

THE EFFECTS OF CULTURAL DIFFERENCE ON INTERNET SEARCH ENGINE CHOICES

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ABSTRACT

Google, one of the best Internet search engines in the world, is having a difficult time in South Korea, a broadband leader. According to the Ministry of Science, Technology, Information & Communication, more than 91.9 percent of South Korean households subscribed to the Internet service in 2020. Most of the broadband connections are now fiber, with the share of fiber in total broadband exceed 70 percent (OECD 2020). In addition, KOSIS (Korean Statistical Information Service) reported that they spent more than \$138 billion shopping online in 2020. In 2006, Google first launched its service in South Korea. Until 2010, Naver which is a native search engine in Korea continued to occupy more than 70% of the market share. After 2016, the market share reached a peak of 87.5%. Even though Naver's market share has been gradually declined, it ranked first at 58.20%, Google at second place at 34.76%, and Daum (i.e., a native search engine) at third place at 5.51% in 2019.

In most countries, Google occupies an overwhelming share, whereas in South Korea and China, their native search engines take the first place. Other giants in search engines such as Bing and Yahoo have not been successful in South Korea. One of the possible reasons why the global giants have not successfully launched out their search engine services into South Korea might be found from the cultural differences. When global companies launch and operate their business websites in different countries, they could apply the same business models and web designs to the target counties (standardization) or the localized business models and web designs (localizations). However, Google has applied "standardization" strategy only to South Korean market. 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 (Hofstede 1984). 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 Internet search services in the same context. Therefore, this study investigates how the Internet search service providers in the U.S. and Korea have reflected their own cultural uniqueness and how they are different. The findings from this study will provide global companies or local companies with the guidelines to overcome cultural barriers in the Internet search services.

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