THE EFFECTS OF CULTURAL DIFFERENCE ON THE SERVICE OF THE INTERNET PORTAL

Simon Lee, School of Business, Eastern Illinois University, 600 Lincoln Avenue, Charleston, IL 61920, 217-581-2026, sjlee2@eiu.edu

ABSTRACT

Yahoo!, one of the best Internet portal service giants in the world, is having a difficult time in South Korea, a broadband leader. According to local estimates, more than 71 percent of South Korean households subscribed to broadband net services by 2004. In addition, they spent more than $1.6 billion shopping online in the first quarter of 2004. Yahoo! could not provide South Korean customers their needs on time in such a fast growing and changing country. MSN, another giant in Internet portal service, has not been successful except MSN Messenger in South Korea.

One of the possible reasons why the global giants have not successfully launched out their Internet portal services into South Korea might be found from the cultural differences. When global companies launch and operate their business websites in different countries (e.g., Yahoo.co.kr and MSN.co.kr), they could apply the same business models and web designs to the target counties (standardization) or the localized business models and web designs (localizations). Yahoo! and MSN dynamically applied both strategies to South Korean market. However, they overlooked the different needs of service contents delivered from the cultural gap.

The importance of cross-cultural variables has been highlighted in management theories for the past two decades because theories developed in one country have met with limited success when applied to other settings[1]. Many studies in this perspective have been conducted. Most of Internet related studies have focused on website design and shopping behavior in cross-cultural settings. However, it is very hard to find any studies related to the service contents in the same context. Therefore, this study investigates how the Internet portal service providers in the U.S. and Korea have reflected their own cultural uniqueness and how they are different. In particular, the research will focus on a virtual community service among the Internet portal services. The findings from this study will provide global companies or local companies with the guidelines to overcome cultural barriers in the Internet portal services.

---

[1] Hofstede, G.H., *Cultural Consequences*, Newbury Park, CA: Sage, 1984.