# Localization Matters

*Why Adapting Products and Websites to Local Market Needs Means Good Business*

By Donald A. DePalma, Nicole Kustanovitz, Benjamin B. Sargent, and Nataly Kelly

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# Topic

## Corporate Buyers Prefer Localized Products

What kind of financial return should your company expect when you localize its products? If you translate your marketing website, will more people buy what you're selling? Or, is English enough for both the products and the websites that market them? In our many conversations and engagements with clients that sell products and services globally, we often field these questions. We almost always confirm, "Yes, localization is extremely important for your business." Yet, many companies still have doubts about the value of localizing their wares.

We've long contended that localization and translation matter. Products that haven't been adapted to local linguistic and business conditions have a higher total cost of ownership (TCO) for their buyers. Unlocalized offerings simply transfer the costs of labor, support, and usability to their customers and their employees (see "Beggars at the Globalization Banquet," Nov02).

In this report, we describe the results of a survey that we conducted in September 2008 about buying preferences for localized products. We polled 351 businesspeople in eight non-Anglophone countries about the software they buy for their firms. We found a high correlation between purchasing likelihood and localized products – nearly all of our respondents told us they were more likely to buy products with translated product information and localized interfaces. With data showing that more than nine out of 10 buyers prefer products that have been adapted to their markets, the business case for localizing products and websites for business-to-business situations is much easier to make.

This report has implications beyond the subject of localized productivity and enterprise applications. Software serves as a proxy for a range of consumer and business products that include a user interface, require detailed documentation, and offer technical support when things don't work. Think of medical devices, machine tools, airplanes, and automobiles as similar offerings, especially given the software that underlies many of them.

## Localization Influences Decisions at Every Stage of Purchasing

In our survey, we asked buyers about eight factors in the buying cycle where localization plays a role, ranging from translated marketing materials to technical

support. The initial decision to purchase a given product over another begins with marketing literature and technical specifications. Usability enters the equation, with both user interface and product documentation. Technical support rounds out the buying cycle for when things don't quite work the way that the manual says they should.

Our probe into purchasing preferences included self-assessments of our respondents' English-language proficiency and their assessment of the linguistic competence of their fellow employees. We asked about several types of software products, including productivity applications (for example, Word and Excel), enterprise systems (DB2, Oracle, SAP, Symantec), and client/server versions.

Readers should note that English is a proxy for any language. We contend that we would see the same, if not greater, levels of concern and higher costs for goods delivered in languages that are not as widely spoken as English.

## Other Research on the Subject of Buyer Preferences

Previous research from Common Sense Advisory underscores the importance of tailoring products to local market needs.

- **Language matters to consumers.** For our report, "Can't Read, Won't Buy: Why Language Matters on Global Websites" (Aug06), we surveyed 2,430 consumers in eight countries where English is not the primary language. They unequivocally told us that they prefer to have websites in their own language, across a wide range of goods and services. The data in that report, combined with this one, provides a comprehensive view of buyer expectations for localized products and websites.

- **Targeted localization focuses investment.** To optimize your budget and resource usage as you localize, you should focus your attention on the countries with the highest return (see "On the Web, Some Countries Matter More than Others," Sep07). To learn how to take customers from simple browsing to purchasing, review global customer experience levels (see "Unleashing the Global Customer Experience," Nov07). To determine which language markets have the greatest potential for your company's efforts, you should maximize the number of people who can view your company and products (see Website Globalization: The Availability Quotient," Jan08).

- **International product development is not an accident.** To understand what goes into building things that appeal to global audiences, read about best

practices for product and website development (see "Developing Products for Global Markets," Jun06). To learn about the best practices for a localization project, review the "Localization Maturity Model" (Aug06).

## Some Notes on Our Research and Methodology

We engaged a third-party specialist to conduct the surveys across eight countries. This firm manages large business and consumer panels around the world, making sure that its panelists meet the criteria for membership in their respective groups. In addition, the data that our polling partner provided was limited to those who ran the gauntlet of several filters that we set up to qualify respondents. Once the surveys for each country were complete, we had our statistician review the raw data and run a variety of tests against it, focusing both on correlations among respondents within a single question and across two or more questions.

These cross-tabulations involved a few statistical tests, including:

- **Odds ratio.** This test drove assertions like "this group was six times more likely to do this with this condition being true" or "that group was three times less likely to do it with that condition being true." It measures an effect's size as the ratio of the odds of that event occurring or not occurring.

- **Chi-square.** This test determines whether a deviation from the expected event or outcome is due solely to chance. We ran this test on every cross tabulation to determine whether the relationship accidental and if not, if it represented a strong or weak correlation.

- **Analysis of variance.** Because our sample ranged from 30 to 55 people across our eight-country sample, we used an analysis of variance (ANOVA) test to account for any statistically significant difference between countries. The ANOVA test lets us adjust for the variable value, so every cross-tabulation of data accounts for the differing proportions. We also performed a post-hoc analysis to adjust for these different sample sizes across countries.

We conducted what we call "eyeball analysis" on some of the raw data, pulling out facts that we found intriguing. For these simple tests, we simply compared country-specific or sample-wide data that popped out of the spreadsheets. For some of these, we ran those chi-square tests to test their statistical validity. Finally, in some cases we compressed our four-step Likert scale (strongly agree, agree, disagree, strongly disagree) into just two steps to simplify the graphics.