Arab-market penetration by small firms through localized website

Mohd Sobri Minai[*]

College of Business, Universiti Utara Malaysia, Kedah, Malaysia

Abstract

Indigenous small firms going international, in particular to the Arab-markets, often face many difficulties and many have failed at the early stage. The modern technology also seems to be of less help as these firms are struggling to compete with their larger counterparts. The paper highlights the preference of the local Arab people (Jordanian) on the localized websites and such preference can be used as the guide for small firms as the means to penetrate the Arab market as the localized website is found to significantly contribute to the higher acceptance level of the local people in Jordan as the source of information. The findings being revealed in the paper is based on the study on the effects of culture and language of the website on user acceptance. The research was conducted in mid-2010 using quantitative method by adopting the cluster sampling technique. This insight provides crucial information and could be the platform for the success of small firms in penetrating the Arab markets.

Keywords: Small firm, Localized website, Internationalization and Arab-market.

1.   Introduction

Markets expansion and going international are vital for small firms but there are many obstacles and challenges they may face. Some of small firms have tried and used various ways to penetrate overseas markets, however, without much success (Acs et al., 1997). Although the majority seems to enjoy operating in the existing local markets, the ability to operate in foreign markets provides pleasure and satisfaction to small firms. Those who go international are more proactive and devote more time to the planned international strategic activities (Anderson & Floren, 2011).

The vast difference between local markets and foreign markets makes small firms less active in penetrating foreign markets (Gilaninia et al. 2011). They act differently and their actions are guided by individual feeling and understanding on new opportunities available to them. Market environments, owner-managers interest, planning,

_____

* Corresponding author: Mobile: +60124125464

  E-mail address: msminai@uum.edu.my

perceptions and their needs play an important role in the decision to explore foreign markets (Yorgason, 2004). When a decision is made and they are in foreign markets, small firms encounter more opportunities together with unexpected problems they have to face due to different market environment in the context of different country (Minai, 2001). These firms often do not have plenty of resources and capabilities to face such situation.

Here comes the need for assistance. In most countries, there are a number of ways being applied to assist small firms going international (Fink et al., 2008; and Ahmadi, 1997). For example, the availability of government assisted programs has made the effort by these small firms more intensive as such programs provide cushion to the whole process. However, with or without government assistance, small firms must be able to reach potential customers from time to time. Out of various communication channels or practices available, advertisement or marketing strategy through the Internet, in particular using websites, seems very common nowadays. This is part of having foreign market knowledge (Musteen & Datta, 2011) and sharing the company's information with others.

Looking at the different culture, language used and local preference, the use of localized website is being observed to assist small firms going international particularly to the Arab market where language is different and the culture being practiced is so strong. Thus, the paper attempts to highlight the potential use of localized website for small firms wishing to go international based on a survey done in Jordan.

2. Websites as the means of business communication

According to Fink et al. (2008), one of the key elements of establishing international marketing network is the quality of communication. Internet is one of the communication tools and is often used by most people in their day-to-day life. Callahan (2006) claims that this global system of interconnected information and communication raises a number of questions and one of them is the question of how people from different regions and cultures can understand and accept the design of the website, and how these technologies contribute to the benefit of every human being. For Gould et al. (2000), culture is a powerful criterion for acceptance of websites. The representation of culture in websites affects the level of usage and acceptance of the websites.

Today, the Internet and websites have become so common to the extent that all levels of people are viewing websites. People are using the Internet and websites to chat, purchase and even find life partners. In fact, after the year of 2000, people have classified this century as the Internet century (Morrell, Mayhorn & Bennett, 2002). However, when it comes to the application of the Internet, there are specific needs and preferences. It is evident that people from different regions have different preferences, most likely due to the differences in culture and climate (Christina, 2005). In designing websites, it is suggested that designers use collective information on different languages and iconography to design ideas and concepts, and employ different standards for dates, time, and numbers (Morrell, Mayhorn, & Bennett, 2002). The differences between various cultures put forth the question of how easy or difficult an interface designed in one region could be understood and accepted by users from different regions.

It is important to realize that with the wide diffusion of the Internet, most people are able to surf the Internet at an affordable cost (Kiski & Pohjola, 2002). Accordingly, the Internet users have quadrupled in the first nine years of this millennium. The statistics shows leap frog number of internet users where there were 361 million users at the start of 2001 and the new number of 1,668 million in 2009. This is an incredible increase of 362.3%. In total, the number of internet users is about 27.8% of the total world population of 6 billion (refer to table 1).

Table 1

World internet usage statistics

World Regions	Population	Internet users 2000	Internet users 2009	Penetration	Growth
Afrika	991,002,342	4,514,400	65,903,900	6.7 %	1,360%
Asia	3,808,070,503	114,304,000	704,213,930	18.5 %	516%
Europe	803,850,858	105,096,093	402,380,474	50.1 %	283%
Middle East	202,687,005	3,284,800	47,964,146	23.7 %	1,360%
North Amerika	340,831,831	108,096,800	251,735,500	73.9 %	133%
Latin Amerika/ Caribbean	586,662,468	18,068,919	175,834,439	30.0 %	873%
Oceania/ Australia	34,700,201	7,620,480	20,838,019	60.1 %	173%
WORLD TOTAL	6.77 millions	360,985,492	1.67 millions	24.7 %	362%

Source: http://www.internetworldstats.com/stats.htm

Within the business context, websites or web pages create unique opportunities in which the organization pages can be accessed from all parts of the world. In fact, many companies and organizations have considered and deployed their homepage as a virtual gateway to the world. They can interact better and faster with customers as web pages can be the means for communication. Business transactions, friendship, knowledge exchange and many other things can take place using the web and web pages.

For the Arab community, Wheeler (2006) reported that most internet users in Jordan and Egypt are not comfortable in using English. The reasons are mainly due to their inability to use English language and the challenges to the open culture identified in English websites. Thus, if online business and knowledge sharing and exchange are to take place, the option is to localize the websites, not merely translating the websites as it is not enough for the local Arab audience. For Goldsmith et al. (2003), *"What may be common sense to one culture may be offensive to another".* There is a need to be sensitive to cultural issues when it comes to localizing English websites to target non-English users. Cyr and Smith-Trevor (2004) suggest for the website localization to involve translating content and adapting it to local cultures. Changes should not only be done on the content, but also on the graphics,

colours, symbols, time and date formats, and so on. In order to gain market advantage, firms should extend beyond mere translation of the user interface to also cover the cultural parameters.

3.   Localizing the business websites to penetrate Arab buyers

The lesson from a company at Silicon Valley should be well remembered. The company had redesigned its Japanese website and, when it was launched, it stayed live for only two days before they discovered that some of the design elements were considered culturally offensive to the Japanese audience. The site was taken off-line immediately to avoid damage to the image of the company (Sheridan, 2001).

The businesses going into the Arab markets need to localize their websites in order to reach more audience by putting cultural issues above technical issues. The business localization must include adjusting the features of the product (e.g. translation, punctuation, dates, etc.) to mirror the needs and conventions of the target audience on the surface level and adjusting the aesthetic appeal, images, colours, logic, functionality, and communication patterns on the cultural level (Sun, 2004; and Shen, Woolley, & Prior, 2006). This includes translation, adaptation of graphics, adoption of local currencies, use of proper forms for dates, addresses, and phone numbers, and many other details. Today, localization is used in conjunction with the term internationalization, which means the preparation of a product to make it suitable for efficient localization and globalization signifies the global design of a product (Sandrini, 2007).

It is expected that localized business websites eventually save time, money, and avoid frustration (McDill, 2001) as they are well accepted by local people and the government. The case of Ikea, for example, proves such needs when the Saudi government blocked Ikea's website with a splash screen of two people entwined on a sofa because it is offensive to their culture (McDill, 2001). The case of McDonald shows how highly localized websites with highly adaptable to local cultural values and customers preferences wins the heart of local people (Deyrich & Ess, 2007). The contribution on business performance is also awesome. Parr and McManus (2001) highlight how Macromedia decided to localize its website into eight languages and saw a 50% increase in international sales.

4. Methodology

This research focuses on the needs for localizing websites by comparing the perceptions of Jordanian people on three media websites representing the fully localized website, semi-localized website and the original English website. They are;

1. alrai.com. This website represents the fully localized media website
2. aljazera.net. This website is the most popular website in the Arab region and represents the semi-localized media website
3. bbc.com. This website is western origin and represents the standard category within the context of this study.

Cluster sampling was used to identify the respondents by clustering Jordan according to its demography, the North, Central and South region. The selection of respondents followed random concept where the researcher approached potential respondents through random places instead of random element. Thus, instead of having the list of all citizens in Jordan, the list of places was identified and the researcher distributed questionnaires to potential respondents available at the particular places. Among the places were (i) education centres such as universities and school, (ii) internet cafes, (iii) shopping complex and (iv) private and government offices.

In total, 700 questionnaires were distributed with 420 were regained. However, 10 questionnaires were rejected. This represents 60% response rate. The survey instrument was composed of a list of quantitative questions that explored the feelings and perceptions of each user regarding various contextual elements of the selected websites.

5. Findings

The key finding selected to be presented here is the significant score to explain about the preference of local people (Jordanian) on the localized website. Based on one- way ANOVA test result the local people definitely prefer the website that is in their language and not offensive to their culture. Table 2 shows the findings and table 3 and table 4 provide the statistical results.

Table 2

Descriptive-cultural adaptation scores for website

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
alrai.com	242	4.21	1.07323	.06899	4.0740	4.3458	1.25	5.00
aljazeera.com	76	2.33	1.02745	.11786	2.0975	2.5670	1.00	5.00
bbc.com	92	2.36	0.93270	.09724	2.1655	2.5519	1.25	5.00
Total	410	3.45	1.38113	.06821	3.3124	3.5805	1.00	5.00

Table 3

One Way Between-Groups ANOVA for alrai.com website

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	344.249	2	172.124	160.704	.000
Within Groups	435.924	407	1.071		
Total	780.173	409			

The high mean score of 4.21 shows the highly preference or acceptance level of Jordanians on the websites they visit. The analysis on media code 1 representing alrai. com, media code 2 for Aljazeera.com and code 3 for bbb.com shows Jordanians have positive perceptions on the fully localized website. They seem to give less preference even for the semi-localized website, the Aljazeera, that claims to be accepted by other Arab nations. Thus, having business advertisement on website in the local language following the local culture shall be viewed by most of the local people. It has to be fully localized websites and the score for semi-localized website is similar to the origin website, both have the non-preferable scores.

As the cost of producing websites is affordable to small firms, localizing their website should be one of the approaches to penetrate the Arab markets. Besides the effective result, small firms can enjoy the privileges offered by local government to promote small firms, in this case, most likely by having joint-venture or partnership with the local small firms.

Table 4

Multiple comparisons (Tukey HSD) for alrai.com website

MEDIA CODE	MEDIA CODE	Mean Difference	Std. Error	P-value	95% Confidence Interval	
					Lower Bound	Upper Bound
1	2	1.87764*	.13608	.000	1.5575	2. 1978
	3	1.85118*	.12676	.000	1.5530	2. 1494
2	1	-1.87764*	.13608	.000	-2.1978	-1.5575
	3	-.02646	.16042	.985	-.4038	.3509
3	1	-1.85118*	.12676	.000	-2.1494	-1.5530
	2	.02646	.16042	.985	-.3509	.4038

* The mean difference is significant at the 0.05 level.

6   Conclusion

The Arab market, which is in a way a closed market to the Arab people, is actually easily penetrable by using localized website to reach to the maximum of local potential customers. Small firms can use the powerful tools of the internet by having their own localized websites to deliver their messages or promotions effectively and successfully to the Arab world. By taking into account the way Arab people accept others and by not tolerating on their culture, localizing the content of the website to follow their needs and desire seems reasonable. The study provides evidence on the importance of understanding their beliefs and culture, trying to avoid negative influences and trying to include some favorable cultural symbols and allusions. These make the web users feel more comfortable and eventually may trigger early business communication.

.

References

Acs, Z., Morck, R., Shaver, J M. & Yeung. (1997). The internationalization of small and medium-sized enterprises: A policy perspective. *Small Business Economics.* 9, 7-20

Ahmadi S. A. (1997). The role of international trade and industrialization in economic growth in developing countries: The case of Malaysia. *PhD dissertation*. The University of Oklahoma, Pub no. AAT 9728711

Anderson, S. & Floren, H. (2011). Differences in managerial behaviour between small international and non-international firms. *Journal of International Entrepreneurship.* 9(3), 233

Callahan, E. (2006). Interface design and culture. *Annual Review of Information Science and Technology*, interscience.wiley.com. 39(1), 255 - 310

Christina, L. (2005).When Norman meets Chinese. *http://www.uigarden.net/english/ when-norman-meets-chinese*

Cyr, D. & Smith-Trevor, H. (2004). Localization of web design: A comparison of German, Japanese, and U.S. website characteristics. *Journal of the American Society for Information Science and Technology.* 55(13), 1-10

Deyrich, M. & Ess, C. (2007). Cultural diversity and participatory evolution in is: Global vs. local issues. In ACIS (Ed.), *18th Australasian Conference on Information Systems*

Fink, M., Harms, R., & Kraus, S. (2008). Cooperative internationalisation of SMEs: Self commitment as a success factor for international entrepreneurship, *European Management Journal*. 26(6), 429-440

Gilaninia, Dizaji, S. & Mousavian, J. (2011). The effect of environmental factors on export. Interdisciplinary *Journal of Contemporary Research in Business.* 3(3), 954

Gould, E., Zakaria, N., & Yusof, M. (2000). Applying culture to website design: A comparison of Malaysian and US Websites. *portal.acm.org*

Kiski, S. & Pohjola, M. (2002). Cross-country diffusion of the internet, *Information Economics and Policy.* 14(2), 297-310

McDill, K. (2001). Eserver TC Library. *Eserver: http://tc.eserver.org/11898.html*

Minai, M.S. (2001). An examination of the potential for enhancing Malaysian small- medium size business activity in export markets within the furniture and halal food sub-sectors. *PhD thesis*. De Montfort University. UK

Morrell, N., Mayhorn, B., & Bennett J. (2002). Older adults online in the internet century. In R. W. Morrell (Ed.), Older Adults, Health Information, and the World Wide Web (p 43-57). *New Jersey: Lawrence Erlbaum Associate*

Musteen, M. & Datta, D. K. (2011). Learning about foreign markets. *Journal of International Entrepreneurship.* 9(2).

Parr, B. & McManus, M. (2001). Web-site globalization: The next imperative for the internet 2.0 Era. Available from *http://www.etranslate.com/en/downloads.* Globalization_report.pdf

Sandrini, P. (2007). Website localization and translation. Proceedings at the *Marie Curie Euro conferences MuTra Challenges of Multidimensional Translation.* Saarbrücken 2-6 May 2005.

Shen, T., Woolley, M., & Prior, S., (2006), Towards culture-centred design, science direct. interacting with computers, *Elsevier.* 18, 820-852

Sheridan, F. (2001). Cross-cultural website design considerations for developing and strategies for validating locale appropriate on-line content, *MultiLingual Computing & Technology*.

Sun, H. (2004). Expanding the Scope of Localization: A cultural usability perspective on mobile text messaging use in American and Chinese Contexts, *http://www. science direct.localisation.ie*

Wheeler, D. L. (2006). Empowering publics: Information technology and democratization in the Arab world. Lessons from internet cafés and Beyond, *Oxford Internet Institute.* No.11.