# Globalization of Consumer E-Commerce

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## INTRODUCTION

This article reviews globalization aspects of "business to consumer" (B2C) electronic commerce. According to *Computerworld*, "Globalization is the marketing and selling of a product outside a company's home country. To successfully do that on the Internet, a company needs to *localize* – make its Web site linguistically, culturally, and in all other ways accessible to customers outside its home territory" (Brandon, 2001). This overview describes the key issues in the globalization of electronic commerce; for more detail, see the full book chapter (Brandon, 2002).

## BACKGROUND

"Ever since the end of the Cold War, the world has been rushing toward ever-higher levels of national convergence, with capital markets, business regulation, trade policies, and the like becoming similar" (Moschella, 2000). The value of cross-border mergers grew six-fold from 1991 to 1998 from U.S. $85 billion to $558 billion. The world has not witnessed such a dramatic change in business since the Industrial Revolution (Korper & Ellis, 2000). More than 95% of the world population lives outside of the U.S., and for most countries, the majority of their potential market for goods and services is outside of their borders. Over 60% of the world's *online* population resides outside of the United States (IW, 2000).

Today, the majority of Fortune's 100's Web sites are available only in English (Betts, 2000). In our rush to get on the WWW, we sometimes forget that WW is for "World Wide" (Giebel, 1999). Today's average Web site gets 30% of its traffic from foreign visitors, yet only 1% of small and mid-size American businesses export overseas (Grossman, 2000b).

## KEY ISSUES

"Localization" (shortened to L12N in Internet terms) considers five global dimensions: geographic, functional, regulatory, cultural, and economic (Bean, 2000). We shall overview each of these somewhat overlapping and interrelated issues in these groupings: language, cultural, legal, payment/currency, dates/units, and logistics.

### Language

According to IDC, by 2005, more than 70% of the one billion Web users around the world will be non-English speakers (Wonnacott, 2001). For the immediate future, most of the Internet community will still understand English, but overall English is the native language to only 8% of the world. Most users in foreign countries prefer content in their own language; for example, 75% of users in China and Korea have such a preference (Ferranti, 1999). It was found that visitors spend twice as long, and are three times more likely to buy from a site presented in their native language (Schwartz, 2000). We also have to take into account differing dialects that are used across various countries speaking a specific language. The combination of language and dialect is called a "locale".

One can convert Web pages by hiring a translator or using a computer-based translation product or service. Hiring a translator will provide the best localization but is more costly than the automatic methods. Translators can easily be found in the Aquarius directory (http://aquarius.net) or Glen's Guide (www.gleensguide.com). It is best to use a translator that "lives" in the local region; if a translator has not lived in a region for a decade, he has missed 10 years of the local culture. There are also many companies that provide translation services such as: Aradco, VSI, eTranslate, Idiom, iLanguage, WorldPoint, and others. The cost of these services is about 25 cents per word per language (Brandon, 2002). Automatic translation software is another option, but it is still in its infancy (Reed, 2000). Some popular software products for translation are: www.e-ling.com, www.lhs.com, and www.systransoft.com. The automatically-translated text typically does not convey the meaning of the original text.

There are several Web sites which provide free translation services such as: http://babelfish.altavista.com, *http://translator.go.com*, and www.freetranslation.com. For example, Figure 1 shows the "BabelFish" Web site where we are requesting a translation of an English sentence into Spanish. Figure 2 shows the translation results.

Another alternative, although certainly not optimal, is to provide a link on your English Web page for these free services so that visitors can translate your content themselves. Figure 3 shows a portion of the CBU School of Business English version Web site.

The automatic Spanish translated version (using BabelFish) is shown in Figure 4. Note that automatic version, while syntactically and grammatically correct, does not

*Figure 1.*

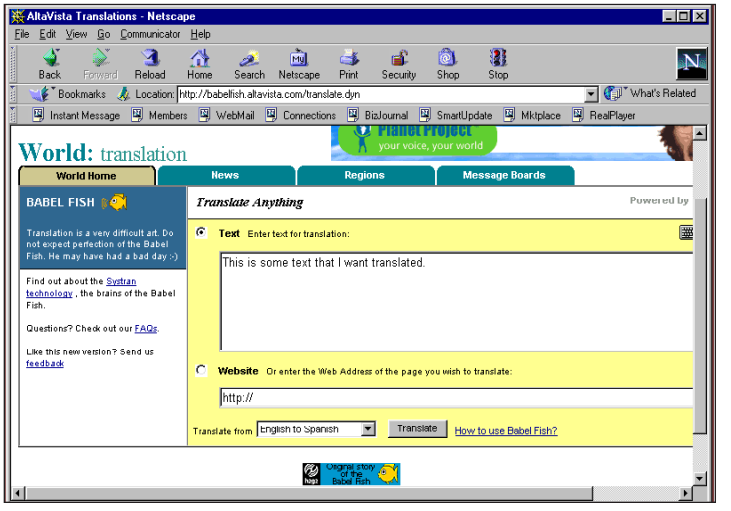
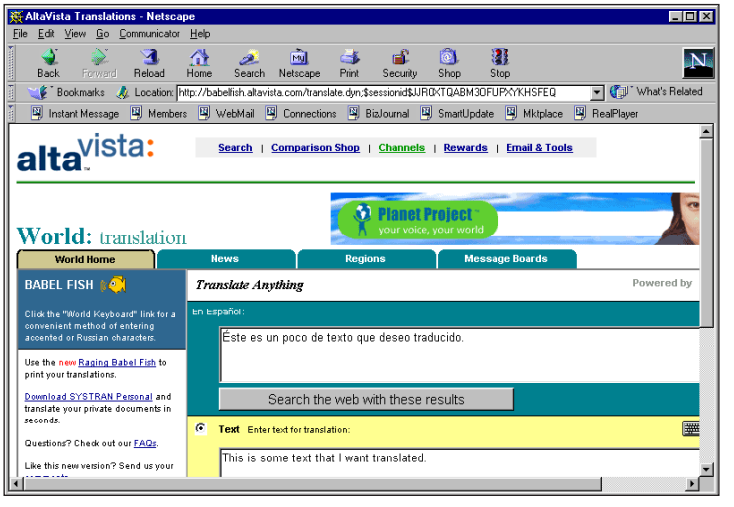



*Figure 2.*




convey the exact intended meaning to most of the titles and phrases.

Figure 5 is the version converted by a translator manually, and even though you may not speak Spanish, you can see the extent of the differences (Brandon, 2000). Shown in Figure 6 is the home page for FedEx (www.fedex.com). One can select from over 200 countries for specific language and content.

## Cultural

Creating an effective foreign Web site involves much more than just a good language translation. Not only do languages differ in other countries but semantics (the meaning of words and phrases) and cultural persuasions in a number of key areas are different. "Sensitivity to culture and national distinction will separate success from failure" (Sawhney & Mandai, 2000). To be effective, a Web site has not only to be understandable and efficient, but has to be culturally pleasing and inoffensive. To accomplish that, it may be necessary