

# Chapter V

## Understanding Brand Web Site Positioning in the New EU Member States: The Case of the Czech Republic

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### ABSTRACT

*This chapter examines Web sites created by American Multinational Corporations (MNCs) in the Czech Republic. Utilizing a content analysis technique, we scrutinized (1) the type of brand Web site functions, and (2) the similarity ratings between the home (U.S.) sites and Czech sites. Implications are discussed from the Web site 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 also has 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, Web sites are becoming increasingly important for brand marketing and

customer relationship management in multiple markets. This is because the Internet is, by definition, a *global* 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, layout, copy, message, and so forth. (Okazaki & Alonso, 2002).

Okazaki (2005) examined Web sites 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 Web site communication 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 Web site 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 Web site functions can be used as a tool to create a universal imagery in global Web sites. Specifically, this study explores one of the most understudied countries in Europe: the Czech Republic. After joining the European Union, studies on information 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, Poland, Slovakia, and Slovenia. In 2007, two more countries, Romania and Bulgaria became the member 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 reduction, construction aid, etc.), many firms moved their production facilities from other regions to these new member states. For example, Sheram and Soubotina (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 investment" 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 influences consumers 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 also has 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 (ARBOMedia, 2005).

## **MEDIA USAGE IN EASTERN AND CENTRAL EUROPE**

### **The Czech Republic**

In the Czech Republic, television has traditionally been the primary vehicle for advertising, account-

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