

Localization Beyond Translation

CROSS-BORDER SUCCESS GOES BEYOND SPEAKING YOUR AUDIENCE'S NATIVE LANGUAGE

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Localization is a key component for building your cross-border ecommerce strategy. Localization is also much more than just making sure your ecommerce site is translated properly for consumers in another country.

Localization also includes a digital marketing plan that resonates with your target audience, knowing what merchandise will sell, and knowing if customers in your target country prefer buying online via a desktop site, or if they are a mobile buyer. That can also determine how your target customers prefer to pay for goods – and in some countries, consumers prefer to make offline payments for online merchandise.

Testing and learning is essential. Once you do that, then you can begin to put a strategy together for localization, says Alex Golshan, BCBGMaxAzria's Vice President of Omnichannel and International Ecommerce.

Speaking in July at Multichannel Merchant's Growing Global conference, Golshan said localization is not something you can Google and start implementing right away. You really need to learn the behavior of your global customers, Golshan said, adding that BCBGMaxAzria is learning what its customers like, what kind of merchandise they like, what their preferences are, what moves them in term of free shipping, markdowns, pricing, language preferences, and communication style.

Translation is important

Before we dig into all the other elements of localization, keep in mind that translating your site to attract

cross-border shoppers is a must.

A study conducted last year by Common Sense Advisory showed that more local-language content throughout the customer experience leads to a greater likelihood of purchase. Common Sense Advisory's survey revealed that 87% of consumers who can't read English don't buy products or services at English-language websites.

That study of more than 3,000 consumers in 10 countries, mind you, was conducted in each of those countries' native languages.

Local-language preferences vary by country, per Common Sense Advisory. The percentage of those who buy only at local-language websites jumps to more than 70% of consumers in Japan. Other countries with more than half of survey-takers favoring purchases at properties in their language include France (61%), Turkey (61%), Germany (58%), and China (54%).

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But translation goes beyond direct language change of web and email content into the native language. Idioms and colloquialisms need to be considered as well – people in Brussels or Hong Kong aren't going to understand the term "drinking the Kool Aid,"

says Tina Naetscher, the Director of International Business as woman's apparel company Nasty Gal.

And king or queen size mattress sizes mean nothing in other parts of the world, nor do some U.S. apparel sizes, Naetscher notes.

Case Study: Localized Sales Fuel Digi-Key's European Growth



Global electronic components distributor Digi-Key saw exceptionally strong growth in Europe, averaging 26% growth year-over-year across the entire region in 2014. Digi-Key attributes

this rapid sales growth to its continued global expansion of local sales and support resources and the strength of its next generation, hybrid distribution model which combines ecommerce savvy with personalized value-added services.

"European contract manufacturers and OEMs are seeking out ways to shorten their cycle time and speed time to market," said Chris Beeson, EVP of Sales and Supplier Management. "With Digi-Key, they not only benefit from an unmatched selection of in stock products but they also gain personalized services in support of their demanding supply chain requirements. Today, we're rapidly gaining customers in the EMEA region because now they're discovering that Digi-Key, with the support of our suppliers, is becoming a viable solution."

Digi-Key's unique hybrid distribution model is centered around a vast inventory of available components and the ability to quickly process and ship high-mix, low volume orders, guaranteeing same-day shipping for orders. Besides rapid fulfillment, contract manufacturers and OEMs benefit from Digi-Key's long tail model by eliminating inventory risk, accelerating time to market and benefiting from an assurance of product supply.

Making the payments

Another important thing marketers need to keep in mind is the shopper habits of the country they are looking to sell into. How do customers like to pay for online goods? Many customers in central Europe prefer to pay cash on delivery, while customers in Japan prefer to buy online and then pay for their goods at a konbini (a convenience store), either at a kiosk or at a cash register.

Cross-border sellers need to choose payment methods that customers in their target market are familiar and comfortable with. Jewelry seller Blue Nile is a great example: Its second-quarter 2015 sales grew 59% in China, and President and CEO Harvey Kanter attributes many of Blue Nile's great gains there to the addition of Alibaba's AliPay as a payment method.

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Local Sales & Support

In 2012, Digi-Key announced an expanded European sales support team including regional sales directors and a local sales and support office located in Munich. The company has continued to recruit experienced industry professionals to support a rapidly growing customer base. Today, Digi-Key employs over 80 sales and support professionals in Europe, based in the field and/or in the central European office.

"With feet on the street in each European region, we can personally educate engineers and buyers on the unique value of Digi-Key's hybrid model," said Kris Haggstrom, VP Sales for EMEA. "Digi-Key has exactly what European buyers are seeking, and now with expanded localization, we've made it even easier to do business with Digi-Key."

Localized Services

Along with establishing a physical presence, Digi-Key recognizes the importance of a local customer experience for European buyers. Based on customer feedback and regional considerations in regards to fulfillment, customer service and online infrastructure, Digi-Key continues to add improved processes and services to enable the best possible user experience for its European customer base.

"Our company has built a reputation of top-level service, a tradition that we fully intend to uphold for all customers, no matter where they are located in the world," said Linda Johnson, VP of Global Sales Operations for Digi-Key. "Customer service is one of our core values and is central to the Digi-Key brand. Bottom line, we listen to what our customers tell us they need from Digi-Key and respond with enhanced functionality and services." —TP

And as ecommerce payments become more secure over time, and the world continues its shift to the mobile internet, mobile payments should reign supreme.

Adyen's Mobile Payments Index shows that mobile payments are growing and growing at a rapid rate of nearly half of all local payment methods.

Among Asian payment methods, for the third quarter of 2015, the index reveals that 47% of payments made with the Japanese card JCB were made on a mobile device. With Chinese payment methods, 35% of Alipay payments and 23% of UnionPay payments were on mobile.

Also, make sure you're very upfront about any costs related to your product – whether it has to do with shipping, taxes or tariffs. Jimmy T Byrne, who oversees strategic partnerships and business development at Alibaba Group, says that if there is anything that causes additional costs, customers get very frustrated and will turn on you quickly, even if they were previously loyal.

Holidays matter



In the U.S., it's Cyber Monday (and the holiday season) for ecommerce merchants or bust. But to perfect localization, merchants need to understand which holidays their target

audiences see as spending holidays.

Singles Day was a success for Alibaba Group in 2014: The ecommerce marketplace generated \$9.3 Billion in sales on its annual Nov. 11 sales holiday. And in 2015, Alibaba has been aggressively recruiting U.S. retailers to join its party and become Tmall sellers.

Online shoppers in the U.K. look forward to steep discounts and special promotions on "Middle Cyber Monday"—the second Monday in December—as much, if not more, than "Mega Monday," which is what U.K. customers call Cyber Monday. British Internet users made 120 million visits to retail sites on December 9, 2014, Middle Cyber Monday, and 115 million visits on Dec. 2nd, Cyber Monday.

In certain Asian countries, White Day is observed one month after Valentine's Day as a day for men to give women sweets, as a sort of repayment for the gifts women gave on Valentine's Day. Traditionally, popular White Day gifts are cookies, jewelry, white chocolate, white lingerie, and marshmallows. But the rule of thumb

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bebe stores, inc. signed a strategic cooperation agreement in August with Long-

goal LLC, a Shanghai-based agency of international high-end brands. The agreement includes a five-year exclusive license to open between 60 and 150 retail and wholesale bebe points of distribution in Greater China, Hong Kong, Macau and Taiwan. The first boutique is expected to open in the summer of 2016.

"As we continue to expand our international footprint, our entrance into Greater China is a significant opportunity to accelerate that growth and reinforce bebe as a global lifestyle brand for women. We look forward to working closely with the Longgoal team, who have a proven track record of success and operational experience in introducing high profile retail brands to this key market," said Jim Wiggett, Chief Executive Officer of bebe stores, inc.

As a part of the agreement, Longgoal will open a minimum of 60 points of sale in Mainland China, including free standing boutiques and bebe shop-in-shops and identify third party retailers in certain provinces of China to sublicense the brand for retail operations. Longgoal is currently identifying potential locations in Shanghai and Beijing, including flagship boutiques. After the five-year exclusive term, Longgoal retains an option for an additional 10-year partnership with bebe based on performance.

bebe plans to locally design and develop up to 30 percent of the product for China to create trendy fashion styles to reflect the local fashion and suit the bebe woman's lifestyle in China. In addition, the company anticipates expanding further into licensing agreements for handbags, shoes and intimates in the initial partnership phase.

is the gift should be three-times the value of the gift the man received on Valentine's Day.

Keeping merchandise close

The ability to get orders into the hands of consumers rapidly and to directly connect with them, while providing price transparency, are among the keys to success in cross-border ecommerce into China, Alibaba's T Byrne told Multichannel Merchant's Growing Global 2015 audience.

T Byrne says you definitely should never send anything to a Chinese customer that takes five to seven days to deliver. Even if there are higher costs, you need to meet their expectations. Once a Chinese customer puts a negative review on your store on Alibaba sites Tmall and

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Taobao, it's hard to get it taken down, because reviewers have to do it themselves.

To facilitate rapid delivery, and to avoid China's 17% value-added tax on imports, T Byrne says merchants should consider parking inventory in one of a handful of Chinese free trade zones and using a local fulfillment partner. To do business on Tmall or Taobao, for instance, Alibaba requires merchants to have an in-country partner to handle returns. Meeting the two-day delivery window that T Byrne said is critical to winning the Chinese consumer would require some type of local fulfillment operation.

Rakuten is also supporting its Rakuten Ichiba initiative with a logistics solutions to help its customers get products from the U.S. into Japan.

While the global marketplaces can help you ship items faster to cross-border customers, that also sometimes means you need to set up business with an in-country business partner.

Macy's, Inc. has formed a free-standing joint venture with Hong Kong-based Fung Retailing Limited to explore retailing in China, one of the world's largest and fastest-growing consumer marketplaces. For now, Macy's will offer customers on Tmall a relatively limited assortment, and the goods will be stored in Hong Kong. But over time, assuming it works well, Macy's CFO Karen Houget says the idea would be to have the goods housed in China eventually and see how much of the website it needs to modify to fit the consumer in China.

Setting up subsidiaries

Sometimes, you need to hand your global business off to a distribution partner. Smartphone and tablet case maker OtterBox recently partnered with a third-party distributor to provide ecommerce services in Japan.

The comprehensive support for cross-border ecommerce consists of content planning, sales strategies

and marketing initiatives for ecommerce in the Japanese market, which includes construction of an ecommerce website, customer support, order management and inventory control.

While acknowledging the important role the ecommerce channel plays in growing its business verticals, OtterBox Asia managing director Steve Nisbet said using a third-party distributor as a single point of contact provides it with reliable market and industry expertise, coupled with a comprehensive overview of business processes to successfully execute a premium ecommerce solution in a diverse landscape like Japan.

Last July, lifestyle apparel brand Crocs, Inc. decided to move away from direct investments in retail and wholesale businesses in smaller markets and transferred significant commercial responsibilities to distributors and third-party agents. During its second-quarter earnings call, Crocs said it would focus on its five key markets: China, Korea, Japan, North America and Europe, which represent 85% of its annual volume.

Speaking in February at eTailWest, Crocs vice president of ecommerce technology and operations Harvey Bierman said they cut the number of global ecommerce sites it owned from 21 to 12. After looking at the business, Bierman said the company realized it wasn't generating a return to justify future investment in those markets.

Bierman closed its ecommerce sites in places like Hong Kong, Taiwan, Austria, Italy, Brazil, Norway and Sweden. Some of those markets are now being served by third-party distributors, while others were offered to wholesalers.

And that strategy is paying off: For the second quarter of 2015, the global ecommerce business at Crocs was up 30%. That includes an 84% rise in China on a constant currency basis, the company said during its earnings call.



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