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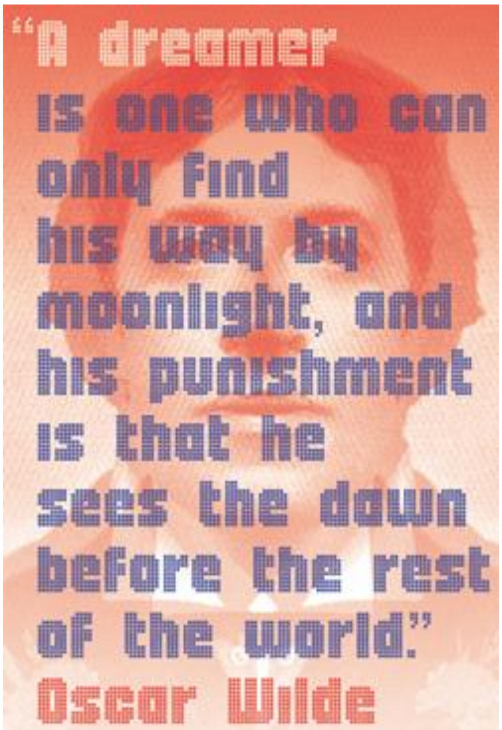
Return on Investment for Multilingual Web Sites: the 'Dream Scenario' ROI model.

by Jesús Maroto



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Introduction

It is critical for global companies to build long-term trust with their customers worldwide. One of the most effective ways to do this is to address audiences in their local languages. By nature, the Internet is a truly international and multicultural engine that crosses global barriers. Effective content localization enables companies to leverage corporate assets in ways that reduce overall costs, accelerate revenues and build better relationships with customers and employees all around the world. The effectiveness of this localization effort can be measured by the development and analysis of metrics.

One of the most useful corporate metrics is Return on Investment (ROI). This metric measures the extent to which a company's initial or ongoing investment in a project or process is returned to the company through a combination of cost savings and increased revenue.

How do we measure Return on Investment?

Our way of working revolves around a collaborative approach with our clients and refuses to acknowledge the difference between a dream and a target. We call it the '**Dream Scenario**' and see it as a disciplined way of attacking issues, problems and opportunities with more ambition and imagination, whilst still allowing the client to fully satisfy all their ROI needs.

Most companies have several quantifiable and qualitative benefits that can form the basis for measuring the ROI of their web site localization activities. These often include:

- Localization process cost savings
- Infrastructure cost savings
- Time-to-market revenue acceleration
- Impact of a stronger global brand
- Brand consistency
- Better employee and investor relationships worldwide
- Enhanced global customer relationships, etc…

The last benefits mentioned are not always numerically quantifiable, and therefore, may escape typical ROI measurement. However, they should not be forgotten when developing a 'Dream Scenario' view of return on investment.

It is critical to keep in mind that any ROI is a relative measure with some scenarios returning more measurable benefits than others.

+ CONTACT Headquarters Gran Vía 21, 18001 Granada, Spain Telephone +34 600205828 Email info@globalpropaganda.com

Quantifiable and qualitative best practices

Loosely, our localization approach for all major clients is based on best practices (i.e., proven methodologies that maximize results) that will generate the highest return on investment for a significant period of time (one, three or five years).

What are the quantifiable best practices to achieve these benefits?

- Central oversight with local execution
- Process automation and streamlining
- Technology standardization

Market analysis over the last five years has indicated that central oversight with local execution can contribute significantly to ROI. As a point of clarification, central oversight with local execution refers to an approach whereby processes, design and technology infrastructure are centralized, while workflows and content creation and localization are decentralized. This approach maximizes a company's ability to globally leverage assets such as brand messaging, information and people, while enabling content contributors in each country and region to customize content for their respective target customer base.

This is a successful model that allows our clients to achieve considerable savings when localizing their web sites through leveraging content assets from one country to another, and by automating and streamlining repetitive tasks. They can augment this return by centrally managing all technological infrastructure (both hardware and software), and therefore achieve considerable infrastructure cost savings. Our clients are then able to reduce their time-to-market and content update cycles. They can also avoid problems by being able to quickly remove out-of-date content, which can cause loss of company credibility and revenue through customer alienation.

Thus far, we have only looked at quantifiable practices; let's now analyze the qualitative ones.

Qualitative best practices that can increase benefits

1. Treating customers better than the competition.

Companies need to analyze whether their competitors offer their web sites in their own language(s) and/or in English. This differentiator can be beneficial in the long run for those companies that choose to maintain a multilingual site. Interestingly enough, most U.S. companies still do not provide non-English pages.

For example, even if U.S. web growth slows down, Internet usage in Latin America, Asia and Europe is on the rise. Some of our clients, including Intel, Yahoo! and Peugeot, see the growth in Web usage outside the U.S. as an opportunity to drive revenue.

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2. Analyzing language use on the Web and acting in consequence.

According to data published in 2002 by *eMarketer*, the worldwide Internet population in 2004 will be 709.1 million. Currently, according to Global Reach, there are 619 million Internet users.

More than 63% of the online population now accesses the Internet in a language other than English. This figure will continue to grow to 75% by 2005, according to Global Reach. People whose mother tongue is English are part of a very small minority, constituting just 5% of the global population.

According to Jupiter Research, Europe accounts for over 40% of the world's Internet users, increasing the diversity of languages on the Net. To reach 70% of Europe's audience, a company needs to translate its site into at least five languages, according to Merrill Lynch. Recent figures show an increasing number of web sites being translated into German, Italian, Spanish and French. However, at the end of 2000, 63% of all web sites still took no account of globalization, according to Jupiter Research.

Not surprisingly, being ill-prepared to handle any language except their own, is forcing most major companies to neglect e-mails sent to them in a foreign language, according to a 2002 survey by WordLingo.

3. Increasing trust and control.

Leading research agencies identify language as a significant component of trust. English language sites are seen as a problem in Latin America, Spain, Greece, France and Germany. In countries where the local retail economy is less well trusted, such as Russia and some Eastern European countries, English language sites are favored.

Customers are four times more likely to buy if they are approached in their own language, according to research from IDC. Providing press releases directly in the language in which they will be delivered guarantees greater content control and prevents misinterpretations. It is also compulsory in some markets, e.g., France.[1]

4. Positioning a company in the multilingual business-to-business arena.

The huge growth in e-marketplaces is streamlining procurement and making decisions faster and faster. Obviously, decision makers prefer companies that are able to address them in their own language since they can be sure of understanding the information straightaway.

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[1] The law of August 4, 1994 (Toubon law) imposes the use of the French language within the French territory in any documents destined to the information of the public. The scope of application of this rule is very broad and the only exceptions are trademarks, company names and logos used in connection with an ad. For trademarks, the exception does not apply where a text or a message in a foreign language is registered with the trademark; such text or message must be accompanied by a French translation. (Source: Paris Chamber of Commerce)

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All analyst forecasts (even those published after the dot-bombs) predict explosive growth in European online business-to-business (B2B) commerce. By 2004, IDC believes that Europe's share of the world market will be 33%, not much less than the current U.S. share of 38%.

Growth in access to the Internet is faster in some sectors – in Germany it is particularly strong in metal/engineering, electronics and chemicals, and weakest in construction and agriculture. According to a KPMG study in 2000, 96% of German companies were using the Internet to search for information.

The largest companies – those with more than 1,000 employees, are driving the growth of e-business in Germany. Strong growth in German B2B commerce broadens the Europe e-business base beyond those Web economies where English is an acceptable infrastructure language, i.e., the UK, Ireland and Scandinavia. As the Internet itself becomes less English-centric, the Internet is increasingly a multilingual business environment.

According to Mark Jarvis, vice-president of global marketing at Oracle, localizing for every country is not always the best solution. Oracle switched its strategy in 1999 to targeting by language rather than by individual country. "German is spoken in Germany, Switzerland and Austria, so why create three marketing teams?" he asks. "We're still in the process of refining this strategy, but ten languages cover 93% of the world's population."

IDC's eWorld 2001 Survey shows that web sites that solely target other businesses tend to be multilingual. In recent research, more than 53% of sites surveyed were multilingual if the intended target audience was other businesses, whereas 64% were monolingual if the intended audience was either consumers only or both consumers and businesses. IDC believes this reflects the greater importance of business-to-business (B2B) e-commerce. IDC's Internet Commerce Market Model shows that B2B commerce, measured in dollars, accounted for 78% of all e-commerce in 2000. That percentage is expected to rise to 85% by the end of 2004.

5. Addressing language preference.

Most non-English speakers prefer to use their own language on the Web, according to IDC's eWorld 2001 Survey. Almost 34% of French respondents prefer to visit web sites in English, while 62% prefer sites in French. In Germany, only 18% prefer English language sites, compared to 79% who prefer their native language.

China ranks highest, with almost 85% favoring web sites in Chinese over those in English (almost 15%). Japan has the lowest preference for English (nearly 8%) of the 27 surveyed countries, and is second only to China in its preference for web sites in its native language (almost 84%).

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Some final thoughts …

Having worked with a very large and demanding client for a significant period of time, the lessons learned are invaluable. When developing ROI metrics for multilingual web sites, it's essential for a company to always ask itself the following questions.

1. Can the company enhance product differentiation with a multilingual web site?

2. Will sales increase because of it? If the answer is "yes," do such incremental sales gains justify the costs?

3. What is the competition localizing? What effect do its localization efforts have on the company's sales? What is the local competition doing in its home market?

4. How important for the company is building local trust in its brand? As we have seen, local trust is best addressed in the local language.

5. How loyal are clients, investors and employees? Why are they loyal? Is it because they are addressed in their own language?

6. Finally, how can the company most effectively build long-term relationships with its customers worldwide?

A 'Dream Scenario' ROI analysis should consider return on

- Revenue opportunities
- Customer service
- Brand equity
- Brand trust
- Cost reduction

All of these factors must be measured against time-to-market and competitive pressures.

For both consumers and business buyers, companies must tailor their site visitors' experiences, business offerings and customer service to meet local needs and conditions. Building long-term trust is key for any company and addressing the audience in its local language is key to achieving that trust.

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