Chapter 1

Issues in the Globalization of Electronic Commerce

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ABSTRACT

This chapter presents globalization aspects of electronic commerce, describes the key issues in each area, and then analyzes approaches that could be Used to address these issues. "Globalization" is the marketing and selling of a product outside a company's home country, and the most effective way to do that on the Internet is via localization of Web content. 'Localization' is the process and product of customizing Web content so that it is most understandable and usable to a person residing in a particular locale. That process involves several aspects including: Language, Culture, Laws/Regulations, Payment/Currency, Dates/Units, and Logistics. In each of these areas there are a number of both business and technical issues that are illustrated and analyzed in this chapter.

INTRODUCTION

This chapter presents globalization aspects of 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). The objectives of this chapter are to identify and describe the key issues in the globalization of electronic commerce and to present architectural and other solutions available.

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, 1999). The value of cross-border mergers grew sixfold 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, 2000). More than 95%

of 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. Currently (11/2000) over 60% of the world's online population resides outside of the United States (IW, 2000):

United States 36.2%	Japan 7.2%	Germany 5.1%
United Kingdom 4.8%	China 4.2%	Canada 4.0%
South Korea 3.9%	Italy 3.1%	Brazil 2.8%
France 2.4%	Australia 2.2%	Russia 1.8%
Taiwan 1.7%	Netherlands 1.4%	Spain 1.3%

Today the majority of the Fortunes 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). Wal-Mart (a $165 billion U.S. company) has a global work force of more than 1 million and runs more than 1000 of its 3406 retail outlets outside of the U.S.; yet its Web site (Wal-mart.com) is only for Americans (Sawhney, 2000). Today's average Web site gets 30% of its traffic from foreign visitors, and only 1% of small and midsize American businesses export overseas (Grossman, 2000).

KEY ISSUES

"Localization" (shortened to L12N in Internet terms) considers five global dimensions: geographic, functional, regulatory, cultural, and economic (Bean, 2000). We shall examine each of these somewhat overlapping and interrelated issues in these groupings: Language, Cultural, Legal, Payment/Currency, Dates/Units, Logistics; and then discuss other general business issues. Technical issues will also be identified, before we present architectural solutions and recommendations.

Language

Currently (1/2001) the breakdown of Internet User languages is roughly 50% English, 8% Japanese, 6% German, 6% Spanish, 6% Chinese, 4% French, and 20% other. That means if one does not localize their Web site soon, he/she will be ignoring more than half of the world. 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 of 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).

Multiple languages are Used in many areas. Belgium has both French and Dutch. In Switzerland, German, French, and Italian are Used. Also, we have to take into account differing dialects that are Used across various countries speaking a specific language. One cannot use "Classic German" in Germany, Austria, or Belgium, since they all speak a different German. The combination of language and dialect is called a "locale."

When one installs an operating system on his/her computer, they may specify a locale. Then to view content that has been localized for another language, one has to have the Internet browser properly equipped with the correct scripts (characters and glyphs/symbols). In some locals there may be one spoken language but several writing systems for it, such as in Japanese. The current versions of Netscape and Microsoft Internet Explorer support most languages directly or via a "download" of needed scripts. You still may have

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