

■ **What are the costs of not localizing your product or service?**

Your calculations should be sensitive to assess the potential damage in competitiveness, usability, and customer service costs of not localizing.

	<b>Marketing</b>	<b>Sales</b>	<b>Usability</b>	<b>Support</b>
Out-of-pocket expense for localization	Translation and adaptation costs for marketing materials such as printed collateral, Web sites, and advertising	Engineering remediation to adapt transaction and operational systems	Translation and adaptation costs for owner manuals, FAQs, and any online assistance	Translation costs for FAQs; in-language search; knowledge base; diagnostics
	Local, regional, and more localized international competitors gain share at your expense; you experience a sudden loss of market share; customers develop loyalties to a competing brand			
	Limited reach of marketing programs	Sales limited to those who are comfortable in the nuances of the Source language	Bad reputation for usability; brand damage; and higher support costs	Frustrated customers; expensive problem resolution through call centers

Table 5: The cost of (not) localizing  
Source: Common Sense Advisory, Inc.

■ **Unlocalized Products Levy a Usage Tax on International Customers**

As your company targets consumers or new buyers deeper in organizations, you will find that these new audiences may not respond to your marketing messages or even be able to use what you offer unless you have localized products and supporting information to their language, environment, and business practices. Whether they can – or will try – depends on what Common Sense Advisory calls the “localization tipping point”:

The localization tipping point is the crossover at which adaptation becomes mandatory for a given market. Factors such as the educational level of consumers and business buyers, the required level of regulatory compliance, and the cost of product ownership will drive

companies to tailor products, services, marketing, selling systems, documentation, Web sites, and other materials to specific market needs.

The tipping point is not an absolute or permanent calculation. You will find that it varies by nation, by individual product, by consumer, and even by sales channel. For example, buyers may be more linguistically liberal online than they are in the supermarket. This crossover point will also move over time, such that a decision not to localize today may be wrong in six months because consumer attitudes, competition, and business pressures will not stand still. The unrelenting push deeper into retail channels and into transnational supply chains will expose more users to single language products that do not meet their needs or expectations.

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Figure 8: The Tipping Point Will Favor Localized Product  
 Source: Common Sense Advisory, Inc.

