

Online Product Localization: Challenges and Solutions in Global Online Marketplaces

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Abstract

Currently, the digital economy contributes decisively to an increase in competitiveness, especially as a digital transformation involves migrating to new technological models where digital marketing is a key part of growth and user loyalty strategies. Internet and Online Marketplaces have become important factors in campaigns, which attract and retain customers. It could be said that the Internet has been the factor that has most influenced the cultural, economic and social changes seen at the beginning of the 21st century. Now, the consumer is the focal point of business activities and the target of Internet strategies. Vendors must market their products with the intention of appealing to the culture of their audience in order to successfully reach their customers.

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JEL Classification: L81, M31

While physical storefronts still hold a strong presence globally, advances in technical and increased accessibility to the internet have consumers fulfilling their shopping needs elsewhere. In 2019, there are 2.14 billion online shoppers estimated across the globe, and this number is forecasted to rise to 3 billion within 4 years, by 2024. Whether looking for a specific item or browsing many products to find the right one, consumers have unlimited options in doing so online. With the forecasted number of smartphone users growing to over 3.2 billion in 2019, there is only a stronger indication that shoppers will move from in-store to online as they then have ability to search for an unlimited amount of products in every vertical all within the palm of their hands. Mobile shopping apps have added an additional level of convenience. As users are more likely to download an app that offers product ranges broader than one store can offer, marketplaces stand to benefit from this emerging trend. Recently, the use of online marketplaces has exploded both on mobile and desktop, capturing 62% of all online shoppers.

The most popular US online marketplaces are also extremely popular globally, mentioning eBay, Amazon, and Google Shopping, along with sites like Alibaba and Aliexpress from China that draw users from all over the world. Whether a marketplace is vertical, horizontal, small, or large, nationally diverse users come to see what international sellers can offer them. International marketplaces are also extremely beneficial for the seller as they increase the online presence and accessibility of their products. This can boost sales and in fact Amazon claims that sellers often report a 50% increase in sales when they join the Amazon marketplace.

Vendors cannot solely rely on the popularity of marketplace shopping online in order to increase their sales. With expansion comes competition to produce the best user experience and products to this international audience that is continually growing. This then begs the question, how do you reach customers in different locales while using a global marketplace and ensure that they receive an optimal user experience despite cultural and linguistic barriers? **Localization efforts need to be taken in order to target products towards the audience but as marketplaces are made up of culturally diverse audiences, difficulties in this process can arise.** Localizing products in a large online marketplace can be challenging not only in translating the content accurately but also considering the sociocultural distance and diverse cultural values that exist between seller and customer and among customers themselves.

Why is Marketplace Localization Important?

First, one must consider the pros and cons of product localization, the process of adapting linguistic and sociocultural aspects for individual cultures, versus standardization, creating uniform product standards on a global scale. Why can't a merchant simply standardize their product feed and display it on various marketplaces? Specifically, if

English is the second most spoken language among native and non-native speakers worldwide, it seems to be an easy decision to standardize the product feed to reach that large demographic. In fact, if you browse various international marketplaces in different locales, you will find a large amount of products that are either entirely in the English language and also those that have only translated product titles but the remaining product metadata is in English.

One advantage of standardization is having easier control, monitoring, and coordination with a single tactical approach since the same products and advertising strategies are adopted. However, the vast majority of users prefer to shop in their own language as it provides a stronger sense of trust and familiarity, particularly in an online marketplace where smaller vendors compete with globally recognized and credible brands.

If almost half of these online shoppers are more prone to show interest in products listed in their target language, language standardization may affect clicks, conversions, and overall user engagement from this large portion of online shoppers. Apart from personal preferences, issues of cultural distance come into play with standardizing a product for one global audience. The Sociocultural environment in an international marketplace includes a multitude of languages, cultures, colors, and symbols that will not appeal to every user equally. Products sold on a marketplace are essentially advertisements for that product and the brand as a whole.

The representation of those products in their title, description, attributes, images, and other metadata need to be adapted both linguistically and culturally dependent on the audience the seller hopes to reach. For example, if the product, even if translated to the target language, has a description that tells a narrative rather than presenting the main functions and specs of the product, it may not have much success in a low context, individualistic culture that would prefer to know the functionality of the product outright. This concept can also extend to the title of the product.

Consumers from a high context culture may overlook the product if the title is simple and generic and those from a low context culture may find longer titles to include too much extraneous information to be relevant to their search needs. Interpretation of the product image can also be affected by these contextually different cultural values. If the product contains multiple images showing the product in use by other consumers so that a buyer can relate to the usability, this may appeal to a high context culture. On the other hand, a low context culture may prefer direct images of product use and angles.

While product representation in different cultural environments is important to consider, it is also important to localize these products to benefit search optimization and reliability of product data. Particularly relevant to this topic is the actual accurate

translation of all pertinent info for that product. Are the concept, object, and term all in agreement? Additionally, is the metadata accurate and are the keywords being used properly so that the audience can find and engage with the product among the many competing products also available in this marketplace? There is fault in using too many keywords to draw a larger audience by reducing reliability and trust that the product is indeed what it claims to be. This outdated search engine optimization tactic appears spammy and, in fact, is against Google Webmaster's definition of quality content. These questions can help determine if users can easily find the product in search and then click through to consider for purchase.

Highly impacted by elements of trust, click-through rate is a vital metric that sellers must optimize in order to have online success. A major factor in click-through rate is target keyword and placement within a product title as it appears in a shopping ad. Therefore, to have an optimized title, the target keyword must be placed upfront as it is the first word users see. For example, products using both "backpack" and "mochila," the placement of that keyword in the title can significantly alter click-through rate. If "backpack" appears later in the title, users looking for "backpack" may gloss over that product as it does not target the user's search intent. In an even more severe case, if a title is too long and the keyword "backpack" is placed too far back in the title, Google Search may cut it off, rendering it invisible to the user. The best option is to target the keyword that the majority of users are seeking, in this case "backpack," as the majority of the audience would be searching for that term in the English language.

It is necessary to determine if benefits outweigh the efforts for this level of localization. If the product's popularity is much higher in a country than another, it may not be worth the efforts. Additionally, if the product type already has lower clicks and impressions, this detailed level of localization may not be best spent on these product types. On an individual level, localizing one product type for an audience may seem more effort than it is worth but if that product has many associated products, the level of importance grows. The target audience is important to consider as well. For example, it is likely that a mobile phone vendor on Amazon.de would target all German speaking users, but it may be the case for more locally based vendors that the only audience they intend to target is entirely within one country. It is therefore necessary that a merchant looks into the analytics for these products in order to determine the level of localization that will be the most beneficial and feasible given the merchant's resources and global sales goals.

Conclusions

There are indeed many factors that must be taken into consideration when deciding to sell internationally on online marketplaces. Linguistic accuracy is important not only to potential customers but also to follow marketplace guidelines that ensure the product is

visible to consumers. Vocabulary choices are also important so that user search results display the product. Issues also go beyond text. Image and symbolic aspects of the product must also be culturally and linguistically adapted. While the marketplaces and products are mostly for tangible goods, online marketplaces also exist with the intent of selling of intangible goods, such as services. As internet behavior evolves, the focus on localized search and optimized results only deepens. Determining which level of localization is required should however be largely dependent on target audience, effort levels, and overall impact on successful marketing and purchase of a product.

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