Localization Strategy for Global Expansion via E-commerce

Valeria Garcia

MBA - Marketplace Expansion Manager, Pangaea Holdings
vgarciaalvarez1987@gmail.com

Abstract

The global pandemic and travel limitations caused a surge in e-commerce between the end of 2019 and the beginning of 2020. As a result, the market's growth was expedited and corporate tactics were modified. As businesses started to provide their services internationally, specialized development techniques were necessary. Localization, which entails modifying an online store's content for a particular market, has several advantages for businesses, including a rise in market share and profits. By adapting their services to the specific needs and expectations of local markets, a good localization plan may help e-commerce businesses position themselves for success in the global market. Despite the fact that there is no universally applicable strategy for success, careful planning, and careful research may greatly enhance business operations and raise revenues in untapped areas. For the knowledge and use of localization methods in e-commerce to develop, more study and access to corporate data are required.

Keywords: E-commerce, Localization strategy, Global expansion, Customer adaptation

Introduction

e-Commerce experienced its boom at the end of 2019 and at the beginning of 2020 after the announcement of the global pandemic of the virus Chovid 19. Only the restriction of freedom of movement led to the necessity of using the Internet for shopping and services. This trend has led to the accelerated development of the already existing market as well as a change in the strategies of the companies operating in it. Companies began to expand the domain of their services, which often led them to cross the borders of their countries and even continents (Alcedo et. al, 2022).

The trend of doing business across cultures via the Internet has been present in several global conglomerates such as Amazon, eBay and several others. The newly developed online business market has survived the pandemic because of its advantages for business owners, workers and customers. Employers adapted their work to hybrid models or completely switched to a work-from-home model, while employees in most cases experienced this change as a convenience for them that gives them greater freedom and dynamism in their work. Customers and users of services have the benefit of fast procedures and the availability of a large amount of information "in their hand" via smartphones or computers (Kitagawa et.al, 2021, Brynjolfsson et.al, 2020).

The creation of this new situation has led to a change in business dynamics as well as the need to develop new tools and strategies in order to provide the best possible service to the end consumer. Encountering different cultures brings the

necessity of knowing the customs, behavior and wishes of new customers, which can represent a drastic difference in approach compared to the home country of the company's operations. Many companies are faced with the need to expand their market to new regions, creating the need for a localized strategy in global development (Cavallo et. al, 2022, UNCTAD , 2021).

Global competition, improved information availability, educated customers, shifting connections, quick innovation, and increasingly sophisticated goods are transforming the world of business into an e-economy (Garcia 2021). No industry is spared.

Importance of Localization strategy

The process of adapting an online store's current content to a different market is known as e-commerce localization. A US-based direct-to-consumer company, for instance, moving into Mexico would need to create a translated version of its website, mostly with Spanish website language and photos of Mexican consumers, and accepting common payment methods of consumers in that country. Online businesses can get a number of benefits by localizing their e-commerce websites. A 47% of customers said that when deciding which companies to buy from, being present in their local market was an important consideration (Dopson, 2022).

A localization plan is essential to the worldwide expansion of digital services and e-commerce firms. Businesses may efficiently respond to the demands and preferences of their target market in various locations by creating a localization plan, which will boost brand awareness, customer happiness, and loyalty. An essential element of a successful international e-commerce expansion strategy is localization services. You may stop foreign customers from leaving your website in search of a company that allows them to conduct business in their own language and with their own currency by customizing the currency, domain, product price, and images shown on your e-commerce site based on the location of each visitor (Ordorica, 2021).

A successful localization plan in e-commerce has several benefits. It makes it possible to increase the market, generate more income, improve customer service, get a competitive edge, comply with regulations, manage the supply chain effectively, and gain insightful information about the industry. E-commerce companies may position themselves for success in the global market by customizing their services to fit the distinct demands and expectations of local markets (Davenport, 2021). The main arguments in favor of localization are;

- Market Expansion and Increased Revenue - By localizing their web pages, e-commerce companies may access new markets and expand their consumer base. Companies may strengthen their presence and gain the trust of local customers by adapting to local tastes, language, culture, and legislation. Increased sales and money creation follow from this.

- ▪ Enhanced Customer Experience - Customers benefit from a seamless and personalized purchasing experience because of localization. Businesses may remove obstacles to purchase and increase consumer satisfaction by presenting information and interfaces in their native tongue, showing prices in local currencies, and giving region-specific payment options. Increasing client happiness and loyalty encourages return business and favorable word-of-mouth recommendations.
- ▪ Competitive Advantage - A successful localization plan may provide the company with a competitive edge in the world of international e-commerce. Businesses may modify their offers to differentiate themselves from rivals by analyzing local market dynamics, consumer behavior, and preferences. To meet local standards, this entails modifying marketing tactics, product descriptions, user interfaces, and customer service. Businesses may stand out from the competition and increase their market share by providing a localized experience.
- ▪ Supply Chain Efficiency - Optimization of the logistics and supply chain processes is another aspect of localization. E-commerce companies may speed up deliveries, save shipping costs, and optimize the fulfillment process by setting up local alliances, distribution hubs, and delivery networks. Customers are more likely to be satisfied when firms are able to meet local demands for prompt and dependable order fulfillment.
- ▪ Market Insights and Adaptability - Developing a localization plan requires having a thorough understanding of regional markets, consumer trends, and consumer preferences. Understanding client demands, seeing new possibilities, and adjusting product or service offers are all possible with the use of this knowledge. Businesses may make decisions based on the information and stay ahead of other companies by becoming aware of the local market circumstances.

The aforementioned segments of e-commerce localization can significantly improve the quality of service provision. Namely, by creating an environment that is customized for a certain area, a significant improvement in the company's operations can be expected. Localization should be done in a professional manner with consultation with area experts to ensure accuracy and effectiveness (Singh & Keating, 2018, Chhibber & Chadha, 2019, Broeder, 2022, Robbins & Stylianou, 2003).

According to Garcia's (2021) study, there is a significant link between online marketplace support and a rise in entrepreneurial intention. This can be interpreted that a good localization strategy can positively impact the marketplace and benefit the creation of new businesses. In a sense providing good online practice in the new online market with the implementation of key mechanisms of localization can only benefit the new marketplace and provide new companies that can benefit the overall trade. This provides the opportunity

for the creation of site-specific services that are not present to better fulfill customers' needs and provide new routes of cooperation and collaboration.

Discussion

Implementation of e-commerce localization is a very serious and responsible task. there is often confusion between localization and certain parts of this process where part of the process is presented as the process itself. One of the most common examples is the confusion between localization and translation. Translation is one part of the e-business localization process and refers to the translation of web pages, products and services without further thinking about whether the original content is in line with the culture of the consumer group. As a result of translation alone, there can be a complete loss of the meaning of business due to differences in culture, way of speaking and thinking and the very promotion of the product or service.

One of the not-so-successful implementations where translation and localization have just been mixed can be seen in Amazon and their approach to the Arab market. During the creation of the website and the translation of the product, there was no deeper consideration of the cultural background of the target area, and therefore the localization attempt in this case was unsuccessful because it was incomplete. Literal translations of English words into Arabic led to great dissatisfaction among users of this domain and gave a worryingly poor indicator in the mid-2022 survey (Omar et.al 2022). This approach can very easily have the opposite effect, i.e. instead of gaining new customers, the company can lose regular customers who may understand such omissions as disrespect. Depending on the size of the company and the market for which localization is being done, the negative effects differ drastically. From the previous example, Amazon is not visibly affected by such an error due to the sheer size of the company and the different markets in which it operates, but if a similar error were to happen to a small company trying to break into its first foreign market, the effect could be fatal.

One of the good examples of localization practice can be seen in the Coca-Cola Company in the Chinese market. Due to the difference in culture, writing and way of thinking of consumers, a specific strategy of localization of the brand came about in order to better adapt to this market. The brand deviated from its global approach and created a specific image of itself that is closer to the consumers of this market. Starting with the branding itself, the name and packaging has been adapted to the language and deviates from the look that can be seen in the US. The color palette has remained the same as the recognizable symbol of the company, while with products that are unique in this market, you can also find an official website that is adapted in accordance with the culture and way of life in China. These changes, according to the official reports of the Coca-Cola company, led to an initial growth of 16% in the Asian market and almost 5% growth each subsequent year (coca-cola company, 2023).

The initial steps of localization are reflected in website translation, product customization and marketing strategies. The translation of the product itself must be in the spirit of the language of the target area. frequent mistakes in this work are reflected in the direct translation of words and concepts that often make little sense. As an example, we can cite areas where there are legal regulations for sending that originally refer to the letter, language and way of expression during branding. Some of the countries that have such implemented laws are Russia, China, certain European countries as well as several other Asian countries. In these cases, adapting to another language is not only a strategy to increase market presence, but also a legal regulation that can cause financial consequences if not implemented properly. The best way to align a localization strategy when it comes to translation is to hire native speakers of the area and work around different translation technologies to achieve the desired effect (Ordorica, 2021, Mieke, 2023, Phrase, 2023).

A localization plan must include product customization. It entails customizing a product to meet the linguistic and cultural requirements of consumers in new markets. This may be done by changing the packaging or contents on websites to make it suitable for clients from different markets or, more specifically, for customers from a specific market. As part of customization, characteristics of the product may be altered in accordance with local requirements, as well as language localization and cultural adaption. Businesses may improve consumer satisfaction and simplify the transfer to new markets by tailoring a product for a specific market. A successful localization plan may aid in business growth and expose it to thousands of new prospective customers (Knight, 2021).

A localization plan for e-commerce can benefit greatly from marketing tactics. Companies may boost consumer happiness and boost sales by customizing an e-commerce site's currency, domain, product price, and images according on the location of each customer. By giving international customers an individualized shopping experience, localization may help businesses acquire a competitive edge and expand their market share. This might involve making websites and advertising campaigns linguistically and culturally appropriate (Dopson, 2022, Gepard, 2022).

Conclusion

Localization strategy for e-commerce is a very important aspect of companies' business if they want to expand their products and services on a global level. Careful application of examples of good practice during business can significantly improve the company's presence in a new market, attract new clients and improve the business model, thereby generating additional profit. We should also not ignore the improper use of localization tools and the very

negative effects that such a way of doing business can achieve. When we talk about localization strategies, we must keep in mind that the size of the company that is expanding to a new market, as well as the size of the new market itself, play an important role in the process itself. Large companies can make an efficient and effective local business strategy significantly easier than smaller ones. Investing larger financial resources in the research of key aspects of local strategies in the largest number of cases indicates that the localization strategy will be successful and contribute to the desired goals. The available data do not indicate a correlation between the important cultural aspects of international markets and no universal formula for success can be achieved. Data indicate that applying a cautious approach to market research can lead to business improvement, but all available data is specific to certain products and services. Research on localization strategies cannot yet be considered complete and requires more open access to data from companies operating in this area. The concept of the strategy itself is not new, but its implementation on a larger scale began at the beginning of 2020. For the sake of more effective analysis of the process, it is necessary to obtain accurate data of a specific market and perform site specific analyses.

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