

## **Web Sites Glocalization in Indonesia: Do Product and Web Sites Category Matter?**

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*This study investigates the effect of product and web sites category toward glocalization features and depiction of cultural values in 70 global and local web sites in Indonesia. Based on content analysis and MANOVA test, all three hypotheses are supported. The findings revealed service category and local web sited showed high features on glocalization and depicted high features on local cultural values.*

**Field:** Marketing

### **1. Introduction**

The web is a global medium and it crosses national boundaries (Fletcher, 2006). There is an increasing acceptance of compromise position between two extremes (standardization web sites versus differentiation/localization web sites), that of glocalization (Maynard and Tian, 2004; Tixier, 2005; Fletcher, 2006). The glocalization on web sites mean there is consistency of underlying themes, structures, strategy and templates in the approach adopted, but there is a local look and feel as far as execution of the web sites promotion is concerned (Maynard 2003; Fletcher, 2006). However, a few previous studies discussed the glocalization on web sites (e.g. Singh et al., 2004; Tixier, 2005; Troestler and Lee, 2007). This study intends to fill this gap by examining to what extent the 100 best global brands have adopted a glocalized approach for their web sites created in Indonesian market with growth rate of 900% from 2000-2007 and the 5<sup>th</sup> rank of internet users in Asia with 20 million users or 8.5% of penetration population (Internetworldstats, 2008).

Specifically, the effect of product category (services, durable goods, and non durable goods) and web site category (adapted versus local) toward glocalization strategy and depiction of cultural value on web site are investigated. In the next section, a brief review of hypotheses are presented, the methodology and findings are also showed. Finally, the implications of this study, its limitations and future research directions are discussed.

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## 2. Literature Review

A few previous studies have explored standardization and adaptation in the new communication context of the internet. The glocalization is a hybrid combination strategy of globalization along with localization or the simultaneity-co-presence-of both universalizing/globalizing and particularizing/localizing tendencies (Robertson, 1995). This concept have shifted the debate from focusing on whether companies should standardize or adapt to focusing on what factors of marketing can be adapted or standardized (Maynard, 2003; Singh et al., 2005; Tixier, 2005).

Product category refers to the classification of products on the basis of characteristics such as durability, tangibility, and use (Kotler and Keller, 2006), while the glocalization of web sites refers to the co-presence of both standardization and localization features (Tixier, 2005). Okazaki (2005) also classified web sites into three categories such as durable goods, non durable goods and services. Each products category has an appropriate marketing mix strategy including promotion or communication strategy (Murphy and Enis, 1986; Grove *et al.*, 2007). The several empirical previous studies also supported the impact of product category on presences of standardization and localization features as two components of glocalization. Durable goods especially industrial and high tech product category such as cars, computers, audio and video equipment are thought to be least culture-bound and therefore lend themselves to standardization (Batra *et al.*, 1996; Taylor and Johnson, 2002), whereas services category tend to be high localization/adaptation. For non durable goods category including food and beverages were also determined to be less standardized (Okazaki, 2005). It was consistent with the phenomena at traditional media that promotional messages for durable goods are more likely to be standardized than those for non durables (Mooij, 1998). The previous study on internet communication context also confirmed the similar findings (Perry and Bodkin, 2000; Okazaki, 2005; Singh and Boughton, 2005). Based on the statements and previous empirical findings above, the hypothesis 1 is thus formulated in the following:

*H1: Product category (services, durable goods and non durable goods) of global brands' web sites differ in their glocalization strategy on web sites.*

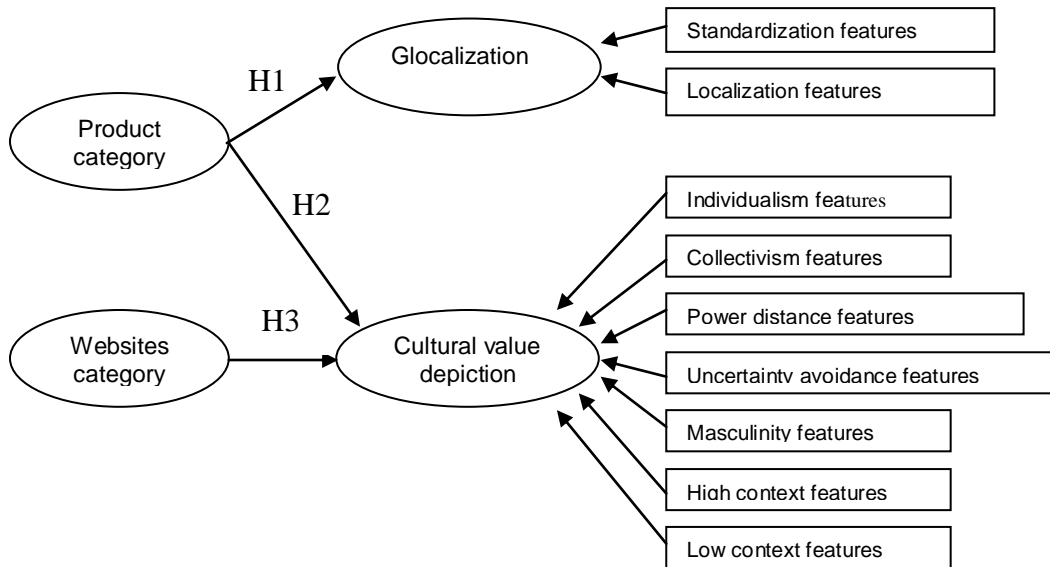
The cultural values depiction refers to the seven dimensions of national cultures from Hofstede, and Hall and Hall such as collectivism, individualism, power distance, uncertainty avoidance, masculinity, high context and low context features (Singh et al., 2003; Singh and Baach, 2004). In lined with Okazaki (2005), we argued that product category has different characteristics; consequently they differ in their cultural value depiction. The previous empirical findings also supported the impact of product category on cultural value depiction. Tixier (2005) suggested that different product category adopted

different strategy on glocalization. In US, product category such as airline, hotel and bank tend to apply global strategy, while computer, e-commerce, car rental and equipment network has been adopting glocal strategy, and local strategy is adopted by fastfood, sport equipment, consulting, entertainment, and advertising. In addition, studies from Okazaki and Rivas, 2002; Singh et al., 2003; Singh and Boughton, 2005 also proposed that the depiction of cultural values on web sites differ among different product category. Based on the arguments and empirical findings above, therefore, the hypothesis 2 has been formulated:

*H2: Product category (services, durable goods and non durable goods) of global brands' web sites differ in their depiction of cultural value on web sites.*

The web site category refers to the classification of web sites on the basis of the original home market and their specific target host markets: adapted web site and local web site. The adapted web sites are defined as web sites of best global brands that have been specifically designed for specific country/Indonesia, on the other hand the local web sites are defined as web site belonging to a local company from country/Indonesia that are developed in the national language of that country/Indonesia and are targeted to the local consumers of that country/Indonesia (Singh *et al.*, 2004). To communicate effectively with different local host markets, the adapted web site of global best brands localized their features with local cultural values (Sterne, 1999). The local web sites from national brands have targeted the local consumers and they belong to local company, so they operated in home market where they are rooted culturally. The empirical findings from previous studies also supported that web site category differed in their cultural values depiction of original web site of US-based company with adapted web site which operated in European countries (Okazaki, 2005); in India, China, Japan and United Stated (Singh et al., 2003). In accordance with the theoretical arguments and previous research results, therefore, this study proposes hypothesis 3:

*H3: Web sites category (adapted website and local website) differs in their depiction of cultural value on web sites*



**Figure 1 Research Model**

### 3. Methodology

In this research, the 100 best global brands and the Indonesia top brands were chosen as the sampling frame for content analysis (Interbrand, 2007; Swa, 2007). Then, the researchers selected sample from sampling frame based on two criteria: the brands were popular in Indonesia and in global market; and the brands have Indonesian web site version. In result, 47 brands from the 100 best global brands were identified as having Indonesian web site (47%), then this study labeled them as adapted web sites; while 23 Indonesian top brands fulfilled the above requirements, thus this study labeled them as the local web sites. Eventually, a total of 70 web sites were used in the current study.

A total of 70 web sites were content analyzed by two experts, and three hypotheses are examined by MANOVA. For ensuring the face validity, the study adopted the robust instrument from previous literatures and checked each item with slight modifications to fit this research. Two kinds of reliability such as inter-rater reliability and intra-rater reliability are also examined.

All of items of dependent variables were measured on a five-point likert scale from “not depicted (1)” to “prominently depicted (5)”. The dependent variables are glocalization web site and cultural value depiction. The glocalization of web site was evaluated based on presence of 10-items of standardization features and 5-items of localization features (Maynard and Tian, 2004; Tixier, 2005; Tian, 2006),

while the cultural value depiction of web sites were evaluated based on 35-items of cultural value framework which consisted of seven dimensions such as collectivism, individualism, power distance, uncertainty avoidance, masculinity, high context and low context features (Singh et al., 2003; Singh and Baach, 2004). The independent variables are product category and web site category. The product category of web site is classified into three categories: service, durable goods, and non durable goods (Okazaki, 2005), while the web sites were categorized into two categories: adapted web site and local web site.

#### 4. Findings and Discussion

##### *Sample profile*

Table 1 showed that according the product category, 29 web sites are services category (41.43%), 33 web sites are durable goods category (47.14%), and 8 web sites are non durable goods category (11.43%). The United States country of origin occupied 24 adapted web sites (51.06%), Asian's country of origin had 8 adapted web sites (17.02%), while 15 adapted web sites were European's country of origin (31.92%).

**Table 1 Sample**

Web sites and Product category	Adapted web sites		Local web sites		Total	
	$\Sigma$	%	$\Sigma$	%	$\Sigma$	%
<b>Services</b>	15	21.43	14	20.00	29	41.43
<b>Durable goods</b>	29	41.43	4	5.71	33	47.14
<b>Non durable goods</b>	3	4.29	5	7.14	8	11.43
<b>Total</b>	47	67.14	23	32.86	70	100

##### *Reliability analysis*

The inter-rater and intra-rater reliability were examined by using the percentage of agreement method as suggested by previous scholars (Perreault and Leigh, 1989; Kassarian, 1977), and the inter-rater reliability was calculated by using the percentage of agreement between first rater and second rater while the intra-rater reliability was measured by using the percentage of agreement between first coding process and second coding process (after 4 weeks). The Table 2 informed both of inter-rater and intra-rater reliability exceeded cut off >0.80 which ranged from 0.88 to 0.96 for inter-rater and from 0.86 to 0.94 for intra-rater reliability.

**Table 2 Reliability analysis**

Dependent variable	Level of Agreement					
	Interrater reliability			Intrarater reliability		
	Adapted web sites	Local web sites	Overall	Adapted web sites	Local web sites	Overall
Localization	0.93	0.96	0.94	0.93	0.97	0.94
Standardization	0.93	0.88	0.91	0.90	0.86	0.89
Collectivism	0.92	0.94	0.93	0.88	0.93	0.90
Individualism	0.92	0.90	0.91	0.90	0.89	0.90
Uncertainty avoidance	0.95	0.96	0.96	0.93	0.94	0.94
Power distance	0.92	0.94	0.92	0.88	0.90	0.89
Masculinity	0.91	0.92	0.91	0.87	0.86	0.87
High context	0.89	0.87	0.88	0.85	0.89	0.86
Low context	0.88	0.89	0.88	0.87	0.89	0.88

***Hypotheses testing***

The results at the Table 3 and 4 informed all the three hypotheses are confirmed. The multiple criteria of multivariate tests of MANOVA supported hypothesis 1 for all samples of 70 web sites and for 47 adapted web sites such as Pillai's trace (0.215), Wilks' lambda (0.785), Hotelling's (0.274), and Roy's root (0.27). All the multivariate tests are significant at <0.01 level of significance. The services category tends to employ glocalization strategy (high score >3.00 both on localization and standardization), durable goods category tends to used high global strategy (high score of standardization 3.76 but low score on localization 2.55), and non durable goods category tends to used high local strategy (high score on localization 3.76 but low score on standardization 1.85). The hypothesis 2 is also supported strongly and significantly, product category of global brands' web sites differed in their depiction of cultural values features on web sites. The tests of between subjects for 7 dimensions of cultural values shows that product category differed significantly in 5 dimensions such as collectivism, individualism, power distance, masculinity, and low context.

The tests of between subjects for 7 dimensions of cultural values shows that web site category differed significantly in 5 dimensions such as collectivism ( $F=7.4$  and  $p$  value=0.001), individualism ( $F=21.8$  and  $p$  value=0.000), power distance ( $F=3.8$  and  $p$  value=0.026), masculinity ( $F=6.9$  and  $p$  value=0.002), and low context ( $F=10.9$  and  $p$  value=0.000). The adapted web sites of global best brands are characterized as low of collectivism value (mean=2.58), high of individualism value (mean=3.64), low of power distance value (mean=2.69), low of masculinity value (mean=2.87), and low of low context value (mean=2.68). On the other hand, the local web sites of Indonesian best brands are identified as high of collectivism and individualism, high of power distance value, high of masculinity and higher score of high context than adapted web sites. Thus, hypothesis 3 is also confirmed.

**Table 3 MANOVA of Product category**

Dependent variables	Mean			Tests of between subjects			Multivariate Tests			
	Serv. (28)	Dur. (33)	Non (9)	Type III SS	F	Sig.	Pillai's trace	Wilks' lambda	Hotel ling's	Roy's root
Localization	3.04	2.55	3.76	10.54	5.01	0.009*	0.215**	0.785**	0.274**	0.27***
Standardization	3.02	3.67	1.85	22.89	9.07	0.000***	(0.004)	(0.003)	(0.002)	(0.000)
Collectivism	3.21	2.43	3.29	11.19	7.27	0.001**	0.94***	0.27***	1.93***	1.37***
Individualism	4.36	3.41	2.19	33.72	32.25	0.000***	(0.000)	(0.000)	(0.000)	(0.000)
Uncertainty avoidance	3.99	3.72	4.02	1.32	0.99	0.377				
Power distance	3.34	2.59	3.29	9.51	3.82	0.027*				
Masculinity	3.39	2.87	3.69	6.46	6.94	0.002**				
High context	3.63	3.28	3.92	3.47	1.64	0.202				
Low context	3.35	2.55	2.38	12.05	9.17	0.000***				

Note: \* Significant at 0.05; \*\* Significant at 0.01; \*\*\* Significant at 0.001

**Table 4 MANOVA of Web sites category**

Dependent variables	Mean		Tests of between subjects			Multivariate Tests			
	Adapted (47)	Local (23)	Type III SS	F	Sig.	Pillai's trace	Wilks' lambda	Hotel ling's	Roy's root
Localization	2.52	3.66	10.15	4.8	0.011*	0.20**	0.80**	0.25**	0.25**
Standardization	3.84	1.88	21.29	8.3	0.001**	(0.007)	(0.005)	(0.004)	(0.001)
Collectivism	2.58	3.39	11.37	7.4	0.001**	0.91***	0.29***	1.77***	1.18***
Individualism	3.64	3.72	27.11	21.8	0.000***	(0.000)	(0.000)	(0.000)	(0.000)
Uncertainty avoidance	3.64	4.32	1.37	1.1	0.363				
Power distance	2.68	3.59	9.54	3.8	0.026*				
Masculinity	2.87	3.81	6.44	6.9	0.002**				
High context	3.30	3.89	3.82	1.8	0.171				
Low context	2.68	3.23	13.82	10.9	0.000***				

Note: \* Significant at 0.05; \*\* Significant at 0.01; \*\*\* Significant at 0.001

## 5. Conclusion and Implications

All three hypotheses are supported in this current study. The product category (services, durable goods, non durable goods) of best global brands differed in glocalization features and their depiction of cultural values on web sites. The services and non durable goods category tend to localize their web sites than durable goods category. This finding confirmed several previous related studies (Batra et al., 1996; Perry and Bodkin, 2000; Singh and Boughton, 2005). Since services category have more direct interaction with their customers, they should localize their web sites at host market higher than non durable and durable goods. On the opposite, the durable goods category tend to be more standardized, less localized and to be least local culture-bound (Taylor and Johnson, 2002; Okazaki, 2005). The research findings also revealed that product categories differed in their depiction of cultural values significantly. Relatively, non durable goods and service category have adapted to cultural values higher than durable goods.

The Indonesian best brands' local web sites are characterized as high localized and low standardized, while global best brands' adapted web sites are characterized as high standardized and low localized. The differences could be also identified from their depiction of cultural value dimensions. More interestingly, from 47 best global best brands that having Indonesian web sites version, the most of brands or 61.6% have used global strategy (high standardization but low localization), and most of them are durable goods category. The brands that occupied glocal strategy (high standardization and high localization) are 6 brands (12.8%) from services and durable goods category, while all of non durable goods category have adopted high local strategy (high localization but local standardization).

The results above have both theoretical and practical implications. It was a clear that glocalization offers a compromise or hybrid strategy of two both perspectives, thus standardization complemented each other with localization vice versa, rather than contradictive or vis-à-vis approach. Then, the effect of glocalization strategy for the company as business entity and for their customers should be answered. For the practitioners, the ethnocentric should be shifted to geocentric perspective which utilizes the advantage of standardization in term of efficiency with the advantage of localization in term of effectiveness of communication including through web sites.

This study have attempted to expand our understandings of glocalization issues and cultural values depiction in web sites context, but there remained several research agenda should be done in the future researchers. First, since this current study was single country setting (Indonesia), consequently it would be difficult to generalize the research findings. Future research needs to provide more evidence from different countries-different cultures more validated results. Second, the future research should compare adapted web sites, local web sites with the original web sites of best global brands. Since, best global brands are coming from several countries with different culture, so a collaboration of cross country native raters is needed. Last but not least, it will be fruitful to extend research sample to all international brands, not only global best brands, and comparing their glocalization and cultural values depiction, both online or marketplace (in web sites), and offline or marketplace.

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