Chapter 5.3

Understanding Brand Website Positioning in the New EU Member States: The Case of the Czech Republic

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ABSTRACT

This study examines Websites created by American multinational corporations (MNCs) in the Czech Republic. Utilizing a content analysis technique, we scrutinized (1) the type of brand Website functions, and (2) the similarity ratings between the home (US) sites and Czech sites. Implications are discussed from the Website standardization versus localization perspective.

INTRODUCTION

Both academics and practitioners have long debated whether advertising messages should be standardized. The proponents of standardization argue that the use of uniform advertising would provide significant cost benefits, thus improving company performance in the short run, while creating a consistent brand image in multiple markets. In contrast, the proponents of localization contend that ignoring the cultural, social, and economic characteristics of particular markets would cause psychological rejection by local consumers, thus decreasing profits in the long run. The debate has also produced a compromised or hybrid approach, which suggests that whether to standardize or localize advertising in a given market is a question of degree, and it is necessary to analyze many factors on a case-by-case basis (Mueller, 1991).

This debate is not limited to traditional media. As multinational corporations (MNCs) integrate their marketing communication with an emergent interactive medium, websites are becoming increasingly important for brand marketing and customer relationship management in multiple markets. This is because the Internet is, by definition, a glocal medium, which allows companies to create localized content with global access. In fact, many MNCs have established so-called “global gateway” sites with several language options. Consumers can first choose the language, then seek the information they desire. In this regard, the content of the local
sites may need to be adapted to local consumers’
tastes and preferences, in terms of design, lay-
out, copy, message, and so forth. (Okazaki and
Alonso, 2002).

Okazaki (2005) examined websites created by
American MNCs’ in four EU member states (i.e.,
the UK, France, Germany, and Spain), and found
a high level of localization in website communi-
cation strategy. This research extends Okazaki’s
exploration into the new EU member states, by
conducting a content analysis of the MNCs’ web-
sites created in the Czech Republic. Specifically,
we address the following questions: (1) What types
of brand website functions are used? (2) To what
extent are the Czech sites standardized?

SIGNIFICANCE OF THE STUDY

This study will be an interesting addition to the
literature of global information technology for
two reasons. First, prior research provides little
information on how the content created by the
most globally diffused information technology, the
Internet, has been standardized in foreign markets.
Information managers in global markets should
be aware of a question of transmitting culturally
bound meanings into local sites. Secondly, this
study addresses how design features and website
functions can be used as a tool to create a uni-
versal imagery in global websites. Specifically,
this study explores one of the most understudied
countries in Europe: the Czech Republic. After
joining the European Union, studies on informa-
tion technology in this new member state is almost
non-existent, thus, this research makes a unique
contribution to the literature.

ENLARGEMENT OF THE
EUROPEAN UNION

In 2004, the enlargement of the European Union
increased its member states from 15 to 25, by
adding 10 countries: Cyprus, the Czech Republic,
Estonia, Hungary, Latvia, Lithuania, Malta, Po-
land, Slovakia, and Slovenia. In 2007, two more
countries, Romania and Bulgaria became the mem-
ber states, making the Union of 27 countries. This
drastic expansion changed the way multinational
corporations (MNCs) operate their businesses in
Europe. Because of these countries’ low labour
costs and investment incentives (e.g., tax reduc-
tion, construction aid, etc.), many firms moved
their production facilities from other regions to
these new member states. For example, Sheram
and Souobotina (2000) report that “Countries seen
as more advanced in market reforms—the Czech
and Slovak Republics, Hungary, and Poland—
attracted almost three-quarters of foreign invest-
ment” in transition economies. In fact, Poland
received approximately $6.4 billion in foreign
direct investment in 2003, an increase of $360
million over the previous year (MacKay 2004).

As these new EU Member States experience
rapid economic expansion, global marketing influ-
ences consumers in them more and more. Their
product experiences increasingly resemble those
of their “Western” neighbours. In this light, it is
reasonable to argue that the role of advertising
in everyday consumption has also undergone a
drastic transition, in both content and executions.
For example, in the Czech Republic, advertising
spending reached 563 million euros in 2004, while
the average annual growth rate over the last 5
years has been 5%. Multinational corporations (MNCs)
are the largest advertisers in these countries.

MEDIA USAGE IN EASTERN
AND CENTRAL EUROPE

The Czech Republic

In the Czech Republic, television has tradition-
ally been the primary vehicle for advertising,
accounting for 46% of the MNCs’ marketing
budgets. Print media is the second medium with
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