companies have to address a plethora of international issues, including Web page translation, logistics, legal hurdles, and most importantly the cultural and linguistic issue.

However, Web marketers often lack expertise and guidance to adapt their websites to diverse consumer segments. Forrester Research found that 67% of the Fortune 100 companies' websites are standardized and mainly in English. A survey of the top 900 companies' websites listed by Forbes revealed that only 225 companies have localized websites (Singh and Boughton, 2002). It is apparent that there is a need for Web marketers and Web designers to devote their attention to local adaptation in order to better serve local customers. The objective of this study is to examine cultural adaptation on the Web and provide insights to Web marketers on developing culturally adapted websites. Specifically, we applied a modified framework of cultural values based on Hofstede's (1980) four cultural dimensions and Hall's (1976) context dimension to evaluate the degree of cultural adaptation of the selected company websites. The selected company websites are the American companies' domestic websites and their Chinese websites.

The chapter is organized as follows. The next section explains the reason why this study focuses on Chinese cultural adaptation. The following section proposes an analytical framework to measure cultural values on the Web and highlights four hypotheses. The methodology used in this study is described and the results are reported, which is followed by conclusion and managerial implications.

WHY STUDY THE CHINESE CULTURAL ADAPTATION

There are several reasons for choosing China. First, China's online population is 12 million, and it is expected to reach 33 million by the end of 2003, accounting for one-third of the Internet users in Asia (Zhao, 2002). In addition, studies by international market researchers reveal that China generated in excess of \$11 billion in online trading in 2001 (Cyberatlas.com, 2001).

Second, the U.S. and China represent two distinct cultures. The U.S. has commonly been used as a 'reference frame' of western culture (Cheng and Schweitzer, 1996; Mueller, 1987) and China represents the epitome of eastern culture (Ralston et al., 1992; Hofstede, 1993, 1998). Third, the U.S. and Chinese cultural values have been shown to be empirically different (Hofstede, 1993). These facts provide us with a good basis to analyze differences in website design between these two distinct cultures.

Finally, previous cross-cultural studies between the U.S. and China have shown significant differences in cultural values in contexts like organizations (Ralston et al.,

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