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

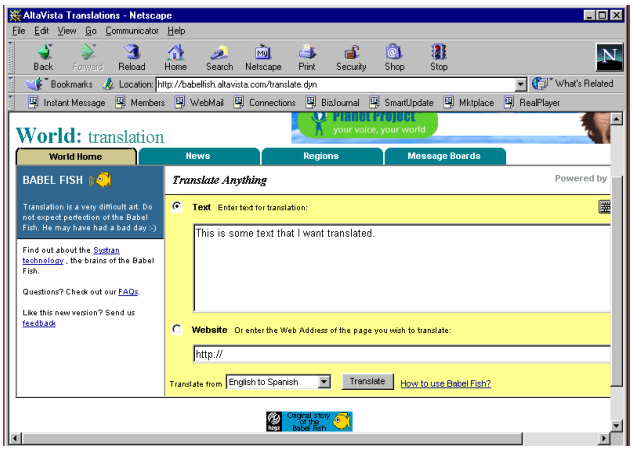
According to IDC, by 2005, more than 70% of the one billion Web users around the world will be non-English speakers (Wonnacott, 2001). For the immediate future, most of the Internet community will still understand English, but overall English is the native language to only 8% of the world. Most users 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.

Figure 1



The automatic Spanish translated version (using BabelFish) is shown in Figure 4. Note that automatic version, while syntactically and grammatically correct, does not 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 that not only language be localized, but that content, layout, navigation, color, graphics, text/symbol size, and style may be different. Many companies have put forth global Web sites simply by translating the English into the targeted language, but then had to pull back and redesign the localized site due to cultural offenses.

A country's humor, symbols, idioms, and marketing concepts may not send the same messages to other countries in the world. Some areas of global disagreement to avoid are: equality of the sexes or races, body parts and sexuality, abortion, child labor and majority age, animal rights, nudity, guns, work hours and ethic, capital punishment, scientific theories, and religious particulars (Brandon, 2002).

Colors have symbolic and special meaning in most locals. Purple is a problem in many places; it symbolizes death in catholic Europe and prostitution in the Middle East. Euro Disney had to rework its European sites after the first version used too much purple. Overall blue is the most culturally accepted color (Brandon, 2001). It is also very important to respect other cultures "symbols" (heroes, icons, etc.) both positive and negative (swastika). One guide site is *Merriam Webster's Guide to International Business* (*www.bspage.com/address.html*).

Legal

Recently French court's ruling that Yahoo must make auctions of Nazi memorabilia unavailable in France indicates how uncertain and risky international e-business can be. "The troubling aspect of this case is that different countries can say that content not even targeted at their population breaks the law" (Perrotta, 2000). With the Internet, it is not possible to know for sure where a user is logged in due to "IP tunneling" possibilities.

"Freedom" laws (such as the U.S. First Amendment) are not universal, and saying/printing some things can be illegal in some parts of the world. In the U.S., you can say what you like about "public figures" but not so in most of the rest of the world. Another legal issue concerns the privacy of personal data collected online. Many parts of the world have stricter laws than does the U.S., and U.S. companies have had judgments rendered against them in foreign courts. There are other areas that could cause legal problems, too. One is foreign advertising restrictions; for example, in Germany, one cannot directly compare your product with that of a competitor. In some other countries this comparison may not be illegal but may leave a bad taste.

Figure 2