Spanish Website Localization: A Growing Retail Opportunity

Executive Summary

There are two ways to increase revenues: entice new customers to buy your products and services, or get existing customers to buy more of those products and services. Most initiatives undertaken by retailers, like other for-profit organizations, focus on some combination of these two basic revenue improvement methods. Retailers reportedly spend billions of dollars annually to do this, optimizing product assortments, adjusting pricing and promotions, introducing loyalty programs, launching new channels and expanding into new geographies. It is therefore surprising that online retailers in the U.S. have largely ignored an emerging opportunity that can be capitalized by creating specific offers and personalized Web shopping experiences for a fast growing demographic – the Hispanic community.

The Hispanic population is already significant in many U.S. locales and is growing at a fast pace. Based on data released by the U.S. Census Bureau in 2010, Hispanics are the largest and fastest-growing demographic group in the U.S., accounting for one in every six Americans.[1] Furthermore, this customer base is rapidly adopting shopping via the Internet.[2]

This paper builds the case for ways U.S. online retailers can successfully target this growing demographic by delivering a native Spanish language online shopping experience.

Justifying the Need

Large retailers such as Best Buy, Sears, Home Depot and most recently Lowe's understand the potential of the Hispanic community and offer Spanish language versions of their Websites. These developments provide support to the argument that this demographic is large enough to warrant special attention. However, what works for these retailers may not work for others. Retailers analyzing this opportunity need to perform proper due diligence to justify their business case. The following factors should be considered when evaluating the business case:

- **Existing customer base:** A retailer that has an existing Hispanic customer base will obviously stand to benefit more from launching a Spanish site than a retailer that does not. Though there is no threshold value to justify the cost, a standard ROI calculation offers a reasonable starting point. The field sales team can also provide valuable inputs in this regard. They can sense and communicate the need for a Spanish Website back to the organization. Though this would work best in the case of business-to-business models, field surveys can also be fruitful in business-to-consumer models.

- **Geographical presence:** Retailers that can reinforce their brand image either by physical store presence or a ship-to-home feature in a particular region, or can create targeted marketing campaigns to the Hispanic

community, will have better chances of success. One of the major retailers in the U.S. had to shut down its Spanish language Website just four months after launching it. The main reasons cited were disappointing sales and because more than half of the site's visits originated outside the United States.

- **Demographics:** Hispanic-dominant and bicultural segments should be the target audience for Spanish language Websites. These segments are comprised of individuals who are foreign born, speak and consume most media in Spanish and have a mean age of 34 to 40 years.[4] A retailer targeting or planning to target this demographic segment may see launching a Spanish Website as a reasonable investment.

- **Product types:** According to a Google and OTX study,[7] Hispanics use the Internet as the primary source for discovering product information. Over 37% of Hispanics research online before buying in store or online. Websites can provide useful information to customers, helping them learn more about a product or brand. Therefore, a retailer offering products such as electronics and home furnishings that need assisted selling would be more likely to succeed in this venture. This inference is also strengthened by the fact that retailers such as Lowe's and Best Buy have successfully launched Spanish Websites. Although the recent ventures present success cases for specific product categories, driving traffic to a Website is certainly a good up-sell opportunity.

Key Considerations

A 2010 Hispanic cyber-study points out that there is a general perception within the community that Spanish Websites do not offer all the features available on their English-language counterparts, are less useful, and probably not secure.[4] So, a Spanish site will have to achieve the same, or even greater, levels of quality as an English site to be considered credible and useful. This means retailers must invest in quality translation, manage a localized product assortment, create ongoing customized messaging and promotions, localize the look and feel for Hispanic preferences, and provide Spanish-speaking customer service and support.

- **Cost:** Although initial translation of the English language Website will be a major part of the overall cost, the ongoing charges for incremental changes would decline substantially over time. Translation companies typically charge a fee for each word translated on the Website.

The Size of the Pie

According to a November 2010 report by the Selig Center for Economic Growth,[3] the buying power of Hispanic-Americans is expected to rise from $1 trillion in 2010 to $1.5 trillion in 2015 – accounting for almost 11% of the nation's total buying power. However, according to an AOL study in the same year,[4] Hispanics are further divided into Hispanic dominant, bicultural, and U.S. dominant.

Hispanic dominants, representing 26% of online and 52% of the offline population, consume most media in Spanish, and primarily speak Spanish. Thus, Hispanic dominant or the Spanish-speaking segment is a sizeable customer segment that can and should be tapped, if a business case can be made. While this segment has strong buying power, it is also accessible on the Internet:

- According to a research published by Pew Hispanic Center in 2010, about two-thirds of Hispanic adults (65%) went online in 2010, and nearly half (45%) of them use broadband at home. Also, Hispanic cell phone owners are more likely than white non-Hispanic cell phone owners to access the internet (40% vs. 34%).[5]

- Hispanics are significantly more likely to have a smartphone than the general population and are "social media shoppers."[6]

These trends point to a huge untapped opportunity to offer online and mobile experiences in Spanish by localizing content and products based on preferences of the Hispanic community.

They would estimate charges based on number of source words to be translated, complexity of the subject matter, and overall time needed for translation. The quoted price should reflect the cost for language experts, proofreaders and administration/project management. Retailers can ask translation companies to maintain a dictionary of translated words and use it if words are repeated on the Website in the future.

To keep the Spanish language site in sync with the English version, retailers will need to invest in ongoing maintenance and support. External vendors will charge a contractual fee for maintaining and hosting the Spanish site, but retailers can, alternatively, host the Spanish Website on their infrastructure. In either case, there will be an infrastructure set-up cost in additional to the support costs.

- **Future project dependencies:** Internal stakeholders must understand that the time-to-market for future projects might increase due to the need to support two languages. Any changes on the English Website will have to be published on the Spanish site as well. This is a critical point as the success of the Spanish site will depend on how closely it mirrors the English site. Retailers need to have proper governance in place to ensure that the sites do not diverge unless absolutely necessary.

- **Benefits time frame variance:** While the implementation time frame for a Spanish site could range from two to four months, its benefits might be realized over a longer time frame. Promoting to the right people and getting them to shop comfortably on the site requires a continuous effort over a longer time frame. Retailers will have to keep this in mind when setting expectations with their internal stakeholders about payback horizons.

- **Marketing and communications:** Success of the Spanish site will depend heavily on promoting it to the right audience and managing marketing and advertising in Spanish. This will definitely require additional investment. Marketing experts will be needed to design and drive campaigns in Spanish, monitor their success, and act as a feedback loop to improve the overall Spanish Website experience.

- **Security:** While a customer is shopping on the Spanish Website, data might leave the retailer's network and could be potentially compromised. This could happen if the Spanish Website is hosted outside the retailer's infrastructure or if there is a communication with a third-party integration partner such as credit card processors. Thus, retailers must comply with security and privacy measures when dealing with data communication involving the Spanish site. Also, the data security and privacy policy for data captured from the Spanish site must mirror the English site.

- **Expertise of linguists:** Retailers must look at the expertise of the team of Spanish linguists, be it on the vendor side or internal to their organization. This team should be able to understand the nuances of the language and judiciously deviate from the verbatim translation to make the content contextual to the Hispanic community. This is critical to success as these experts will be responsible for improving the quality of translation.

- **Beyond content:** Launching a successful Spanish site will require investment beyond site content. All customer supporting processes will require multilingual support. In addition, back-end systems that manage front-end content may also need to be upgraded to enable multilingual publishing capabilities. Product information management systems, product image servers and even exception-handling support routines that allow modification of content will have to support Spanish.

Getting Started

Creating a Spanish version site is not just about translation; it is about a customer experience that your Hispanic community can relate to. Technology is the easiest part; implementation can typically take between two and four months. The critical success factors lie in the translation, and commitment to ongoing operational and marketing support that deliver an experience that is relevant, genuine and ultimately useful to browsing and buying.

Technology

Defining an implementation approach is the next milestone after completing the business justification. There are many companies in the market that have expertise in Spanish translation. Many of these companies also have IT capabilities needed for the implementation. Retailers will have to undertake a thorough vendor evaluation exercise to find the right implementation partners, particularly if external translation sources are required. However, there are many aspects of implementation that a retailer's IT team may choose to handle in-house. Figure 1 (next page) lists some vital tasks split between a retailer's IT/business teams and the vendor's translation team.

Retailers can save on translation cost if they already have some components that can be reused. For example, if the POS systems in certain geographies use a Spanish product catalog then the new Website could reuse such translated catalog components. Similarly, if a retailer has a Spanish print catalog, it can reuse language-specific product images from that catalog.
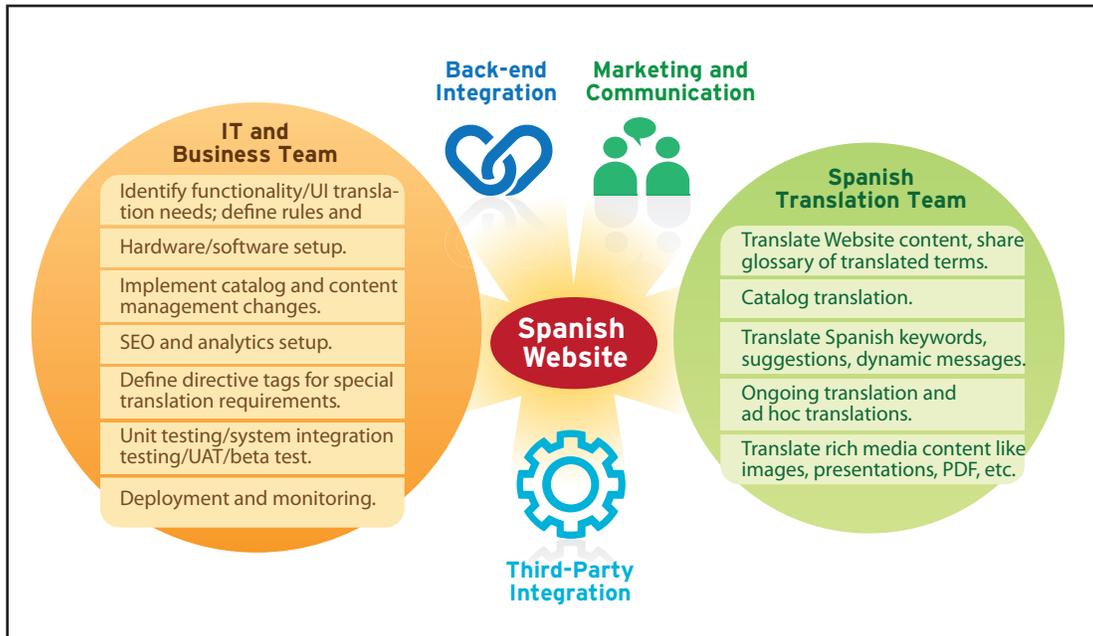
Dividing and Conquering

IT and Business Team
- Identify functionality/UI translation needs; define rules and
- Hardware/software setup.
- Implement catalog and content management changes.
- SEO and analytics setup.
- Define directive tags for special translation requirements.
- Unit testing/system integration testing/UAT/beta test.
- Deployment and monitoring.

Back-end Integration

Marketing and Communication

Spanish Website

Third-Party Integration

Spanish Translation Team
- Translate Website content, share glossary of translated terms.
- Catalog translation.
- Translate Spanish keywords, suggestions, dynamic messages.
- Ongoing translation and ad hoc translations.
- Translate rich media content like images, presentations, PDF, etc.

Figure 1

Translation

There are three options for translation services. First is a pure machine translation (MT), which involves the lowest cost of the three options, has quick turnaround time, and is easy to implement. The second option is complete human translation (HT), which would require more investment, has a longer turnaround time, and is difficult to implement. The third option is a mix of MT and HT. While MT makes use of computer software to translate text from one language to another, it needs to be supported by HT to restore quality and retain relevance. Spanish translation using pure MT presents some linguistic challenges, most of which can be addressed by human experts. Linguists understand the nuances of the Spanish language, can fine-tune the translation, and can perform some translation manually. Some challenges with pure MT include:

- Spanish words are 33% longer than their English counterparts; pure translation could therefore distort the layout and format of pages.
- Some English words do not have a Spanish form.
- Proper nouns, brands, names, addresses, etc. will not need translation but would get translated by pure MT.

- The context of the translated text can get lost due to the MT translating ''words'' not ''meanings.''
- Brand voice, style, and look-and-feel pervasive within the retailer's other assets might be lost.
- Images, flash contents, videos, etc. are not translated by MT.
- E-commerce catalog content is not translated just by crawling the site.
- Internal search options, dynamic error messages and dynamic confirmation overlays are not translated by MT.

Back-end Support and Integration

While Spanish translation primarily deals with Website changes, there is some foundational work needed on back-end systems and other integration touch-points to make the entire initiative a success.

- **Call center:** There might be a need to support call centers for Spanish customers. For example, setting up Spanish live chat or training Spanish-speaking agents to address customer concerns.
- **Third-party integration:** All third-party integrations must also support the Spanish Website. For example, if some rich content originates

from a third-party integration partner's Website for the English site, then there may be a need to have that originating content translated for the Spanish site.

- **Internal back-end systems:** E-commerce functions such as merchandising and managing site content will also need support; some changes may be required to support the Spanish Website. For example, some tweaks might be needed to the merchandising system to accommodate Spanish description of promotions in order to enhance their appeal to Spanish-speaking customers.

Retailers need a Spanish template for email communications sent to Spanish customers. An order or shipment confirmation from the Spanish Website should not go out in English. Therefore, all emails on the English site will need to be translated for the Spanish Website.

Retailers must act on search engine optimization (SEO) opportunities to drive traffic to the Spanish Website. According to the Google/OTX study, 53% of U.S. Hispanic retail consumers typically use search engines for retail information. Therefore, optimizing content for search is critical to driving traffic to Spanish Websites.

Retailers may also have to make some changes to their warehouse processes to accommodate Spanish Website needs. There will be some marketing requirements from packaging and shipping perspectives. Changes must be made to design flyers, print labels, instructions sheets, etc. to accommodate Spanish-speaking customers.

Raising the Bar

While translation of the Website is certainly the first step, there are other critical steps needed to make the initiative effective in the long run.

Localization

- **Product:** Retailers must conduct an exercise to understand product preferences among the Hispanic population. They will have to deploy business intelligence tools, surveys, etc. to understand preferences of the Hispanic community and then merchandise and promote localized product assortment on the Spanish site.

- **Web design:** The Spanish Website experience must be culturally relevant to achieve an emotional connection with the Hispanic community. This challenge is an ongoing one, in which retailers need to continuously improve the Spanish site in terms of cultural preferences for graphics, pictures, colors and navigation structure. Once the initial translation is done, retailers can execute A/B tests or use other means to improve these aspects on the Spanish site.

Cross-Channel Integration

According to Forrester Research,[8] "Traditional ways of describing multichannel commerce no longer work because customers don't interact with companies from a 'channel' perspective." Hence, retailers will have to integrate their Spanish site with their overall Agile commerce landscape. The Spanish Website must not be developed as a stand-alone channel; rather, it must be a new customer touch-point to provide a seamless shopping experience. Hence, retailers must consider the Spanish Website from mobile, kiosks, in-store support, and social media perspectives and tie it back to their overall multichannel strategy.

Conclusion

This white paper offers recommendations on ways U.S. retailers can launch a Spanish Website that effectively converts the growing U.S. Hispanic demographic segment into loyal and profitable customers. However, retailers will have to build a strong business case to support this initiative. There are many milestones involved; some can be achieved internally, others will require support from external experts. Above all, this initiative will need strong backing from internal business stakeholders and a commitment to look at long-term benefits. Although the initial translation of an English Website is the most critical stage, success of this initiative also demands continuous support over time.

The launch of a Spanish Website, in fact, may not be an end in itself. Retailers will have to continuously work toward making the Website more appealing to the Hispanic community and tuning it to suit customer preferences. Finally, retailers must take the Spanish site to the next level by viewing it holistically in the context of an overall multichannel strategy. The ultimate goal must be to provide a culturally relevant Website that acts as a seamlessly integrated channel within the retailer's overall go-to-market objectives.

Footnotes

1 The Hispanic Population: 2010 Census Briefs.

2 US Hispanics Online: Demographics: Published by emarketer.com.

3 Annual minority buying power report released by the Selig Center for Economic Growth.

4 2010 Hispanic Cyber-Study: Published by AOL.

5 Latinos and Digital Technology, Pew Hispanic Center, 2010.

6 The market research report, "Share of Wallet: Hispanics – US – February 2010" by Mintel International Group Ltd.

7 US Hispanic Retail Consumers, Google/OTX, U.S. Mar 2011,
   http://www.gstatic.com/ads/research/en/2011_US_Hispanic_Retail.pdf

8 Welcome To The Era Of Agile Commerce, 2011, Brian Walker, Forrester Research, March 2011,
   http://blogs.forrester.com/brian_walker/11-03-11-welcome_to_the_era_of_agile_commerce

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