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Abstract

E-commerce has been growing in a large extent in the past years, especially the global e-commerce business. Also Finnish brands expand their e-commerce businesses to foreign markets increasingly. However, when expanding an e-commerce website to new foreign markets, brands face the decision to localize their website or not. E-commerce website localization has been studied to lead to better sales in the target market, but however, Finnish brands do not always localize their websites to the target market, or the localization extent is small. This study aims to shed more light on e-commerce website localization as a comprehensive entity, especially from the Finnish brands' point of view. Thus, the purpose of this thesis is to *analyze the e-commerce website localization for foreign target markets*.

The theoretical framework of this study is formed based on the previous literature, more specifically on the reasons to localize, how websites can be localized and what key challenges there are to hinder it. Website localization is studied from the aspects of written content, design (structural and visual) and payment elements on a website. This qualitative research was conducted by having semi-structured interviews for two Finnish brands and Leevi Parsama, an expert of Finnish brands' international e-commerce. The results of the study mainly supported the previous research but also provided new knowledge and aspects for e-commerce website localization, such as SEO and the importance of payment localization.

Based on the results of this study, Finnish brands consider localization important because of its benefits, such as increase in sales, but also because of the brand's internal reasons, such as the strategic importance of the target market, as well as due to external reasons such as emerging e-commerce potential in the market or significant cultural differences in local buying behavior. Key challenges for website localization emerged to be for example lack of resources, the complexity of maintaining multiple localized sites and local retailer relationships. The most important aspects to localize in a website turned out to be especially the payment elements, but also language and websites' campaign content. Website design tends not to be localized, with the exceptions of image and navigation localization in a small extent. This study did not support the localization of structure and symbols on the website.

Key words	e-commerce, localization, website localization
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Tiivistelmä

Kansainvälinen verkkokauppa on jatkanut kasvamistaan viime vuosien aikana. Myös suomalaiset brändit ovat kasvattaneet kansainvälistä verkkokauppaliiketoimintaansa ja laajentaneet verkkokauppansa uusille kansainvälisille markkinoille. Kun verkkokauppa laajennetaan uusille markkinoille, on brändin päätettävä lokalisoida se verkkosivustoansa kohdemarkkinalle. Lokalisoinnilla viitataan verkkosivuston muokkaamiseen tietyille kohdemarkkinalle sopivaksi. Lokalisoinnin on tutkittu kasvattavan brändin myyntiä kohdemarkkinalla, mutta silti suomalaiset brändit eivät aina lokalisoineet verkkosivustojaan. Tämän tutkimuksen tarkoitus on *analysoida verkkosivuston lokalisointia ulkomaisille kohdemarkkinoille*.

Verkkosivuston lokalisointia tutkitaan tässä tutkimuksessa kokonaisvaltaisesta näkökulmasta. Teoreettinen viitekehys muodostuu aikaisemmasta tutkimustiedosta, tarkemmin ottaen lokalisoinnin syistä, miten verkkosivustoja voidaan lokalisoita ja mitkä haasteet estävät tai haittaavat verkkosivuston lokalisointia. Tämä laadullinen tutkimus toteutettiin puolistrukturoiduilla haastatteluilla, jotta saatiin mahdollisimman syvällistä tietoa verkkosivuston lokalisoinnista brändien näkökulmasta, ja päästiin pureutumaan myös syvemmälle lokalisoinnin syihin ja haasteisiin. Tutkimukseen haastateltiin kahta suomalaista brändiä sekä yhtä kansainvälisen verkkokaupan asiantuntijaa, Leevi Parsamaa.

Tutkimuksen tulokset pääasiassa tukivat aikaisempaa tutkimusta, mutta myös uusia löydöksiä tehtiin. Tutkimusten tulosten perusteella voidaan päätellä, että verkkosivustoja lokalisoitaan sen hyötyjen, kuten myynnin kasvun, mutta myös brändin sisäisten syiden, kuten markkinan strategisen tärkeyden, vuoksi. Sivustoja lokalisoitaan myös ulkoisista syistä, kuten kohdemarkkinan suurien ostokäyttäytymiseen liittyvien kulttuurierojen tai markkinalla esiintyvän huomattavan verkkokauppotentiaalain vuoksi. Lokalisoinnin päähaasteiksi muodostuivat esimerkiksi resurssien puute ja useiden lokalisoitujen verkkokauppojen ylläpito. Verkkosivustojen tärkeimmäksi lokalisoitavaksi osa-alueeksi paljastuivat erityisesti maksutavat, mutta myös kielen ja sivuston kampanjasisällön lokalisointi. Verkkosivuston ulkomuotoa ei juurikaan lokalisoita, mutta kuvia ja sivuston navigaatiota lokalisoitaan pienissä määrin. Tämä tutkimus ei tukenut sivuston rakenteen tai sivustolla esiintyvien symbolien lokalisointia.

Avainsanat	verkkokauppa, lokalisointi, verkkosivuston lokalisointi
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**UNIVERSITY
OF TURKU**

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Economics

LOCALIZATION OF AN E-COMMERCE WEBSITE

Finnish brands in foreign countries

Master's Thesis
in International Business

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The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin OriginalityCheck service.

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1 INTRODUCTION

1.1 Background of the study

1.1.1 E-commerce

E-commerce has been growing strongly throughout the world in the past few years and is estimated to keep on growing (Statista 2018). For example, the total e-commerce turnover in Europe increased by approximately 11 % in 2017 (Ecommerce in Europe 2018). *E-commerce*, an abbreviation of *electronic commerce*, can be defined as a way of facilitating transactions and selling products or services online, which can mean for example Internet, but also any other telecommunications network (Javalgi & Ramsey 2001, 377; GAO Report 2002; Jackson et al. 2003, 5; Jelassi et al. 2014, 4; Chaffey 2015, 13). The rise of internet and e-commerce has lowered many traditional barriers of entry to international markets (Singh 2012, 29-31). Nowadays it is more and more common to sell goods to international markets from the beginning of the business through e-commerce. *International e-commerce*, also called as *cross-border e-commerce*, is usually defined as sale or purchase (export or import) of goods or services via online store over national borders (GAO Report 2002). The cross-border e-commerce is growing – in Europe 38 % of online shoppers made a purchase from foreign e-commerce website in 2017. For example, Macedonia and Portugal had the Europe's highest cross-border purchase rate (85 %) in 2017. (Ecommerce in Europe 2018.)

In Finland, e-commerce has been growing rapidly as well – Finnish consumers bought 8 % more via e-commerce in 2017 than in 2016 (Kaupan liiton tutkimus 2018). Although Finnish companies do sell goods to international markets via e-commerce increasingly, Finnish-based international e-commerce has been relatively minor compared to other Nordic countries. Based on the study of British OC&C in 2014, 62 % of Nordic e-commerce stores sold goods outside their domestic market, when only 27 % of Finnish e-commerce stores did the same. Finnish companies are often struggling to compete against other international players in foreign markets. (Hanski-Pitkääkoski 2016.)

Altogether, it can be said that the potential for cross-border e-commerce is growing. There is a lot of untapped potential in international e-commerce (E-commerce Statistics 2017), especially for Finnish companies (Hanski-Pitkääkoski 2016). This makes it even more attractive to expand e-commerce to new markets. But how to expand e-commerce to foreign markets successfully? Whereas globalization of e-commerce brings a great

opportunity to expand one's business to international markets, it also creates major challenges of succeeding in the target market since the competition is very high (Singh et al. 2010, 258–259). Thus, there are plenty of factors to be considered when entering e-commerce to new markets. One fundamental question is, what kind of e-commerce website strategy to use when expanding e-commerce to a new market: whether to *standardize* or *localize*, or something in between, their website to the target market (Jackson et al. 2003, 215, 217; Turban et al. 2006, 608; Sinkovics et al. 2007, 222; Shin & Huh 2009, 288; Singh 2012, 71–72; Chaffey 2015, 159).

1.1.2 E-commerce website localization

This question is based on a long-lasting debate between the two groups of thoughts in international marketing context: supporters of *standardization of international marketing strategy* and supporters of *localization of international marketing strategy* (Theodosiou & Leonidou 2003, 141; Backhaus & van Doorn 2007, 37; Sinkovics et al. 2007, 222; Vrontis et al. 2009, 478; Singh 2012, 72; Usunier & Lee 2013, 228). *Standardized international marketing strategy* refers to the strategy where the marketing strategy of marketing mix elements is similar and standardized throughout the different markets. *A localized international marketing strategy* means adaptation of the marketing mix element(s) to the market's needs, culture and other local factors. (Vrontis et al. 2009, 478–479.)

The discussion between these two schools of thoughts have been arguing about cost-savings, effectiveness and consistent brand image, versus better meeting market-specific needs and preferences – and eventually better sales (Singh et al. 2005, 72; Backhaus & van Doorn 2007, 37; Sinkovics et al. 2007, 222; Shneor 2012, 352). Supporters of standardization claim that in today's world the needs do not vary between the nations, but rather the needs and cultures are similar in the globalized world (Vrontis et al. 2009, 478, 480–481). They also believe, that through standardization economies of scale and more consistent branding throughout the world can be achieved (Jackson et al. 2003, 217; Tixier 2005, 44; Backhaus & van Doorn 2007, 37; Sinkovics et al. 2007, 222–223; Vrontis et al. 2009, 478, 480–481; Usunier & Lee 2013, 228). Due to globalization, for example the needs, cultures and consumption behavior have argued to become similar, creating a global segment. Advocates of standardization argue that the need for localization has decreased because of the globalization. (Okazaki 2004, 82; Yalcin et al. 2011, 95; Singh 2012, 72.) The supporters of localization argue that international

adaptation of some of the marketing mix elements is crucial in order to meet the needs of the target market. They think that marketing mix elements should be adapted because every market has their own different variables, e.g. environmental or cultural, creating different kinds of markets where standardization is not possible. (Shin & Huh 2009, 289; Vrontis et al. 2009, 478, 480–481.)

The debate between standardization or localization strategy has entered also to the field of e-commerce (e.g. Sinkovics et al. 2007, 222). In the field of e-commerce, *standardization of an e-commerce website* can be primarily defined as launching a standardized e-commerce website, usually same than domestic, to the target market without local modifications (Singh et al. 2004, 75; Tixier 2005, 43–44; Singh 2012, 72). This can mean launching *a country-specific website* – a website with a country locator in the end of the URL, e.g. *.se* in Sweden or *.de* in Germany – but the site is not translated into the local language nor have any other local modifications been done. More specifically, when a domestic website is translated to English in order to tap e-commerce into global markets by making the website understandable globally, a standardized strategy is being applied (Okazaki 2004, 82; Singh et al. 2004, 75; Tixier 2005, 43–44). This attempt to enter markets with standardized strategy presents a challenge of reaching the target market consumers. For truly reaching and pleasing the target market consumers, more than just a standardized website targeted for a global segment is often required (Sinkovics et al. 2007, 221, 230; Singh 2012, 8, 71–72.)

Contrarily, *localization of an e-commerce website* can be defined for example as adapting a website based on cultural, functional, technical, linguistic and other local factors of the target market. This means modifying the website and its different functions to fit the local preferences and behavior. (Tixier 2005, 16, 22; Turban et al. 2006, 176; Yalcin et al. 2011, 96–97; Singh 2012, 148; Chaffey 2015, 159.) In the smallest extent, decision makers often regard localization merely as translation of the site to the local language (cf. Sinkovics et al. 2007, 223; Chao et al. 2012, 46; Chaffey 2015, 159–160). However, in the broader approach, language can be seen only as one part of the localization of the website (Cyr & Trevor-Smith 2004, 1206–1207; Tixier 2005, 16, 22; Singh 2012, 148; Chaffey 2015, 159). In this thesis, website localization is analyzed in a broader approach in which a website is adapted comprehensively to the local preferences.

Localization versus standardization is extensively studied subject in the field of international marketing (Sinkovics et al. 2007, 222). Even if standardization and localization have been studied to some extent in the e-commerce context (Singh et al.

2010, 260), there is still a great need to further study localization strategy more comprehensively in the e-commerce context (cf. Shin & Huh 2009, 288, 292, 304; cf. Singh et al. 2009, 281, 291). Website localization seems to be related to higher sales in the target markets (Baack & Singh 2007, 187; Sinkovics et al. 2007, 223; Singh 2012, 148–149, 260), but still there cannot be found many studies focusing on comprehensive e-commerce website localization. That is why this research focuses on website localization instead of website standardization.

1.2 Purpose of the study

Studies examining e-commerce website localization from a truly comprehensive perspective are rare to be found (cf. Shin & Huh 2009, 288, 292, 304), even if it has been studied that localization tends to lead to better online performance and customer loyalty in the target market (Singh et al. 2006, 66; Baack & Singh 2007, 187; Sinkovics et al. 2007, 223; Singh et al. 2010, 260; Singh 2012, 148–149, 260). However, for example Finnish e-commerce businesses often do not localize their websites, and they tend to use only English in their international country-specific sites (Kaidesoja 2015; Hanski-Pitkäkoski 2016). One reason for not properly localizing the e-commerce is a lack of knowledge (Sheldon & Strader 2002, 23; Singh 2012, 83; Chao et al. 2012, 46). There is a need to better understand e-commerce website localization – why to localize and how to localize a site for a foreign target market, and what might hinder it. Therefore, this thesis focuses on gaining more knowledge on a brand's e-commerce website localization. Thus, the main purpose of the study is to *analyze the e-commerce website localization for foreign target markets*. This research objective is examined through following sub-objectives:

- *Why e-commerce websites are localized.*
- *How e-commerce websites can be localized.*
- *What key challenges hinder e-commerce website localization.*

This thesis aims to provide more knowledge on localizing international e-commerce website in a larger extent, to fit into the local preferences better when expanding e-commerce to a new target market. In addition, to possibly help to increase the success of internationalized e-commerce as a result. In order to narrow the scope of the study, international e-commerce in this thesis refers to selling goods to foreign markets' consumers through a brand's own e-commerce website. The interest is precisely in the

brand's way of localizing its own websites overseas since other e-commerce sales channels, for example retailer's websites, are not in the control of a brand. In this thesis, *brand* refers to a one brand company, such as Marimekko, or one brand that is a part of a brand portfolio owned by a corporation, such as Suunto is owned by Amer Sports corporation. Therefore, the term *brand's website localization* is used instead of *company's website localization*. More precisely, this thesis aims to examine and analyze different reasons and objects of localization in a brand's website to better adapt the e-commerce website into a target market. In addition to reasons why websites are localized and why not, this research desires to provide more comprehensive perspective on e-commerce website localization and thus focuses on examining all the following aspects: localization of content, localization of website design in terms of visual and structural elements, as well as localization of payment.

Moreover, there is a special need for examining internationalized Finnish brands to shed more light on how Finnish e-commerce enter a new market; how and to what extent they tend to localize their e-commerce websites, and why. Thus, the research of this thesis is limited to examine Finnish business-to-customer (B2C) businesses which have expanded their e-commerce to international markets and have localized their e-commerce to some markets. This means that these brands need to have country-specific site(s), so that localization for specific target market is possible. The companies that are interviewed consist of only businesses that sell products, not services, in order to narrow the scope of the study. Also one expert of international e-commerce is interviewed. The limitation of the researched brands is discussed more in the chapter 5.2. The research is conducted as a qualitative research by having semi-structured theme interviews, in order to have profound understanding of why and how Finnish brands have localized their sites and what have been the key challenges affecting the localization.

This research does not take into account the influence or localization of the promotion, product or other marketing mix elements – focus is on the e-commerce website itself. Moreover, this research does not go into details of technical aspects of the website, but focuses more on a holistic approach of the e-commerce localization. In addition, organizational structure or other organizational factors influencing localization, such as whether the company has local subsidiary or not, are left out of the scope of this thesis. This research does not focus on examining the reasons behind choosing the target market, or e.g. the ability to export to that target market – these issues are already solved.

In the following chapter, the context of e-commerce website localization in this study is discussed more.

2 LOCALIZATION IN THE CONTEXT OF E-COMMERCE

2.1 Context of international e-commerce

2.1.1 E-commerce website

E-commerce can be understood quite widely, and that is why it can be defined in many ways (Jackson et al. 2003, 4–5), being also a matter of degree (Damanpour 2001, 18). Even though there are some differences between the definitions, generally e-commerce is understood as buying and selling through the internet (Javalgi & Ramsey 2001, 377; Jackson et al. 2003, 5; Chaffey 2015, 13). More precisely, this usually means widely all the transactions that are executed electronically between an organization and some other third party. However, e-commerce is not limited to buying and selling, but consists also of pre- and post-sale activities. Thus, also for example customer service and information requests carried out electronically by consumer or any member of supply chain are considered as e-commerce by this definition. (Kalakota & Whinston 1997, 3–4; Rayport & Jaworski 2001, 3; Chaffey 2015, 13.) Global, or international, e-commerce has made selling and buying more or less borderless nowadays. *Global e-commerce* is described as an e-commerce that is happening cross-borders, which links people, countries and organizations worldwide (Javalgi & Ramsey 2001, 376). As stated in the introduction, *international e-commerce* is usually defined as sale or purchase (export or import) of goods or services via online store over national borders (GAO Report 2002). In this study, *international e-commerce* is used when implying to both global and international e-commerce.

B2C companies are in interest in this study (cf. Jackson et al. 2003, 18). B2C e-commerce is chosen in order to narrow the scope of this study, since the buying behavior is different whether the user is an organization or a consumer. E-commerce can be divided to buy-side e-commerce and sell-side e-commerce. *Buy-side e-commerce* refers to company's or organization's purchases from its suppliers, and *sell-side e-commerce* refers to an organization or a company selling its products to customers. (Chaffey 2015, 14.) This thesis focuses on the latter side of the e-commerce. Sell-side e-commerce includes more than merely selling products online. Chaffey (2015, 17) presents that there are five type of sell-side e-commerce presence online: 1) transactional e-commerce sites, 2) service-oriented relationship-building sites, 3) brand-building sites, 4) publisher or

media sites and 5) social network sites. Figure 1 presents the focus of e-commerce context in this research.

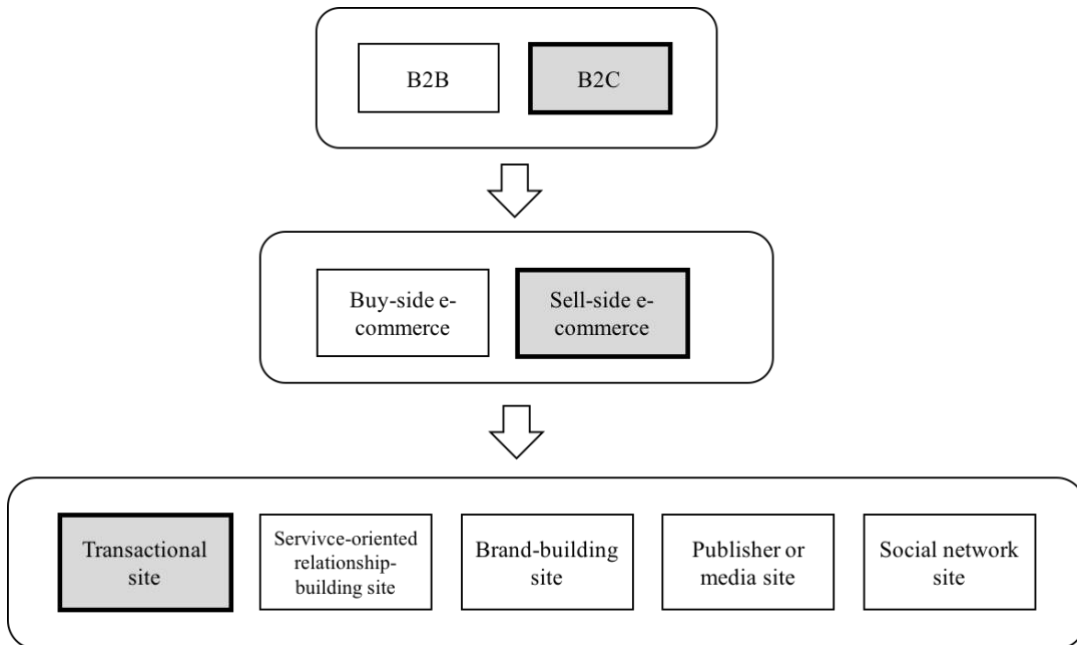


Figure 1 The focus of e-commerce context in this research (Adapted from Jackson et al. 2003, 18; Chaffey 2015, 14, 17)

Transactional e-commerce sites' main intention is to sell the products online. These sites may also consist e.g. information of possible offline sales channels. *Service-oriented relationship-building websites'* intent is to encourage to offline sales and generate leads by serving customers. *Brand-building sites'* purpose is to provide an online experience about the brand without usually selling the products online. *Publisher or media sites* mean e.g. news sites that generate sales through for example advertising or commission based sales. *Social network sites* mean social media channels that influence the company and its customer communication. In practice, companies often combine some of these aspects of e-commerce, so websites can be for example both brand-building and transactional. However, often an e-commerce has focus on some aspect(s). (Chaffey 2015, 17.) As can be seen from Figure 1, this study focuses on the first one, *transactional e-commerce sites*, from which it is possible for consumers to buy the company's products, and selling the products to its target markets is the main objective of the websites.

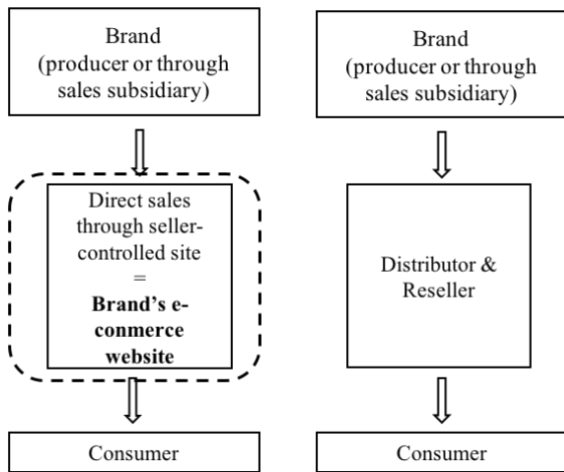
2.1.2 Brand's own e-commerce website as an international sales channel

E-commerce and the use of internet as a distribution channel have been increasing all the time (Javalgi & Ramsey 2001, 384; Loane 2006, 271; cf. Statista 2018), also in international context. There are many possible strategies or channel structures to sell brand's goods via the internet worldwide (Gabrielsson & Gabrielsson 2011, 89–90; Chaffey 2015, 53). The structure and the process of how manufactured products end up to end customers can be described as *distribution*, or *marketing* or *sales channels* (Stern et al. 1989, 5; Jackson et al. 2003, 217). In e-commerce context, virtual marketplace (the internet) where the transactions happen, no matter time or geographical location, can be called as *electronic marketplace* where buyer and seller do not have personal contact with each other (Javalgi & Ramsey 2001, 376; Chaffey 2015, 53).

In global electronic marketplace, a brand can choose to sell through one or more intermediaries (e.g. local retailer's site or Amazon) or also directly to the consumers (Samiee 1998, 3; Jackson et al. 2003, 218; Chaffey 2015, 54–55). This possibility where a brand can remove distributors which it used to need to sell the products, and instead now sells the products via seller-controlled sites in the internet, is called *disintermediation* (Javalgi & Ramsey 2001, 387; Loane 2006, 271; Chaffey 2015, 55). *Seller-controlled sites* are e-commerce enabled brand owned or otherwise controlled sites, such as brand's own e-commerce websites (Chaffey 2015, 55). In this thesis, the term *e-commerce website* is applied to refer to these brands' seller-controlled sites.

Gabrielsson and Gabrielsson (2011, 89–90) present four different kind of internet-based sales channels, or also called e-commerce distribution channels, which can be seen in Figure 2.

1. Direct sales channel strategy 2. Indirect sales channel strategy



3. Dual sales channel strategy 4. Hybrid sales channel strategy

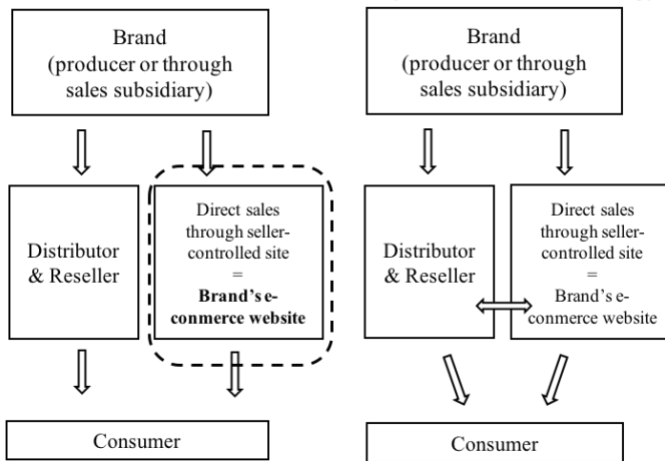


Figure 2 The applied e-commerce sales strategies in this research (marked with dashed line) (Applied from Gabriellson & Gabriellson 2011, 89–90)

As can be seen from Figure 2, the first sales channel is called *direct sales channel strategy*. This strategy means that producer (or sales subsidiary) sells its products on its own directly through internet (e.g. through own e-commerce website). *Producer* refers to the manufacturer selling products from the country where the production happens. *Sales subsidiary* means that the organization owns a subsidiary which locates in the target market and this subsidiary handles the selling. The second strategy is called *indirect sales channels strategy* where producer (or sales subsidiary) sells the goods to the distributor or reseller on the internet and the reseller(s) then sell the goods to the end customers. In other words, this strategy utilizes intermediaries. The third model is called *dual sales channel strategy* where producer (or sales subsidiary) sells goods both directly through own channel (1st option) and via intermediaries (2nd option), separately from each other.

The fourth strategy is called *hybrid sales channel*. In this strategy producer (or sales subsidiary) sells also via both directly to the end customer and via intermediaries, but in this strategy distributor or reseller and producer cooperate. Reseller handles product fulfillment when producer handles promotion and customer generation. (Gabrielsson et al. 2002, 78–79, 87, 92; Gabrielsson & Gabrielsson 2011, 89–90.) So, a brand's e-commerce can consist of both direct e-commerce sales from its own website, and e-commerce via intermediary, such as through local retailer (e.g. Amazon or Zalando) at the same time. The interest of this study is in the brands' ways of localizing their own websites when they have the authority to make the decisions regarding the website where they sell their products, whereas the retailer websites consider localization from their perspective as a retailer. Therefore, since this research focuses on brand's e-commerce website localization, the research is limited to the e-commerce strategies or situations where goods are sold independently through brand's own e-commerce website, either in the *direct* or *dual* internet-based sales channel strategy.

Even though this study does not focus on examining e-commerce as a distribution channel, it was seen necessary and important to examine the different e-commerce sales strategies and e-commerce options, in order to clarify the context of e-commerce in this research. *This research studies B2C brands that sell to their target market consumers directly via their own e-commerce websites (seller-controlled transactional e-commerce sites)*. After defining the e-commerce context in this study, it is time to examine the localization of the website for the target markets in the coming chapters. The following chapter examines the definitions of e-commerce website localization, and the arguments for localization.

2.2 Localization in international e-commerce context

2.2.1 Definitions of website localization

By one broader explanation, *localization* can be defined as adapting media products to a linguistically and culturally acceptable form in countries outside the market it was originally designed for (Turban et al. 2006, 176). More precisely, in the e-commerce context the media product is a website. There are various definitions for *the localization of a website* (Shneor 2012, 354). Localized website can be explained as a website that is adapted particularly to a specific country (Singh et al. 2004, 75). Singh et al. (2004, 75) define a website localized, if it has been localized to some extent – such as by adding

country-specific time, currency, date and number formats. They also add that in order the website to be localized, it has to be in local language. Yalcin et al. (2011, 96–97) define website localization as modifying the elements of the site, such as language, content, symbols and design of a website, to fit the cultural factors. Sinkovics et al. (2007, 223) define localized website as country-specific version of the domestic site, which has local culture modifications, mostly related to language. Tixier (2005, 16, 22) defines localization of the site as more than just translated, but rather also adapted to technical, administrative and cultural factors of the market. However, it seems that only translating a country-specific site into a local language is also considered as localized e-commerce website (Sinkovics et al. 2007, 223; Chao et al. 2012, 46; Chaffey 2015, 159–160).

Standardized, or also called global (e.g. Tixier 2005, 43), website usually means the situation when the exactly same website as domestic website is used for the international markets without any local modifications, except English language as a global language (Singh et al. 2004, 75; Tixier 2005, 43–44). Standardization is often called also globalization of the site. By this definition, these sites have global URLs, for example “.com”, not country-specific URLs (Singh et al. 2004, 75). This means that brand has global site that is targeted to all international clients. However, some consider country-specific sites that are solely literally translated to local language as standardized. In the international marketing context, even if the promotion messages and other marketing have been translated into target market language, this can be seen as a standardized approach, if there have not been done other local modifications (Okazaki 2004, 82). Many companies use same strategy e.g. to whole Europe; same information but locally translated. According to Okazaki (2004, 90), this can be regarded as standardized strategy, whereas, on the other hand, e.g. Sinkovics et al. (2007, 223) consider this as a localized strategy, because the website is translated. In this thesis, this is considered as part a of website localization, but the extent is small because only the language has been localized and all the other aspects, such as design and payment, are not localized.

As it can be seen, the line between e-commerce localization and standardization is wavering and there are no clear definitions when a website is localized and when standardized. It seems that researchers and companies perceive localization somewhat differently. However, localization of the website and e-commerce seems to be commonly defined as tailoring a website for different regions or nations to fit the local preferences (Singh et al. 2009, 282; Chao et al. 2012, 34; Chaffey 2015, 159), which usually contains linguistic and other cultural adaptation of different elements on a website (Singh et al.

2009, 282; Chao et al. 2012, 34; Shneor 2012, 354). In addition, it is generally agreed that localized website must have country-specific URL locator in the end of their website addresses (e.g. *.se* and *.com/se* in Sweden or *.de* and *.com/de* in Germany) (Singh et al. 2004, 75), which is also referred as *country-specific site*, so that the website can be localized for the target market. These definitions are applied in this thesis as well to define e-commerce website localization.

2.2.2 E-commerce localization

Even if e-commerce localization is studied to be justifiable due to its benefits (cf. e.g. Singh et al. 2006, 66; Baack & Singh 2007, 187; Singh et al. 2010, 260; Singh 2012, 148–149, 260; Tigre Moura 2016, 317), there are still arguments for standardization. *Arguments for standardization* in the e-commerce context have been emphasizing the cost-effectiveness (Tixier 2005, 44; Sinkovics et al. 2007, 222). The supporters believe that cultures are becoming similar, globalized, when technology develops and borders do not matter as much as they used to (Yalcin et al. 2011, 95; Singh 2012, 72). Because of the possibilities presented by globalized internet, standardization has become one of the natural choices among people who agree on globalized and worldwide similar preferences (Okazaki 2004, 83). By using the same global site for foreign markets is notably less expensive compared to localized sites. Supporters of standardization believe that standardization makes the brand image stronger in online context (Jackson et al. 2003, 217; Tixier 2005, 44; Sinkovics et al. 2007, 223).

However, the target market's e-commerce transactions goals cannot be set too high, if the standardization strategy is used (Sinkovics et al. 2007, 223), since standardization is studied to result in fewer purchases than localization (Baack & Singh 2007, 187; Singh 2012, 148–149). Also, there have been studies of higher costs due to too much of standardization, and standardization may also lead to legal issues, if the site is not adapted to correspond the local laws (Alhorr et al. 2010, 8; Singh 2012, 86). The standardization strategy has been criticized to be too product-oriented, not customer-oriented approach (Sinkovics et al. 2007, 222).

E-commerce localization is considered as an important strategic issue (Turban et al. 2006, 608–609; Chaffey 2015, 159), especially for multinational companies which are operating in various countries (Chaffey 2015, 159). *Supporters of e-commerce localization* strategy believe that without local modifications it is not possible to reach the target market's potential customers well enough, and thus achieve the full market

potential and competitive advantage on the market (Sinkovics et al. 2007, 223; Singh 2012, 8).

Localization has been studied to usually lead to better sales and higher customer loyalty in the target market in the e-commerce context (Singh et al. 2006, 66; Baack & Singh 2007, 187; Singh et al. 2010, 260; Singh 2012, 148–149, 260). In practice, website localization can result in better navigation and increased usage of the website and more positive attitudes towards the site (Singh et al. 2004, 80; Singh et al. 2006, 58; Baack & Singh 2007, 187; Tigre Moura 2016, 317). The more the website is localized, the better the perceived website effectiveness (Singh et al. 2004, 79–83; Singh et al. 2006, 66). Studies show that users stay longer on the site when it is localized (Singh 2012, 149), and by matching a website with the online consumer needs, they are more likely to buy from the website (Baack & Singh 2007, 187; Singh 2012, 148–149). For example, the study of Daryanto et al. (2013, 657) of small businesses' country-specific websites in the foreign markets found that having a localized country-specific site can cause a positive image of the site and the brand among the target market consumers as well as among other stakeholders. Decision makers perceived localized site as an efficient and performance improving factor in the target market. Having a better perceived image enhances the usefulness of the site, and thus, attracts more consumers, or other stakeholders, to the site. (Daryanto et al. 2013, 657.) Localization is also seen important in terms of creating a better relationship with the target market's consumers. Decision makers decide in which extent to localize their web content, and thus how good relationships they create with their target market consumers. (Singh et al. 2010, 258–259.) Cultural adaptation is one prominent factor for the positive attitude toward the site (Singh et al. 2006, 66; cf. Ko et al. 2015, 388–389; Tigre Moura 2016, 317).

There are various studies proving that culture is influencing in the e-commerce context, and therefore website is highly culturally sensitive (Luna et al. 2002, 399; Singh et al. 2005, 73; Singh et al. 2006, 65–66; Ahmed et al. 2008, 8–13; Ajanee 2008, 87–95; Ko et al. 2015, 388–389; Tigre Moura 2016, 317). Many studies present that website content is better to be localized to a local behavior, culture and needs of the consumers (Singh et al. 2005, 73; Singh et al. 2006, 65–66; Singh et al. 2010, 260). Therefore, it seems to be crucial to understand the local culture: local audience and their expectations, and create culturally congruent website for international target markets (Sinkovics et al. 2007, 230; Ahmed et al. 2008, 13; Ajanee 2008, 95; Ko et al. 2015, 389). Various studies have proven that culturally congruent (localized) websites outperform incongruent ones

(standardized) (Vyncke & Brengman 2010, 26; Chaffey 2015, 159; Ko et al. 2015, 388–389).

It can be concluded that e-commerce website localization seems to have many advantages. In the next chapter, the e-commerce localization is presented as a matter of extent.

2.2.3 Extent of e-commerce website localization

Even though, there are clearly supporters of standardization and supporters of adaptation, standardization and adaptation is nowadays rarely considered as two separate strategies (Singh 2012, 72) – they can co-exist (Singh et al. 2005, 72; Vrontis et al. 2009, 491–492; Singh et al. 2010, 259). There does not seem to be an absolute right answer between standardization and localization – it depends on the conditions. Marketers need to decide what is appropriate for each market in question. (Singh et al. 2005, 72.) It has been stated that multinational firms can do both, standardize and localize international marketing, by choosing what to localize and what to standardize. Singh (2012, 72) argues that many companies have come into a conclusion that total standardization strategy is not always the most effective way to expand to international markets, even if it costs less.

Vrontis et al. (2009, 491–492) conclude that companies can find a balance between standardization and localization based on the dynamics of the target market – decision makers pay attention that which elements demand standardization and which localization. Also Theodosiou and Leonidou (2003, 167), conclude that in order to companies succeed in the target market, the international marketing strategy should fit the target market. Therefore, this can mean both standardized or localized strategy – the most suitable choice depends on the circumstances of the target market. The question of whether to choose between standardization and localization has changed into question of what marketing mix elements should be standardized and what localized (Singh et al. 2005, 72).

Therefore, standardization and localization can be considered as a continuum in the e-commerce context as well. Various previous studies argue that localization is justifiable, but the degree of localization varies (Ajaneer 2008, 90–95; Shneor 2012, 354). Website is rarely totally standardized or totally localized. It is rather a decision between them – *to what extent* they should localize the website. (Singh et al. 2005, 71; Ajaneer 2008, 90–95; Singh 2012, 85.) Localization and standardization can be seen as a continuum where on the other end the site is wholly standardized, and on the other end it

is wholly localized. Localized website can be located anywhere on the continuum, based on how comprehensively it has been localized. Therefore, localized website can refer to many kinds of levels of localization. (cf. e.g. Ajanee 2008, 90–95; Shin & Huh 2009, 290.) Internationalizing e-commerce and localizing the website can require on one hand just minor resources and effort, for example translating the site into English, or on the other hand it can be a broad and time-consuming on-going project of localizing the whole site (Sheldon & Strader 2002, 26). The studies show that usually websites need to be localized at least to some extent in order to fit the target market, and hence succeed in the market (Alhorr et al. 2010, 8; Singh et al. 2010, 264; Singh 2012, 148).

As an example, Singh and Pereira (2005) present five degrees of localization of the website. The first level is not localized at all so in this case the website is *standardized*: the same website serves domestic and international consumers. The second degree is *semi-localized websites*. At this level, the one website serves still both domestic and international consumers, but the site includes information for example of foreign subsidiaries or retailers, and so on. The third degree is *localized websites*. In this case, there are country-specific sites translated into local languages whenever necessary. The fourth level is *highly localized websites*. These country-specific websites are wholly translated into local languages and they are also locally modified by some other ways, such as time, date, currency formats, postcodes and so on. The highest level is called *culturally customized website*. These websites are wholly adapted to the target market's and its consumers' culture. (cf. Ajanee 2008, 88–95; Chaffey 2015, 159–160.)

Similarly, Singh et al. (2004, 76–83), presented the three levels of website localization – high, medium and low localization – and how the level of localization affected the site effectiveness. The results showed that the higher the level of localization was, the better the perceived site effectiveness was. In practice, the combination of the standardization and localization can mean for example that content is translated and modified, but the structure and the navigation remains the same to all countries (Tixier 2005, 15). As an example, the content aspects of the website might be standardized and the design features localized (cf. Robbins & Stylianou 2003, 211–212). Also, sites tend to be more likely localized for the markets that have high cultural distance compared to the brand's domestic market (Shneor 2012, 364).

However, based on the various studies, website localization is rarely seen as comprehensive adaptation of a website (e.g. Singh et al. 2009, 281, 291). It seems that translating the site to local language is one issue that emerges in every study related to

localization. Moreover, many researchers emphasize that merely translating the home-country website to local language is often not enough (Jackson et al. 2003, 200; Cyr & Trevor-Smith 2004, 1206; Sinkovics et al. 2007, 230; Singh 2012, 111–112, 115). Localization can go beyond that – to characteristics like navigation, layout, colors, symbols among other things (Cyr & Trevor-Smith 2004, 1206–1207). The localization degree varies and reasons for how thoroughly site is localized can consist of many issues. But it can be concluded that localization makes websites more efficient in the target market according to many studies, and the next step is to discuss in what ways sites can be localized and what tend to be the reasons or influencing factors. Chapter 3 focuses first on the issues that seem to drive toward e-commerce website localization, briefly examining what internal and external factors influence on localizing websites. The impact of culture on website localization is discussed in the chapter 3.2. After that the chapter examines what kind e-commerce website localization, and why, there is in terms of content, design and payment elements on the site, based on the previous research. Lastly, the chapter examines what kind of challenges there have been studied to exist related to website localization.

3 E-COMMERCE WEBSITE LOCALIZATION FOR INTERNATIONAL MARKETS

3.1 Key external and internal factors driving e-commerce localization

The suitable balance of website localization is contingent on the external and internal issues of the target market (Sinkovics et al. 2007, 222; Shin & Huh 2009, 288). These factors influence localization decisions and implementation. *Internal factors* mean issues related to the company itself, which are also called organizational factors (Shin & Huh 2009, 302). These include factors such as product type, and company's assets such as knowledge and other resources, as well as management (Shin & Huh 2009, 290, 292, 302; cf. Singh et al. 2010, 264).

As an example of how the product type can affect the localization, Singh (2012, 93–95) presents that the level of self-expression related to a company's products may have an impact on the need for local adaptation, and thus, on the degree of localization. The e-commerce companies or brands of which products are used in expressing oneself and her or his identity, such as beauty, travel, home décor or other lifestyle related or cultural industry products, tend to require more localization. A company needs to understand the local culture among other things for positioning itself correctly in the target market. (Singh 2012, 93–95.) Therefore, the products that the brand sells might influence in the need of website localization.

The study of Singh et al. (2010, 264) shows that manager's attitudes towards the localization affects the actual localization of the website. The study indicates that managers do regard localization as important. The results show that decision makers consider localization of the website content as a norm rather than exception. Decision makers are more and more concerned about internationalizing the website platform, translation and quality guarantee related to website localization. (Singh et al. 2010, 264.) The managers might see the localization as important issue for international markets, but still do not allocate enough budget for localization (Chaffey 2015, 160). Also, the previous localization experience a brand has gained seems to have a positive impact on localization. The study of Sinkovics et al. (2007, 229) demonstrates that after internationalizing e-commerce for several foreign markets, many companies have localized their websites more for later entries than the previous ones. This can be due to learning from previous entries. For example, in order to succeed in the online context, e-

commerce often need to be less standardized and more adapted. On the other hand, this tendency can also be due to a fact, that companies tend to first enter physically, and thus often culturally, closest markets and later enter more culturally distant markets which require more localizing (Sinkovics et al. 2007, 229).

Target market conditions effect the degree of localization (cf. Singh et al. 2005, 72). *External factors* refer to the influencing conditions in the target market. The conditions related to e-commerce in the target market can be called as electronic environment (Singh 2012, 7–8). *International electronic environment* (e-environment) is often divided in four environments: socio-cultural, geopolitical, legal and economic environment (Singh 2012, 7–8). *Socio-cultural* issues include for example cultural values, attitudes, cultural symbols and translation equivalence. *Geopolitical environment* means issues such as local e-commerce infrastructure, development of telecommunications and control of the internet that government affect. *Legal environment* consists of issues such as laws related to e-commerce: contracts, intellectual property, privacy issues, jurisdiction. *Economic environment* means for example economic development of the market, competition, global logistics, and international transactions. (Singh 2012, 8.) Economic environment and issues related to economy affect in the degree of localization. Studies show that there are differences in localization of e-commerce between developed and less-developed areas or countries. When entering less-developed areas, e-commerce seems to be more localized compared to developed areas. (Sinkovics et al. 2007, 230.) In addition, other economic factors may affect, such as competition or the fear of increasing competition in the target market (Tixier 2005, 43; Shin & Huh 2009, 290). Thus, some markets require more e-commerce localization than others. All in all, target markets are varying by several different factors, for which localization is often an answer to (Singh 2012, 86).

Therefore, when considering the need and the extent of website localization, the targeted market seems to be the key question in which degree to localize. The decision centers on the question is this market a key market for the brand (Sheldon & Strader 2002, 26; cf. Singh et al. 2005, 72; Chaffey 2015, 159). Therefore, the decision to localize is often based on how important the target market is – does a brand want to achieve the full potential and maximize sales and efficiency of the site, or is the potential of standardized e-commerce enough along with the smaller costs. Brands tend to consider the importance and the size of the target market (country or region) and the need for localizing. Sometimes managers are having a hard time deciding the level of localization, because the increase in e-commerce sales and conversion rate due to investing in localization is

difficult to predict. Managers can consider the costs too high compared to the difficulties to forecast how these investments effect in sales – will the benefits outweigh the costs? (Chaffey 2015, 159–160.)

Next, this literature review goes deeper into addressing the issues especially related to the socio-cultural aspect, since culture often seems to be the basis for the website localization (cf. Zahedi et al. 2001, 86–89; Jackson et al. 2003, 198; Yang & Lin 2003, 467–473; Singh 2012, 9; Tigre Moura 2016, 317).

3.2 Localization for specific cultures

Socio-cultural environment seems to be very important in terms of website localization. Culture seems to affect remarkably, if not the most, in the way how websites should be localized. (cf. Zahedi et al. 2001, 86–89; Jackson et al. 2003, 198; Yang & Lin 2003, 467–473; Sinkovics et al. 2007, 230; Ahmed et al. 2008, 13; Ajanee 2008, 95; Singh 2012, 9; Ko et al. 2015, 389; Tigre Moura 2016, 317.) Websites are suitable for cultural modification because they are interactive way to communicate with the potential customer (Luna et al. 2002, 399; Singh et al. 2005, 72–73). *Culture* is defined in various ways (Jackson et al. 2003, 198–200), but some definitions can be considered to have become established. In general, culture can be defined as a way of living and thinking by a group of people, which is transferred from one generation to another (cf. Zahedi et al. 2001, 85–86; Jackson et al. 2003, 199; cf. Robbins & Stylianou 2003, 206). It affects the way of how people behave based on e.g. social norms, religious beliefs, local standards and language (cf. Robbins & Stylianou 2003, 206). Cultural values of a society are often behind the society's attitudes and attitudinal behavior. Values are kind of mindsets that affect the choices and judgements that people do (Tigre Moura et al. 2016, 313), and thus important in terms of localization.

In the field of cultural research, a few main cultural classifications have been established. One of these are Hofstede's widely known and referred five cultural value dimensions. Hofstede's (1982) five cultural dimensions include uncertainty avoidance, power distance, collectivism versus individualism, femininity versus masculinity and long-term versus short-term orientation. In simplified terms, uncertainty avoidance refers to how comfortable a culture is with uncertainty, power distance refers to the degree a culture accepts unequally distributed power, collectivism versus individualism refer to importance of individual versus group interests, femininity versus masculinity refers to the degree which values a culture appreciates more: e.g. achievement and performance or

e.g. caring and quality of life, and lastly short or long-term orientation refers to the degree is a culture more past or future oriented. However, dimension of long-term versus short-term orientation seems not to be depicted in the context of website localization since it does not emerge from the literature review. Thus, this dimension is not further discussed in this thesis. The other widely referred classification is Hall's (1976) categorization of cultures into two dimensions: high context and low context cultures. Shortly, high context culture refers to a culture where implicit and non-verbal communication is important, and low context culture refers to a culture where explicit communication is more important. (Hall 1976; Hofstede 1982.) Hofstede's cultural dimensions and Hall's high and low context cultural valuation have been widely used as foundation in the e-commerce localization research as well (e.g. cf. Zahedi et al. 2001, 85–89, 96; Yang & Lin 2003, 468–473; Singh et al. 2005, 82–83; Ahmed et al. 2008, 8–13; Ajanee 2008, 89–95; Ko et al. 2015, 380–389; Tigre Moura 2016, 314). Studies have shown that many companies localize their websites according to local cultural features (Singh et al. 2003, 75) which reflect Hofstede's and Hall's cultural dimensions (Singh et al. 2005, 82–83; Ahmed et al. 2008, 8–13; Ajanee 2008, 90–95; Tigre Moura 2016, 314).

Thus, knowledge on the target market's culture is crucial from an e-commerce point of view (Luna et al. 2002, 399; Yang & Lin 2003, 467; Okazaki 2004, 91; Sinkovics et al. 2007, 230; Ajanee 2008, 95; Ko et al. 2015, 388–389). People from different cultural groups usually prefer different kinds of websites (Singh et al. 2004, 80; Tigre Moura 2016, 317). Culture affects how consumers act towards websites. A vast amount of studies have proven that culture affects how consumers acquire, process and interpret information – how they perceive the website. (Zahedi et al. 2001, 86; Singh et al. 2004, 80; Singh 2012, 9; Tigre Moura 2016, 317.) When targeting e-commerce to some specific market, website should preferably be congruent with the target market's culturally impacting factors, since consumers prefer culturally adapted sites (Luna et al. 2002, 399, 408; Yang & Lin 2003, 468; Singh et al. 2006, 65–66; Baack & Singh 2007, 187; Vyncke & Brengman 2010, 14, 26). A *culturally congruent website* is compatible with a local visitor's cultural factors (Vyncke & Brengman 2010, 14, 26), such as values, heroes, rituals and symbols (Luna et al. 2002, 398–399). These are called as cultural manifestations, which are used to express the accumulated culture (Luna et al. 2002, 398).

Luna et al. (2002, 400) argue that when a website is culturally compatible with the user's cultural expectations, it might decrease the cognitive effort that is needed in processing the content and the website. The higher the required effort is, the more difficult

it is to process the site, which tends to arise negative feelings. This might lead to decreased navigation on the site and use of the site. (Luna et al. 2002, 400.) On the contrary, cultural congruity tends to increase use of the site (Luna et al. 2002, 400; Singh et al. 2003, 76 Singh 2012, 148–149; Tigre Moura 2016, 317). For example, a local language is one obvious cultural factor that decreases the effort to process the site, which tends to impact positively on user's navigation experience (Luna et al. 2002, 401). It is important to provide this kind "flow" for the local consumers. The flow is a state of mind where a consumer feels that a site can be processed easily and without a big cognitive effort. During this flow, they are expected to buy more when the attitudes towards the site are good. (Singh et al. 2004, 78.) The flow gets interrupted, if the site contains a lot of foreign symbols, foreign language or otherwise not-localized content (Luna et al. 2002, 402; Singh et al. 2004, 78). However, a website can be partly congruent and partly not – the level of congruity can vary. The website can contain culturally congruent symbols, such as local language, from the visitor's culture, but include heroes that are not necessarily congruent with the visitor's culture. (Luna et al. 2002, 399; cf. Ajanee 2008, 90–95.)

If websites are decided to get localized, companies tend to localize them according to cultural values, but often not extensively (Singh et al. 2003, 75; Singh et al. 2005, 71; Ajanee 2008, 90–95). There seems to be a need to localize a website more comprehensively on the target market. Most of the companies do translate the websites, but the localization of navigation structure, colors and other design elements, and culturally relevant content, are less implemented on the international websites. (Singh et al. 2009, 281, 291.)

All in all, culture affects the preferences, attitudes, behavior and decisions that the consumers have and make regarding the brands' e-commerce websites. It seems that culture affects very widely on the international e-commerce context – it lies deep on the behavior of people. That might be the reason why culture is emphasized in the localization research. This research aims to examine localization as comprehensive website localization, and the next chapters go deeper into practical website localization based on the previous research. Based on studies, website can be divided into design and content elements, which are affected by local factors and thus are objects of localization (cf. Robbins & Stylianou 2003, 205, 207; Yang & Lin 2003, 472; Tigre Moura et al. 2016, 313, 317). First, the literature of website content localization is reviewed. In this research, the content elements of the website refer to written content on the site, such as language which is separated as its own sub-chapter. After discussing content, the literature of

website design localization is analyzed. The website design elements are divided into structural layout and navigation and visual design. After discussing content and visual design, payment elements and challenges are examined.

3.3 Localization of website content elements

3.3.1 Language

Translating a website into local language is one of the most necessary, and often the most usual, localization acts when entering a new market (Turban et al. 2006, 607; Singh et al. 2009, 291; Singh et al. 2010, 265). Customer-oriented companies are expected to translate their websites into the target markets' local languages so that they reach their targeted audience and better communicate with them (Samiee 1998, 8). Language also creates a better bond between user and foreign brand (Luna et al. 2002, 401). Tixier (2005, 16) argues that consumers buy three times more when the site is translated to the local language. Even though the knowledge of English has been increasing worldwide, a brand loses a lot of market potential, if it uses only English to target the global markets (Jackson et al. 2003, 193). Translating the site into local language makes it accessible for all the locals in the target market (Shama 2005, 708).

Language is considered to be one prominent part of culture (Cyr & Trevor-Smith 2004, 1199–1200), and it is defined as a cultural symbol (Luna et al. 2002, 398; Singh 2012, 9). Language reflects and expresses the cultural values and concepts (Luna et al. 2002, 398). Singh et al. (2004, 71) remind that languages are highly culturally-bound, so they differ e.g. by their history and tradition, use of rhetorical styles, as well as metaphors and characters. A consumer processes language always in a certain situation, for example when navigating in a website, and languages might stimulate different kinds of values and concepts specific for her or his culture (Luna et al. 2002, 398). Luna et al. (2002, 398) uses the word *dinner* as an example. In Spanish, dinner is called *la cena*, and while *dinner* might reflect correlations such as *evening* and *convenient*, *la cena* might reflect associations such as *evening* and *family*. Thus, there might be differences in perceived and activated associations depending on whether the website translated into Spanish or English. Hence, language is often a key for activating cultural associations, and that makes local language an important part of the website's localization strategy. (Luna et al. 2003, 398, 400.)

Mere direct translation, or machine translation, can cause situations where the verbal content gives a wrong impression. When the language includes cultural differences or accented characters compared to the target market language, it can give a wrong association for a local site visitor, even if the word could be translated to that have “same” meaning (Singh et al. 2004, 71; Turban et al. 2006, 176; Singh 2012, 11–12). When translating a brand’s original text for a target market, it is important to take culture specific features into account. As an example, when translating content to Asian countries, there is a special need to pay attention to their culture of respecting older people (Turban et al. 2006, 176). This can cause different kinds of requirements in terms of terminology and writing style. In *high uncertainty cultures*, local language and its terminology and metaphors are important to be considered carefully (Singh et al. 2005, 79). Thus, it is crucial that the quality of the translation is the best possible. The native speakers tend to be the most reliable resource to translate the local sites. (Singh et al. 2009, 291.)

Writing style has been studied to be different on different cultures’ websites (Cyr & Trevor-Smith 2004, 1203). For example, Japanese sites have been studied to have more often a point-form-style compared to German and U.S. sites, whereas a paragraph-format is mostly used in German sites. Also, German and U.S. sites tend to have text written mostly from top to bottom, while Japanese sites may also use other style. (Cyr & Trevor-Smith 2004, 1203.) In addition, expressions can vary between culturally divergent websites. In *low-context cultures*, directness and superlative expressions, like “the best”, “the number one...” or “world’s largest”, are recommendable. In *high context cultures*, more indirect expressions, reflecting the soft-selling approach, like “probably” or “somewhat” are more justifiable to use. Language can be elaborate and highly contextual in high-context cultures. (Singh et al. 2005, 79–80; Ajanee 2008, 91–92.) Furthermore, the preference for the tone of formality of the text have been studied to vary across different cultures. For example, the U.S. sites might use very informal language, whereas in Japan it can be felt as rude, and they prefer more formal tone in the language. (Jackson et al. 2003, 206–207.)

Local language is also related to the organic visibility in the local search engines – more specifically, to search engine optimization (SEO)¹ of the website. SEO is an organic

¹ In this study, SEO refers to content SEO, which means that the content of the site is optimized for search engine search queries, so that a website ranks higher in the search results. Technical SEO is not in the scope of this study, since this study does not go into details of technical aspects of a website.

way to reach the potential customers online. This means that SEO increases the likelihood to reach the local potential buyers, because search engine optimized pages in local language rank higher in the local organic search engine results. (Chaffey 2015, 160.) Country-specific domains are very important in order to have better chances to rank higher in the search engine results (Singh 2012, 152). Moreover, local language is necessary part of the SEO, and therefore language is also important in terms of local visibility in the search engine. (Singh 2012, 152.)

3.3.2 Written content

Based on the previous studies, local websites often require their own content strategies and production, localization, for each market in order to truly reach and convince the local consumers, and thus succeed (Robbins & Stylianou 2003, 212; Sinkovics et al. 2007, 230; Singh 2012, 111–112, 115). *Website content* can mean many forms of content and researchers seem to include different elements under the term of website content (Tigre Moura 2016). In this research, *content* refers mostly on written content on the site.

Cultural manifestations, that are discussed in the chapter 3.2, have been part of the debate of localizing website content to local preferences (Sinkovics et al. 2007, 222). Luna et al. (2002, 399) present that a website can be culturally congruent by two ways: 1) content is congruent 2) and structure of the website is congruent with the visitor's culture. Structural congruity is addressed in the chapter 3.4.1. According to Luna et al. (2002, 399) *content congruity* means that a site is verbally and non-verbally compatible with certain culture(s) and their manifestations. This can happen when for example text corresponds with target market's cultural manifestations. Cultural values impact on what kind of content is preferred on the sites, and therefore it is important that local values are reflected in the country-specific content (Tigre Moura 2016, 317).

For example product reviews, especially when targeting *collectivistic markets*, are added on the website so that content would better answer to the collectivistic culture's need for other's opinions and conformation (Luna et al. 2002, 399; cf. Ajanee 2008, 92). Content targeted for collectivistic cultures highlights being part of a group and value of group cohesion instead of highlighting the individual self-interest (Zahedi et al. 2001, 87–88; Yang & Lin 2003, 470–471). Website can include content, and links (internal or external) to the pages or sites, that express the target market's cultural values, symbols, rituals or heroes. For example, when targeting collectivistic cultures, a site can include

localized links to pages which content expresses being part of the community. (Luna et al. 2002, 399; Ahmed et al. 2008, 10–11, 13; Ajanee 2008, 90, 92.)

As an example of cultural values' influence on the website content localization, a same product can have different kind of product information on the different country-specific sites depending on the culture. More relationship oriented focus on product information tends to be preferred in collectivistic culture, whereas more performance-oriented information is preferred in individualistic culture. (Luna et al. 2002, 400.) Also, consumers in highly collectivistic cultures prefer having some information, or other reflections, of their community on websites. This can mean for example content of community policy or way of giving back to community, as well as loyalty programs. Some kinds of customer or special membership, loyalty programs or members' clubs are especially valued in collectivistic cultures. In addition, family themes are preferable on the collectivistic countries' website content. Emphasis on the family or other community, for example employees of the company, is recommendable. For instance, a website could include information or mentions of employees or teams, and make the customers feel that 'they are part of the family'. Live chats and other forms of communication with the company's employees or other customers are also often valued in the collectivistic culture. (Zahedi et al. 2001, 87–88; Yang & Lin 2003, 470–471; Singh et al. 2005, 77; Ahmed et al. 2008, 10–11, 13; Ajanee 2008, 90, 92.)

Individual performance and self-reflection are valued in *individualistic* cultures. Websites, that are targeted to highly individualistic cultures, can for example emphasize independence and individual goals themes on their content. This can mean, for example, content themes that depicts self-reliance and achievement. (Singh et al. 2005, 77, 79; Ahmed et al. 2008, 10–11, 13.) Personalized content is highly recommendable. This can be for example individual acknowledgements, recommendations and other personalized content. In individualistic cultures, consumers also tend to appreciate product uniqueness, which can mean product differentiation – the goal is to bring forth the unique and self-reflecting features of the products, which are characteristic for individualism. (Singh et al. 2005, 77, 79.)

Implicit communication is important in the content targeted for *high context* cultures. The context of the content is more important than the explicit message (Zahedi et al. 2001, 87; Ahmed et al. 2008, 11–13). High context cultures are often associated with collectivistic cultures (Zahedi et al. 2001, 87). It is preferable to reflect politeness and indirectness in the website content which is targeted to high context cultures. This can be

implied by indirect expressions, and humble and friendly content of, for example, company or philosophy. For example, greetings from the company are one way express this. In other words, the tone-of-voice needs to be adapted to fit the high context culture's values. Additionally, "soft" selling and contextual approach in a website content tend to be valued in high context cultures. Websites can apply this for example by including especially entertainment themed content to product promotion. Also, product information can emphasize intangible features and use affective and subjective impressions. (Singh et al. 2005, 79; Ajanee 2008, 90–95.)

On the other hand, in the content for *low context cultures* the explicit content is important – it is preferable to provide a lot of explicit information on the websites (Zahedi et al. 2001, 87; Ahmed et al. 2008, 12–13). Low context cultures are often connected with individualistic cultures (Zahedi et al. 2001, 87). Low context cultures value more direct and "hard" selling approach in the content. In order to put this into practice on the website, product information can, for example, emphasize product advantages and product comparison. Ranks, importance of the company and product excellence can be brought out in the content. Low context cultures also value discounts and promotions. (Singh et al. 2005, 79–80; Ahmed et al. 2008, 12–13.)

As another example of cultural values impact, consumers in *high level of uncertainty avoidant cultures* tend to seek a lot of information before they make purchasing decision. This often means that website needs to contain more detailed and precise information for example about the products in such cultures. (Zahedi et al. 2001, 88; Yang & Lin 2003, 470–471; Okazaki 2004, 90.) The study of Okazaki (2004, 90) shows, that there tends to be higher amount of information on the Japanese site, which is considered to be a high uncertainty avoidant culture. Uncertainty avoidant cultures may also need more customer service options and other helpful information – FAQs, customer help, easily findable customer service contact and local store information (Singh et al. 2005, 79; Ajanee 2008, 90–92). For high uncertainty avoidant cultures, it might also be good to bring out history and other ties to the traditions of the target country in the website content. As an example, phrases like "for generations" and "keeping traditions alive" reflect history and suites to high uncertainty cultures. These cultures also respect other ties to local context in the website content, such as names of the local events and so on. (Singh et al. 2005, 79.) Ko et al. (2015, 389) suggest that website localization for high uncertainty cultures is especially important compared to other cultural dimensions.

A website is more effective in *highly power distant* cultures, if the sense of authority or expertise is expressed in the content. Content can have for example a reference to highly respected persons or provide unambiguous information based on high status expertise or persons. (Zahedi et al. 2001, 86–87; Yang & Lin 2003, 470–471.) People tend like to show their social status in high power distant cultures. This can be utilized on the country-specific websites targeted to these cultures – the website content can emphasize the products' way of rank one's position in the eyes of others. (Okazaki 2004, 84; Ahmed et al. 2008, 8–9, 13.) Websites can also include content that reflect the culture by presenting company hierarchy information – e.g. ranks and charts of the personnel: proper titles, information of the CEO and comments from the CEO about the company's vision (Robbins & Stylianou 2003, 207, 209–210; Singh et al. 2005, 79; Ahmed et al. 2008, 8–9, 13; Ajanee 2008, 90–93).

In *highly masculine* cultures, performance and achievement are important determinants. Therefore, the content of country-specific websites targeted to these cultures needs to emphasize the performance, for example in the product information. (Zahedi et al. 2001, 88; Singh et al. 2003, 68; Yang & Lin 2003, 470–471). However, some studies show that masculinity is often not depicted on the websites (Singh et al. 2005, 77; Yalcin et al. 2011, 108–111) and can be less found in this literature review as well.

It can be concluded that localized content is more effective for the local audience. However often the extent of written content localization can be seen as a matter of degree that combines standardization and localization, and vary across country-specific sites. Website can be standardized in a matter of overall creative content strategy, which can be produced in the headquarters for the all the sites, but localized in a matter of adding some culture-specific content for the local sites. Also, the main point of some content section, for instance product's special features, can be same in all country-versions, but be presented in a different context depending on the target market's culture. (Luna et. al. 2002, 399–400.) Also, it might be that often content is only slightly localized in a sense of being careful not to offend the local audience, considering the things 'what not to do' rather than going deeper into 'what to do' (Yang & Lin 2003, 479).

It seems that cultural congruity is prominent in the website content localization. It seems that especially cultural values, such as collectivistic and individualistic cultures or e.g. high and low context cultures, can be depicted in the website's text content by adapting the content in various ways in accordance with local preferences. This

consolidate the findings of the study of Tigre Moura (2016), which argued that content is mostly affected by cultural values. Additionally, language appears to be an important component of website localization, since language seems to be so culturally bound, and there are various benefits of using a high quality local language. Next chapter will review localization of website design elements: structural and visual localization of a website.

3.4 Localization of website design elements

3.4.1 Structure and navigation

In addition to website content, also website design elements, such as structural layout, navigation, symbols and for example colors of the website, are aspects of localization (e.g. Robbins & Stylianou 2003, 207, 210; Cyr & Trevor-Smith 2004, 1206). Website design preferences tend to be different depending on the culture, which is one reason why one website design might differ from other country's website design. Each country has locally specific cultural markers, which refer to website design factors that are characteristic for some market. (Cyr & Trevor-Smith 2004, 1200; Tigre Moura et al. 2016, 315–316.) These create the look-and-feel of the site (Cyr & Trevor-Smith 2004, 1200) and are divided into *structural elements* (structure and navigation) and *visual design elements* in this study. The layout structure and navigation are examined in this chapter, and visual design elements in the next chapter.

Structure and navigation of the site are matters of localization (Cyr & Trevor-Smith 2004, 1203). *Structure* in this study refers to structural layout of the site, which can mean for example the placement of the menus, banners and in-site search functions, or any other aspect regarding layout on the website (Cyr & Trevor-Smith 2004, 1200). *Navigation* is a part of the structure, but in this research navigation more specifically refers to the navigational structure and other navigation related elements on the site. Navigational elements mean elements such as scroll bars, links, bread crump tails, navigation bars, search capabilities and other elements related to navigation on the site. (Cyr & Trevor-Smith 2004, 1201; Singh 2012, 11.) In other words, it means that how the content is structured on a site by various navigational elements. Navigational elements can vary between country-specific sites, and differences can include, for example, where the navigational elements are placed on the site. The aim of the navigation is to create a path between different structures on the site to help to find all the content on the site – without

navigation users do not find what they are looking for. (Bernard 2003, 4–10; Cyr & Trevor-Smith 2004, 1200; Singh 2012, 11.)

The structural layouts vary in different cultures. This can mean for example preferences for vertical menus versus horizontal menus, or differences in page orientation regarding banner or search box location on the site. (Cyr & Trevor-Smith 2004, 1203–1205.) As an example, according the study of Cyr and Trevor-Smith (2004), Japanese sites (high in uncertainty avoidance and masculinity) tend to locate banners more on the top and left, compared to U.S. and German sites (lower in uncertainty avoidance and masculinity).

Luna et al. (2002, 399) present that structural compatibility with the market's culture is one way to make the site culturally congruent. *Structural congruity* means that website's whole structure complies with targeted culture(s) (Luna et al. 2002, 399). Luna et al. (2002, 399) present that for example a navigation of the site can be *in-site search oriented* or based on *a clear hierarchy of the site*. For instance, in *high context cultures* hierarchical structure tend to be preferred, and on the contrary, in *low context cultures* the in-site search based navigation can work better. More hierarchical and deep site structure, following logical steps from more general top-level categories to more specific sub-categories, may give preferred context and contextual information in the high-context cultures. Desired context can be, for example, to which sub-category the product is counted on (e.g. running shoes or training shoes), and who usually uses it (e.g. men or women), thus providing context bound information. On the contrary, flat site navigation structure, including in-site search, might be more suitable in the low-context cultures. They can access the information or product they are searching as quickly as possible from the home page, without a need for context. (Luna et al. 2002, 399.) There are also differences in the use of symbols in the navigation elements (such as in the menus or in other links) on the site. Some cultures might prefer more symbolic (non-text) navigation tools, and others textual. Consequently, *high-context cultures* often emphasize the use of symbols. (Cyr & Trevor-Smith 2004, 1205–1206.)

Compatibility of the local culture and the website may affect the users' navigation patterns within the site (Luna et al. 2002, 400). When paying attention to local cultural manifestations, and embedding those into the target market's site, it is possible to positively impact on local users' navigation experience on the site (Luna et al. 2002, 408). Target markets that are *highly uncertainty avoidant* may value guided navigation, which can mean well-displayed links with informative anchor texts (the text in the link) and e.g.

forward and backward links (Singh et al. 2005, 79). Altogether, the structural and navigational congruity with the target market's preferences lead to localized websites in higher extent. In the following chapter website design localization is discussed from the visual design point of view.

3.4.2 Visual design

Visual design is one of the localizable elements on a site (Sinkovics et al. 2007, 222). It is an important element helping a user to structure the information on the website (Cyr & Trevor-Smith 2004, 1199). The visual look of the site tends to differ across cultures – sites have different look-and-feel in different markets, and local customers have got used to the specific style on the local sites and might expect to see the similar design on other sites as well (Singh et al. 2006, 66). Thus, visual design often needs to be created according the local cultural expectations in order to fit the target market better (Cyr & Trevor-Smith 2004, 1206; Sinkovics et al. 2007, 230). After examining the previous research on visual design and localization, *symbols, colors and images* stand out as the visual characteristics of the site that are often objects of localization. Also, the general visual “look” or “style” of the site have been often discussed in the literature of website localization. (cf. Jackson et al. 2003, 207–208; Cyr & Trevor-Smith 2004, 1203–1206; Singh et al. 2005, 77, 79; Singh et al. 2006, 66; Ahmed et al. 2008, 8–13; Ajanee 2008, 90–92.) Multimedia, such as streaming videos or sound, do not seem to stand out in the research of a website localization, compared to for example images.

In order that the website is culturally congruent with the target market, it needs to be also non-verbally congruent. *Images* are one important aspect of that. (Luna et al. 2002, 399.) For example, a website in *highly collectivistic cultures* needs to include for example pictures of family, employees and other community reflecting visuals, because being part of the community is characteristic for collectivistic cultures. On the other hand, targeted for the *individualistic culture* markets, the websites can include pictures reflecting independency as well as achievement and self-recognition, in order to depict the individualistic culture. Websites targeted to *highly power distant cultures* can preferably include pictures of the executives and important people of the company in order to manifest the high hierarchy that is characteristic for this culture. Celebrities and other important influencers are appreciated in high power distance cultures, and therefore pictures of the celebrities can be used in the website to reflect the target market culture as well. Especially in *high-context cultures*, the visual appearance and the context that

pictures and other visual elements establish in addition to text, is important. On the websites in these kinds of cultures, it is relevant to pay attention to visual details and emphasis on harmonious appeal. (Singh et al. 2005, 77, 79; Ahmed et al. 2008, 9–13, Ajanee 2008, 90–93.)

The use of *colors* has been studied to differ on the sites across cultures, and they often need to be considered in the website localization (Jackson et al. 2003, 208; Cyr & Trevor-Smith 2004, 1206). Colors white, black and red, are known to have different symbolic meanings in distinct cultures and religions. For example, black is associated with misfortune and death in China, whereas in the U.S. site it might be suitable to use. (Jackson et al. 2003, 208.) In *high-context cultures*, the use of colors in the websites is favorable to be bold and liberal. For example, in Chinese websites this is usual because they prefer highly contextual content and design. (Singh et al. 2005, 79; Singh et al. 2006, 66; Ajanee 2008, 90–92.) According to the study of Cyr and Trevor-Smith (2004, 1206), Japanese sites used red more than German or U.S. sites do, since red has been associated with Japan's culture. However, the results of the studies regarding applied colors on the sites across cultures do not seem to be wholly consistent, and it seems that often results have not supported the hypotheses of the colors stereotypically associated with certain cultures, but rather the use of colors have had surprising similarities in different cultures (e.g. Cyr & Trevor-Smith 2004, 1206).

Cultural manifestations, such as *symbols*, impact also on local visual design preferences (Sinkovics et al. 2007, 222). Different markets have different country-specific symbolism related to visual website design – e.g. local colors, symbols and icons (Jackson et al. 2003, 207–208; Singh et al. 2003, 76). Market-specific symbols can be almost anything that illustrate way of life or other cultural knowledge (Singh 2012, 12). Some symbols have different meanings in different cultures: as an example, thumbs up - gesture is seen offensive in Iran, or different flowers have various symbolic significances across cultures (Jackson et al. 2003, 208). Some countries, and cultures, have been studied to use locally specific symbols on their sites more than others (Cyr & Trevor-Smith 2004, 1203–1204). Especially Japanese sites stood out in the study of Cyr and Trevor-Smith (2004, 1203) as a culture that prefer using a lot of culturally local symbols on their sites, for example, Asian characters. This might be due to a preference for high context visual content. *High-context cultures* usually tend to use a lot of local symbols on their sites. For example, Chinese sites tend to include high amounts of symbols in the visual design. (Singh et al. 2006, 66; Ahmed et al. 2008, 11–13.) This derives from the importance of

non-verbal communication and context in high context cultures (cf. Zahedi et al. 2001, 87; Ahmed et al. 2008, 11–13). Unfamiliar symbols for the target market's consumers increase the likelihood to arise negative feelings toward the website, and thus leading to decreased engagement with the website (Luna et al. 2002, 404–405). User that is feeling comfortable with the website's design and usability features is more likely to visit the site again (Cyr & Trevor-Smith 2004, 1200).

Website design elements seem to be relevant matter of localization. Especially structure, navigation, images, colors and symbols seem to stand out as culture-specific factors – creating the non-verbal *look-and-feel* of the site. Culture seems to emerge as the most impacting factor also in website design. Uncertainty avoidance and high-low context cultures have been found to be the most connected to these cultural characteristics (Tigre Moura et al. 2016, 316), therefore these cultural values might especially impact the website design elements' localization. Also, collectivistic and individualistic and high power distant cultures seem to impact especially on site's images. On the other hand, cultural markers have been found to change over time – new cultural markers appear and some of the old usual cultural markers are removed (Tigre Moura et al. 2016, 316). Next chapter examines the localization of payment elements on the site.

3.5 Localization of payment

Only reaching local online consumers and increasing the incoming local traffic to the site might not be enough, if the traffic is desired to convert into sales. Therefore, the elements related to purchasing issues need to be considered in order them to fit the local markets. (Sheldon & Strader 2002, 30; Turban et al. 2006, 607; Singh 2012, 23). After examining previous literature, payment methods and currency seem to be the issues related to the e-commerce website localization, and these can be called as payment elements. Payment methods are often considered a relevant issue when localizing e-commerce into new country (Turban et al. 2006, 495; Singh 2012, 23). Also, local currency is a relevant issue for country-specific sites (Jackson et al. 2003, 210; Chaffey 2015, 159–160).

Locally most used and trusted payment methods on the internet can vary a lot between countries (Sheldon & Strader 2002, 26–27; Jackson et al. 2003, 209; Turban et al. 2006, 607; Singh 2012, 23), and is thus a matter of website localization. It has been studied that an unpleasant or wrong kind of payment method is often the reason why consumer do not buy the product from that specific online store (Jackson et al. 2003, 210), and therefore it is important to have versatile payment methods that are modified to fit

the target market preferences (Turban et al. 2006, 607; Singh 2012, 23). For example, according to the report of Finnish E-commerce (2017, 45), in Sweden 34 % did not buy the product they wanted because they did not find their preferred payment method as a payment option. Range of locally preferred payment methods facilitates international purchases (Singh 2012, 23). Thus, it seems important that brands targeting e-commerce to international markets pay attention to alternative payment options which fit in a specific country and consumer behavior (cf. Jackson et al. 2003, 210; Turban et al. 2006, 495). Also, culture seems to affect the preferred payment methods. Especially in high uncertainty avoidance cultures, emphasis on secured payment on the site is important (Singh et al. 2003, 67).

E-commerce payment methods can be for example an invoice, online (also called internet) banking, card (debit or credit), cash on delivery (COD), prepaid cards (e.g. Ukash), electronic checks, e-wallets (e.g. PayPal), MobilePay, Swish or other payment apps (Turban et al. 2006, 495; Singh 2012, 23; Finnish E-commerce 2017, 42). For example in Finland, the most preferred and trusted payment method has been online banking for a long time. In Finland, it is considered as the quickest and safest mode of payment on the internet. This is probably partly due to Finnish relatively high trust towards banking. (Finnish E-commerce 2017, 36.)

The preferences are not same between countries, not even within Nordic countries. In Sweden, Denmark and Norway, the most used payment method on the internet is a card payment. In addition, for example in Norway, PayPal is also popular, and in Denmark the online banking is the least used payment method. (Finnish E-commerce 2017, 42.) According to the report, within Europe the most popular payment method varies by country. For example, invoice has been the most used method e.g. in Austria and in Germany, whereas card has been the most used online payment method in e.g. Belgium, France and Latvia. Cash on delivery (COD) has still been the most popular online payment method in Hungary, Romania, Slovakia and Slovenia. (Online payment methods in Europe 2017.) According to the Statista (2017), worldwide the most preferred payment methods in 2017 were credit cards, electronic payment (e.g. PayPal), debit cards, cash on delivery, bank transfers, mobile payment and cryptocurrencies, in presented order. In Europe as total, the most preferred online payment has been e-wallets (e.g. PayPal and Alipay) followed by card payment (Visa, Mastercard, domestic bank card) and bank transfer (Online payment methods in Europe 2017). In the USA, the leading payment methods in 2017 were credit card and PayPal (Leading payment methods in the

United States in 2017). In China, mobile payment is extremely popular, alongside with UnionPay which is a local online payment provider in general. WeChat and Alipay, third party mobile payment providers, are dominating the mobile payment application industry (Asia Pacific leads the charge with alternative payments at the heart of ecommerce 2017; Payment & Consumer Trends in Asia and the Pacific 2018, 15). However, that has not been the case in whole Asia-Pacific – e.g. in India the most used payment method has been cash on delivery, in Australia credit or debit card, and in Japan credit card and bank transfers (A guide to preferred online payment methods in Asia Pacific 2017; Payment & Consumer Trends in Asia and the Pacific 2018, 17).

In addition to adding preferred payment methods on the online store, also local *currency* is important (Jackson et al. 2003, 210; Turban et al. 2006, 607; Singh 2012, 23). Having prices with local currency on the country-specific site, increases the likelihood of local consumers buying from the site, when they know how much the purchase is going to cost for them in total (Jackson et al. 2003, 210; Singh 2012, 23). It also tends to increase loyalty towards the brand by giving local consumers feeling that the brand cares the market, and it seems more trustworthy (Jackson et al. 2003, 210). Currency has been classified as part of the second highest level of localization, *highly localized website* (Chaffey 2015, 160).

Next chapter examines the challenges of the localization. What might hinder e-commerce website localization, or be the reasons why localization is not feasible or reasonable?

3.6 Challenges of e-commerce website localization

Ideally a brand would have own, highly localized website for each country (Singh 2012, 83). However, that is not often possible, due to different challenges that hinder or slower website localization. One major challenge seems to be the costs. E-commerce localization process can be an expensive process (Sinkovics et al. 2007, 222; cf. Vrontis et al. 2009, 478, 480–481; Alhorr et al. 2010, 7; cf. Chao et al. 2012, 34). It can be said that more the websites are localized the higher the costs will be (Singh 2012, 101; Alhorr et al. 2010, 7). Since the process of the localization is time-consuming and costly (Vrontis et al. 2009, 478, 480–481), managers often consider the worth of localization thoroughly (cf. Chao et al. 2012, 34).

Internationalizing an e-commerce successfully, requires a lot of resources and knowledge (Sheldon & Strader 2002, 23; Singh 2012, 83–84). A company needs to invest

managerially and financially in the employees who establish and maintain the multi-language sites (Samiee 1998, 4). Often companies are lacking resources, knowledge or education for developing and creating market or country-specific sites which include also own distribution systems, localized marketing, storages and further on (Sheldon & Strader 2002, 23; Chao et al. 2012, 34; Singh 2012, 84). Putting localization into practice includes various components which require a vast range of skillful experts – for example technological, linguistic, intercultural communication, marketing, international business, e-commerce and other skills that are needed for establishing and maintaining country-specific websites in its entirety (Singh 2012, 106). Localization is not only a matter of launching but also maintaining and continuously developing the international websites (Sinkovics et al. 2007, 222–223). Translating the content is one of the resources requiring issues (Singh 2012, 84). Translating the whole site often takes considerably amount of time and it is costly (Turban et al. 2006, 607; Chao et al. 2012, 34). Often companies do not have enough resources in-house to translate and maintain the local websites, and they need to either outsource it or hire local in-house teams (Singh 2012, 84.) Organizing the process of website localization is complex. It requires planning, clear strategy and implementation, which takes into account all the necessary components and labor force – in-house or outsourced. (Singh 2012, 95–101).

Companies might lack of knowledge of social-cultural factors, as well as lack of sufficient education and training for website localization to some specific target market (Chao et al. 2012, 46; Singh 2012, 84). In order to make a site culturally fitting for the target market, it often requires culturally skillful and experienced work force or experts to consult with the decisions, for example, of the site's local design and content. Thus, localization requires a lot of expertise and management skills. (Singh 2012, 83–84.) After launching the country-specific e-commerce website, it requires constant analysis of the success of the localization – how it can be developed to better fit the target market and its culture (Sinkovics et al. 2007, 222–223).

Cyr and Trevor-Smith (2004, 1199) present that first, there need to be established a global website platform that is technologically, linguistically and culturally neutral, which then allows to modify the website based on the target market. On this platform, for each target market localized content and other localized objects are built based on the target market's relevant local factors. Based on this, it might mean that a website platform is the key factor for a country-specific localization – is it possible to modify the structural layout

and navigational elements as well as visual design and content elements of the website for each target country?

Due to globalization, the cultural differences, and other previously country-specific characteristics, have been found to mix worldwide when cultures have spread over geographical borders (Singh 2012, 72). This presents a challenge for localization, since it has become harder to define how the e-commerce should be adapted: what are the local preferences nowadays? Globalized internet might have created own culture where the usual cultural dimensions blend (Okazaki 2004, 91). Some studies present a consideration that maybe Hofstede's cultural dimensions are not that applicable in the field of internet (Baack & Singh 2007, 187) – some studies have shown results that are not in line with Hofstede's dimensions (Singh et al. 2004, 80–81). The study of Shneor (2012, 364, 367–368) indicated that Hofstede's cultural dimensions would not have an impact on localization decision. Despite the deviant results, the studies of the Hofstede's cultural dimension classification and their impact on website localization and perception have mostly been supporting the classical dimensions (cf. Zahedi et al. 2001, 85–89, 96; Yang & Lin 2003, 468–473; Singh et al. 2005, 82–83; Ahmed et al. 2008, 8–13; Ajanee 2008, 89–95; Ko et al. 2015, 380–389; Tigre Moura et al. 2016, 314). Overall, it might be harder to identify the local culture nowadays. There is need for extensive cultural research of the target market in order to recognize the relevant local cultural characteristics for the business and brand in question. This requires investment in time and money.

Altogether, it seems that especially high costs, lack of resources and lack of market knowledge and expertise are the main challenges for website localization. It seems that biggest prerequisite is financial resources, because investing in localization would solve many of the other problems, such as lack of knowledge and labor force. Because of these barriers and challenges, companies often settle for global site with minor efforts to localize the site for local markets and trying to reach the international markets with more global site (Sheldon & Strader 2002, 23).

4 SYNTHESIS

The theoretical findings of e-commerce website localization are gathered here to form a synthesis of the theoretical background for this study. Even though this study does not focus on examining e-commerce as a distribution channel, it was seen necessary and important to discuss the e-commerce context in this research, what kind of websites are examined, in the chapter 2.1. The context of this study is e-commerce where goods are sold independently through brand's own e-commerce website. Moreover, this research studies B2C brands that sell tangible products directly to the consumers via their own seller-controlled transactional e-commerce sites, that are referred as e-commerce websites in this study. Thus, this research does not examine retailers' websites, only the brand owned e-commerce websites and their localization for international target markets. (cf. Gabrielsson et al. 2002, 78, 87, 92; Gabrielsson & Gabrielsson 2011, 89–90; Chaffey 2015, 14,17, 54–55.)

Standardization is referred in the previous research as cost-efficient strategy to reach the international clients also in e-commerce environment. Previous studies also point out that countries have become similar due to the globalization, and thus localization is not always necessary. Also coherent brand image is considered as an advantage of standardization strategy. Localization on the other hand, is seen more expensive but more efficient way of international e-commerce. It seems that localization is more expensive and complex than standardization, but the benefits seem to be better – such as achieving the full market potential and greater sales in the target market. (cf. Tixier 2005, 44; Singh et al. 2006, 66; Sinkovics et al. 2007, 222–223; Baack & Singh 2007, 187; Singh et al. 2010, 258–260; Singh 2012, 8, 148–149, 260; Chaffey 2015, 159.)

As stated in the chapter 2.2.1, website localization can have many different definitions, and researchers seem to perceive localization in different ways. In simplified terms, localization of an e-commerce website can be defined as modifying the original website to the target market in order to fit the market characteristics better. In order localization to be possible, it seems to be obvious that brand must have country-specific site for the target market. In this research, the empirical data have limited to brands that have country-specific sites since this seems to be the necessary factor of localization. However, in the previous research, it was rather ambiguous whether a localized site has to be translated into local language so that the site is considered to be localized, or can country-specific site in English be considered as localized site as well. It seems that most

of the previous researchers see the translation as an important factor, so that the site is considered localized. Translating the site into local language is one issue that is mentioned almost every time when e-commerce localization is discussed. (cf. Singh et al. 2004, 75; Tixier 2005, 16, 22; Turban et al. 2006, 607; Sinkovics et al. 2007, 223; Singh et al. 2009, 282; Yalcin et al. 2011, 96–97; Shneor 2012, 354; Chao et al. 2012, 34; Chaffey 2015, 159.)

Based on the theoretical findings, website localization can be seen as a matter of degree. This can be a reason for unestablished and varying definitions of e-commerce localization – some seem to count a website localized already in the lower degree and others when a website is almost wholly localized. The degree of localization is often a trade between website efficiency and lower investment on the website. Localization leads to better sales but is much more expensive than standardization. The market seems to be the key question in localization decision – is this market important and does it need localization. Thus, the degree of localization varies based on target market. (cf. Sheldon & Strader 2002, 26; Theodosiou & Leonidou 2003, 167; Singh et al. 2005, 71–72; Sinkovics et al. 2007, 222; Ajanee 2008, 90–95; Vrontis et al. 2009, 491–492; Alhorr et al. 2010, 8; Singh et al. 2010, 259, 264; Singh 2012, 72, 85, 148; Shneor 2012, 354; Chaffey 2015, 159.) In the empirical research also this issue is examined – why and how e-commerce websites are localized?

What comes to drivers for localization, according to the theoretical findings, culture among other market specific external factors, such as economic, legal and geopolitical e-environment, as well as brand's internal determinants, such as product type and the market importance, influence in website localization: in its degree and how the website is localized. After comprehensive review on the previous research, culture seems to stand out as the most studied and important factor from the otherwise rather scarce research of e-commerce localization. Thus, culture seems to be an important reason for localization and the way a website is localized. (cf. Zahedi et al. 2001, 85–89; Luna et al. 2002, 399, 408; Jackson et al. 2003, 198; Yang & Lin 2003, 467–473; Baack & Singh 2007, 187; Ahmed et al. 2008, 8–13; Ajanee 2008, 87–95; Shin & Huh 2009, 302; Vyncke & Brengman 2010, 14, 26; Singh 2012, 7–9; Ko et al. 2015, 388–389; Tigre Moura 2016, 317.)

Based on the previous research, e-commerce website localization seems to be justifiable due to all its benefits. Various studies prove that localization leads to better e-commerce revenue in the market. However, based on the various studies, website

localization is less frequently seen as truly comprehensive adaptation to target market needs. Local language seems to be the general perception of localization in the companies, but other website elements are not often taken into consideration in the companies, even if studies show that higher degree of localization leads higher sales. Many researchers have stated that localization require more than just translating the site. (cf. Jackson et al. 2003, 200; Cyr & Trevor-Smith 2004, 1206; Sinkovics et al. 2007, 230; Singh et al. 2009, 281, 291; Singh 2012, 111–112, 115.) Consequently, this research focuses on more holistic perspective on website localization. What can it include and why? After thorough literature review of relevant research, website content, website design and payment elements are combined as the aspects of website localization. (cf. Robbins & Stylianou 2003, 205, 207; Cyr & Trevor-Smith 2004, 1206–1207; Tigre Moura et al. 2016, 313, 317.)

In this research, website content localization refers to written content, language and also search engine optimization (SEO). Based on the theoretical findings, it seems that cultural congruity stands out in the website content localization as one of the most relevant factors. It seems that culture truly impacts what kind of website content is preferred in the target market – for example does the target market culture prefer content that highlights collectivism or individualism, or do they prefer the hard (e.g. emphasizing performance) or soft (e.g. emphasizing context) selling approach. Also, local language and linguistic issues seem to be important components of website content localization. Based on the theoretical findings, local language seems to be one of the most important localization actions. However, based on the theoretical findings, SEO in the context of localization have been studied in the academic literature very scarcely, if barely at all – even if it has been studied to increase the local sales. Thus, the role of SEO in the localization context is examined more in the empirical research. (cf. Zahedi et al. 2001, 87–88; Luna et al. 2002, 398–401; Yang & Lin 2003, 470–471; Okazaki 2004, 84, 90; Cyr & Trevor-Smith 2004, 1203; Singh et al. 2004, 71; Singh et al. 2005, 77, 79–80; Turban et al. 2006, 176; Sinkovics et al. 2007, 222; Ahmed et al. 2008, 18–11, 13; Ajanee 2008, 90–95; Singh et al. 2009, 291; Singh et al. 2010, 265; Singh 2012, 11–12, 152; Chaffey 2015, 160; Tigre Moura 2016, 317.)

Website design can be divided into structural and visual design. After examining previous research related to website's structural localization, it seems that structure and navigation have not been studied as much as for example content or visual elements, in terms of website localization. This might mean that structural elements are not that often

localized. However, there can be found some ways to localize them, such as how the navigation hierarchy of the site is structured (e.g. flat or deep) or e.g. where the navigation is situated on the site. Pleasant navigation for consumers seems to be important so that website is effective. Cultural values seem to be the reasons behind the localization here as well. This might be due to a fact that culture affects so broadly on what consumers are used to and what kind of websites they prefer. This empirical research pursues to gain more knowledge also on structural elements' localization. (cf. Luna et al. 2002, 399–400, 408; Robbins & Stylianou 2003, 207, 210; Cyr & Trevor-Smith 2004, 1200–1206; Singh et al. 2005, 79; Singh 2012, 11.)

Visual design seems to be more often matter of localization among the previous research. Especially symbols, colors and images stand out from the localization research. They seem to be culturally sensitive, and therefore to be important objects of localization. For example, local culture affects does the target market prefer visual elements that reflect achievement or collectivistic values, or for example what kind of symbols are preferred on the sites. Visual design and structural design, together website design and the look-and-feel of the site, are in the interest of this empirical research as well. (cf. Luna et al. 2002, 399, 404–405; Jackson et al. 2003, 207–208; Singh et al. 2003, 76; Cyr & Trevor-Smith 2004, 1199–1200, 1203–1206; Singh et al. 2005, 77, 79; Singh et al. 2006, 66; Sinkovics et al. 2007, 222, 230; Ahmed et al. 2008, 9–13, Ajanee 2008, 90–93; Tigre Moura et al. 2016, 316.)

It seems that there is relatively little academic research related to payment – payment methods and currency – localization. This might be due to that various payment methods are relatively new and rapidly developing area. Even though there have not been conducted a lot of academic research of this subject, the existing research suggest that payment elements are relevant part of the localization. Preferred payment methods appear to vary a lot between markets, and be significant part of visitors converting into transactions. Preferred payment methods all together seems to be cards, online banking, e-wallets, such as PayPal, COD, invoice and different mobile apps such as MobilePay and cryptocurrencies. Currency and VAT have been mentioned in the previous research briefly here and there. Also having local currency in the country-specific sites impact conversion positively. Altogether, payment localization seems to deserve more attention in the academic research, and that is why it is in the interest in this research. (cf. Sheldon & Strader 2002, 26–27, 30; Jackson et al. 2003, 209–210; Turban et al. 2006, 495, 607, Singh 2012, 23; Finnish E-commerce 2017, 42; Statista 2017.)

All in all, localization of a website, has been studied to lead better customer loyalty and attitudes toward the website, longer time spent on the website, higher purchase intention, higher intention to revisit the site as well as easier navigation on the site. Thus, localization seems to have a positive effect of increasing the e-commerce sales in the target market, since it can help to gain the full market potential and site effectiveness. However, there can also be found several challenges that either prohibit or hinder website localization. Based on the theoretical review, the main challenges appear to be high costs, and thus lack of financial resources, and the lack of labor resources, and also lack of knowledge that localization requires. It seems, that due to challenges, localization may not often be possible or at least the degree of localization decreases. This empirical research examines whether these are the challenges of localization, and are there some other challenges as well. (cf. Sheldon & Strader 2002, 23; Turban et al. 2006, 607; Sinkovics et al. 2007, 222–223; Vrontis et al. 2009, 478, 480–481; Alhorr et al. 2010, 7; Chao et al. 2012, 34, 46; Singh 2012, 72, 83–84, 95–101, 106.)

As a conclusion of the synthesis, Figure 3 presents the theoretical framework and the focus of this research.

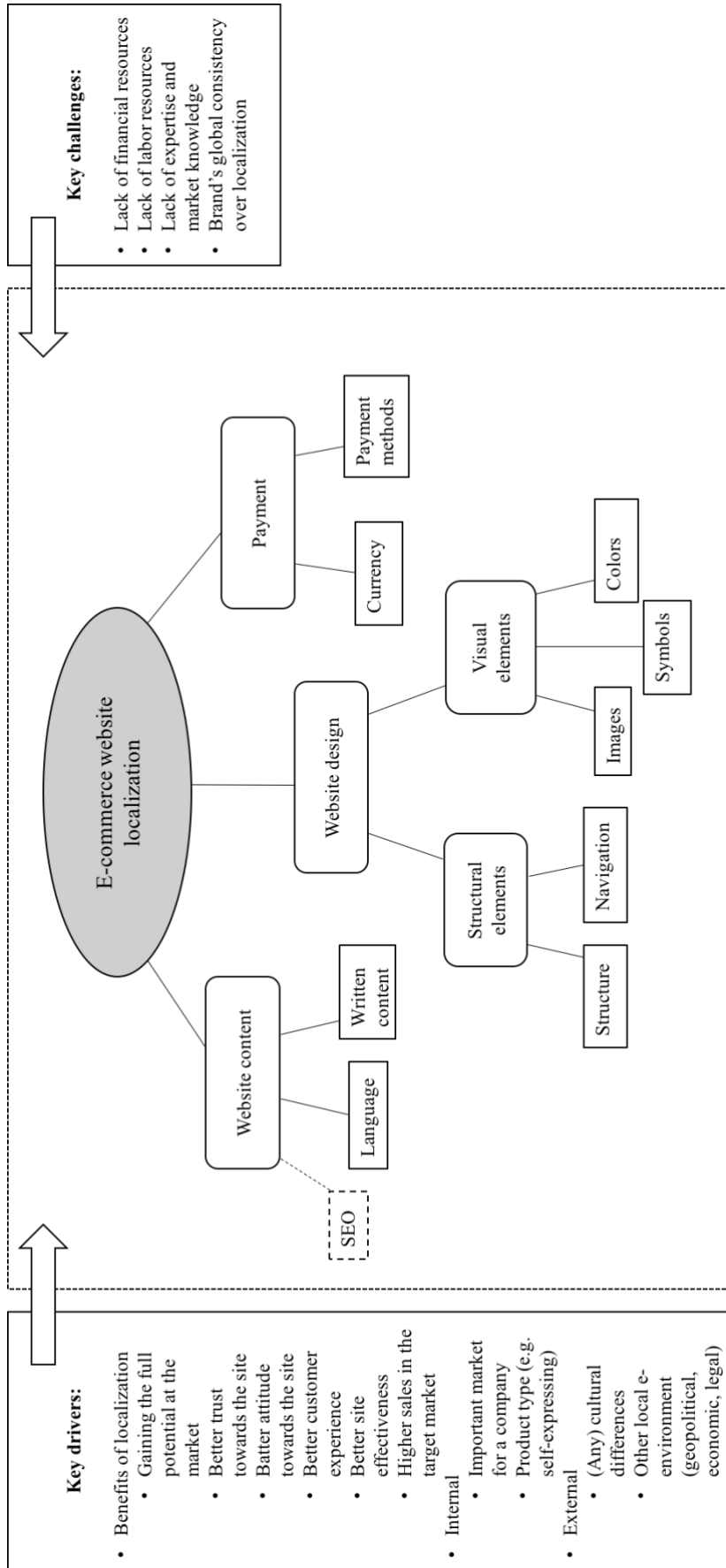


Figure 3 Theoretical framework of the study

In Figure 3, on the left, can be seen the key drivers why websites are localized. First, the key benefits are presented – the increase in sales as the most important benefit. After the benefits, internal and external issues that drive toward localization are presented, culture as one of the most influencing factor. However, localization have many challenges which might decrease the possibility or extent of the website localization. These challenges are presented in the box on the right, and these challenges influence how websites are eventually localized. Even if there are many drivers for localization, challenges might hinder it in different ways. The e-commerce website localization is presented in the middle in the figure as a comprehensive entity that includes localization aspects that have emerged from the research – website content, website design and website payment elements – and the emerged objects of localization underneath these aspects, such as for example language or navigation. This holistic entity aggregates the different aspects of how websites are localized. Empirical research of this study will focus on examining all these aspects of e-commerce localization – why and how e-commerce websites are localized, and what are the challenges hindering the comprehensive localization – and also what might stand as new findings compared to theoretical findings. Before discussing the empirical findings, the design of the research is explained in the next chapter.

5 RESEARCH DESIGN

5.1 Research approach

Qualitative research often focuses on issues that cannot necessarily be measured quantitatively. The research problem, and its sub-problems, usually determines whether to choose quantitative or qualitative research (Ghauri & Grønhaug 2002, 85; cf. Eriksson & Kovalainen 2008, 5). This research is a qualitative research, since the purpose of this research is more suitable for qualitative data collection and analysis (cf. Ghauri & Grønhaug 2002, 85). Qualitative research has emphasis on understanding, as is the emphasis of this study as well, while quantitative has emphasis on testing and verification (cf. Eskola & Suoranta 1998, 11–17; Ghauri & Grønhaug 2002, 86). The deeper understanding of e-commerce localization is the desired outcome of this research. In addition, qualitative research aims to examine the research subject as comprehensively as possible (Ghauri & Grønhaug 2002, 86; Eriksson & Kovalainen 2008, 5; Hirsjärvi et al. 2015, 161). This is in the center of this study as well – the research aims to study e-commerce website localization comprehensively. Localization is examined from many perspectives – why, how and why not.

Moreover, qualitative research has focus on respondents' points of view, not only on the objective facts or causations (Ghauri & Grønhaug 2002, 86; cf. Eriksson & Kovalainen 2008, 5). This research also aims to understand the respondents' points of view behind e-commerce localization in the Finnish brands – especially when considering the reasons and challenges of website localization. Thus, qualitative approach suits the research purpose and sub-problems. Also the target examinees, Finnish brands that have localized their e-commerce websites, have been selected purposefully, which is a common feature of qualitative research, not by using random sample as in quantitative research (Hirsjärvi et al. 2015, 164). Next the data collection and data analysis are discussed more closely. Lastly, the trustworthiness of this study is evaluated.

5.2 Data collection

Qualitative research is possible to conduct by various data collection methods, such as interviews, diaries, documents and case studies (Eskola & Suoranta 1998, 63–98; Hirsjärvi et al. 2015, 183). The choice of the applied method is for example based on what kind information is collected and where it is collected from (cf. Rowley 2012, 261–262;

Hirsjärvi et al. 2015, 184). The collected data can be primary or secondary (Hirsjärvi et al. 2015, 186). *Primary* data is collected by the researcher him or herself and *secondary* data is collected by someone else (Hirsjärvi et al. 2015, 186). Mostly primary data is used for this research.

Because this research aims to acquire holistic understanding of e-commerce website localization in the Finnish brands, interview method seemed the most suitable to collect primary data for this study. By interviews it is possible to get deeper and richer insights from the relevant experts or brands compared to for example questionnaires (Rowley 2012, 261–262), and interviews give more possibilities to interpret the collected data better (Hirsjärvi et al. 2015, 205). This way it is possible to find out also the reasons, thoughts and other background information behind the localization, which gives deeper understanding of the subject. Interviews give the possibility to ask explanatory and deepening questions so that arguments and reasoning behind the decisions get clearer for the researcher (Rowley 2012, 261–262; Hirsjärvi et al. 2015, 205). Also, because the definition and perception of e-commerce website localization seems to be varying and there is not one clear common understanding what is e-commerce website localization based on the previous research, it is important that interviewees get to explain freely how they perceive localization and the answers can be interpreted better. As a result, this leads to likely deeper and richer understanding of the subject than the other methods would. In the interview a respondent is able to tell more broadly about the subject than a researcher can anticipate (Hirsjärvi et al. 2015, 205). For this research topic, of which can be found relatively minor amount of research, this attribute is very useful.

Furthermore, there are different ways to conduct an interview research. The classic division is based on the way the interview is structured (Eskola & Suoranta 1998, 63–65; Rowley 2012, 262; Hirsjärvi et al. 2015, 208). Wholly *structured interview*, also called *form interview*, has certain determined questions which are followed in the strictly in the interview. Other type of interview research is *unstructured or open interview* where the discussion of the topic is totally open. Between these interview types is *semi-structured theme interview* which is applied in this research. (Ghauri & Grønhaug 2002, 100–101; Puusa & Juuti 2011, 80–81; Hirsjärvi et al. 2015, 208.) This interview type has beforehand determined themes which can include more specified sub-questions but leaves space for arising questions that emerge from the answers (Ghauri & Grønhaug 2002, 100–101; Eriksson & Kovalainen 2008, 82; Puusa & Juuti 2011, 81–82). Semi-structured theme interview was chosen for this research, because this way the answers for the

relevant themes are covered, but it still enables flexibility for the informant to answer quite freely without the interviewer leading to some type of answers. This might bring out some unpredicted points of views within the themes. (Hirsjärvi et al. 2015, 204–205.) The informant can thus mention some themes or issues that have not been found in the literature (Hirsjärvi et al. 2015, 205), which is relevant for this relatively less studied subject of e-commerce website localization. During semi-structured theme interview, it is possible to change the form and the order of the questions (Eriksson & Kovalainen 2008, 82; Puusa & Juuti 2011, 82; Hirsjärvi et al. 2015, 205). This type of data collection highlights the possibility of bringing out personal interpretation and meanings related to the themes (Puusa & Juuti 2011, 81; Hirsjärvi et al. 2015, 205). These kinds of advantages enable comprehensive understanding of the topic (Hirsjärvi et al. 2015, 205).

Operationalization table is created, so that it can be assured that the empirical research covers all the relevant topics that have emerged from the literature review (cf. Eskola & Suoranta 1998, 55–59; Ghauri & Grønhaug 2002, 102). Operationalization can be seen in Table 1.

Table 1 Operationalization table

Research purpose	Sub-objectives	Main theoretical background (chapter in the literature review)	Interview themes (Appendix 1)
<i>Analyze the e-commerce website localization for foreign target markets</i>	<i>Why e-commerce websites are localized</i>	Benefits of the website localization (2.2.2; 2.2.3; 3.2)	Why the sites are localized (2.)
		Key drivers for e-commerce website localization (3.1; 3.2)	Why the sites are localized (2.)
	<i>How e-commerce websites can be localized</i>	The extent of website localization (2.2.3)	Why the sites are localized (2.); How the sites are localized (3.)
		Varying perception of localization (2.2.1)	Localization background (1.)
		Localization of website content, design and payment elements (3.3; 3.4; 3.5)	How the sites are localized (3.)
	<i>What key challenges hinder e-commerce website localization</i>	The debate of website standardization versus localization (1.1; 2.2.2)	Why the sites are localized (2.); Challenges of localization (4.)
		Challenges of e-commerce website localization (3.6)	Challenges of localization (4.)

The operationalization table was utilized as the basis for the interview themes so that all the questions are relevant for the research purpose (Appendix 1) (cf. Ghauri & Grønhaug 2002, 102). Each interview theme starts with general and neutral question related to the theme so that respondent can answer the question without any leading to some specific answer. After that, each theme includes more specific questions derived from the theoretical framework, which were also designed to be not leading. This way the interviewee did not answer only yes or no, but was rather encouraged to answer based on his or her own point of view. (cf. Eriksson & Kovalainen 2008, 84.) As an example, “how have external issues affected the localization” is asked instead of “has market potential

affected the localization”. By having an interview guide, the relevancy in the interviews is assured.

The selection of the interviewees, the informants, for this study was a quite unique process. Consequently, it is relevant to go through the limitation and the selection of the interviewees. The possible interviewees for this research were originally narrowed altogether to approximately 7 brands. The limitation process started by going through the most known Finnish brands and their own websites. At this point, there was found 27 Finnish brands with a website. First, the brands that do not have online store on their website were left out of the scope, since this research focused on e-commerce websites. After this qualification, 24 brands were remaining. Then, the brands that do not have international e-commerce at all, were excluded from the candidates, since this research examined e-commerce in international context. In a result, 23 brands were remaining. Then, all these Finnish brands that had international e-commerce website(s) were narrowed into brands that had at least one, or more, country-specific e-commerce website in addition to the domestic website. This means that they must have country-specific URLs, for example *brand.com/de* in Germany, not only a website in English for all the global customers. This limitation was made because without country-specific sites it is not possible to localize websites for specific international markets, and this research focused specifically on Finnish brands’ e-commerce website localization for international target markets.

As a result, after this narrowing process, there were only 7 possible brands left. Interestingly, already this fact tells something about the Finnish brands’ international e-commerce. From all the Finnish brands, only seven had country-specific, localized, websites targeted to international customers. This indicates that most of the Finnish brands do not localize their e-commerce websites for specific international target markets. Based on my search, the brands that have country-specific sites seem to mostly be big, and also globally known Finnish brands. There might be many reasons for not having country-specific sites – e.g. not enough resources, not enough market specific demand, or for example simply because the global e-commerce website is enough to reach the brand’s international clients. There can be numerous reasons for this, but this research focuses on the brands that had localized their e-commerce websites at least to some extent. Therefore, these 7 brands were contacted.

After the process of listing the possible interviewees within these brands, the candidates were contacted. Also a couple of known Finnish international e-commerce

experts were contacted. As a result, one brand, more specifically e-commerce and digital marketing director of a Finnish design brand, agreed to participate the interview. Also, known international e-commerce expert that has a lot of experience on Finnish brands' international e-commerce, Leevi Parsama, agreed to the interview. He runs a eCom Growth program for currently 100 Finnish brands. At this point, other candidates either did not answer after multiple contact attempts or declined the request, even if they were given a possibility to choose any time within 3 months.

After there were only two accepted interviews, other suitable people working within the brands that were contacted, but had not answered the requests for the interviews, were reached. This reach attempt was partly successful since one more brand accepted the interview, and luckily it was the best possible person to answer the questions from that company – the global e-commerce director of a Finnish clothing brand. The rest of the candidates either declined the request or did not answer at all. After this, other possible experts on the Finnish brands' e-commerce localization were searched. Based on my search, there were a couple possible agencies that worked with international localization, and those were reached out, but the attempts were not successful.

Therefore, after all, three interviews were scheduled – two globally known and big Finnish brands and one e-commerce expert. However, luckily all these three persons were the best possible for the interviews about e-commerce website localization. In the qualitative research the amount of the data is not the most relevant determinant of a successful data collection – the content and quality of the data is more important (Hirsjärvi et al. 2015, 182). The interviews ended up being very successful, so the empirical data turned out to be comprehensive and relevant. The interviewees are presented in Table 2.

Table 2 Summary of the interviews

Interviewee	Industry	Websites	Interviewee's position	Experience in e-commerce industry	Date	Place	Length
Design brand	Home design & glass ware	4 localized sites in Europe, 3 not localized country-specific sites in Europe, 3 localized sites outside Europe, global site delivering to multiple countries	E-commerce and digital marketing manager	<ul style="list-style-type: none"> • Approx. 10 years in digital marketing • 1,5 years in the current position 	13.2.2019	Brand's office	1h
Clothing brand	Clothing and outdoor wear	7 localized sites in Europe, 2 localized sites outside Europe, 2 not localized country-specific sites outside Europe, global site delivering to multiple countries	Global e-commerce director	<ul style="list-style-type: none"> • Approx. 1,5 years in current position • Previous positions in other companies e.g.: eCom Director, and online retailer's Business Development manager in Nordics 	15.2.2019	Brand's office	1h 20min
Expert interview: Leevi Parsama	International e-commerce expert	-	E-commerce expert	<ul style="list-style-type: none"> • Approx. 8 years in e-commerce business • e.g. Founder of eCom Growth –program in Finland 	14.2.2019	Phone	1h 50min

All the interviewees have a lot of experience on international e-commerce, as can be seen from Table 2. The interviewees are in the positions where they decide on global e-commerce localization in the brand, and they have worked with e-commerce also in their previous positions. The interviewees were mostly interviewed from the brands' point of view, not from the interviewee's own point of view, since the brands were in the focus. However, they also presented their general insights on e-commerce localization based on their overall experience and knowledge. The expert interviewee was interviewed from the point of view of his general experience of Finnish brands' e-commerce localization. The expert interviewee has experience on leading for example Scandinavian Outdoor's e-commerce as well as eCom Growth –program. This program has been established to help Finnish brands to grow their international e-commerce. In a result, the expert has experience on most of the Finnish brands' e-commerce – which makes him a great interviewee for this research.

Before interviews, the brands' websites were analyzed in order to be able to ask about specific localization aspects on the sites. Few screenshots were printed for the interviews in case the interviewees do not remember everything on the brands' sites. None of the informants asked to see the interview themes beforehand so they only knew the topic of

the interview, which was seen positive since this way they had not established ready, narrow, answers beforehand. Also, maybe the answers would have been a bit more led toward some specific answer when they would have seen all the main questions at once. All the interviews were conducted during the same week. The interviews lasted from 1 hour to 1 hour and 50 minutes. The brand interviews were conducted in their offices, but the expert interview was held by phone on his way from Helsinki to Turku due to his busy schedule. All the interviews were held in Finnish.

Before the interviews started, the interviewees were asked, if the interviews can be recorded, and all of them agreed to that. At first, the researcher reminded the interviewee of the topic and explained how the interview would proceed. The interviewees were told that the interview is semi-structured interview and that some questions might be overlapping because the important themes were planned to cover comprehensively. They were also told that some new questions may arise from the answers. During the interviews the researcher made some main notes in case the recordings did not work. All the interviews were held without any interruptions. The interviews mainly followed the interview guide, apart from skipping some questions that were already talked about earlier in order to keep on schedule. Some new questions arose in each interview. After the first brand interview, a couple of questions were changed into more clear form for the second brand interview. All the interviewees seemed interested in the topic and mentioned that the topic is very current and interesting. The interviewees gave possibility to ask possible additional questions later, if needed.

After the interviews the interviewees were thanked and they were promised the final results of the research (cf. Ghauri & Grønhaug 2002, 104, 108). Post-interview the interview notes were reviewed and completed with some additional notes. Also, the duration, some additional comments and the general interaction with the interview was written down right after each interview (cf. Ghauri & Grønhaug 2002, 107–108). The interaction between the researcher and the interviewee was seen trusting and enthusiastic in every interview. All the interviewees could have been discussing about the topic longer, if the time would have not run out. The atmosphere in the interviews was informal, and the researcher believes that the interviewees were able to speak freely in spite of the recording and the presence of the researcher. The expert interviewee even offered to help the researcher in job seeking, which reflects the good interaction between the researcher and the interviewee. In the next chapter the analysis of the collected data is discussed.

5.3 Data analysis

Data analysis aims to make the collected data clearer. Data analysis creates new information on the research topic by compressing scattered data into separate entities without losing its original information. (Eskola & Suoranta 1998, 100.) The aim is to find relevant material from the raw data and form categorized information which is interpreted in the findings section (cf. Eskola & Suoranta 1998, 100; Rowley 2012, 268–269). Before analyzing the data, all the interviews were transcribed carefully, and interviews' situational details were written down (cf. Rowley 2012, 267). Even if the amount of the interviews was relatively small, all the three interviews produced a lot of relevant, and in researcher's mind, high-quality raw data. All in all, approximately 54 pages of transcribed raw data was created.

There are different methods for analyzing interview data, but in this research *thematic analysis* was applied (cf. Eskola & Suoranta 1998, 115–116). In thematic analysis, the collected data is organized into relevant themes in terms of the purpose of the research (Eskola & Suoranta 1998, 125). This analysis method seemed natural since the data was collected by theme interviews, and the themes are suitable for the purpose of the research; analyzing the e-commerce website localization for foreign target markets, and its sub-problems which form the basis for main themes. After transcribing the interviews carefully, the transcripts were again read carefully in order to get familiarized with the collected data in a deeper level and its main themes. Data analysis continued with organizing the raw data by dividing and combining it into different entities (cf. Rowley 2012, 268). All the transcripts were combined into same document by dividing the data according to the interview themes. The researcher carefully read the transcripts and analyzed the data by finding similarities and differences between the interviews. Simultaneously, the data was divided into sub-themes that merged from the data analyzing. Coloring and bolding the text and copying and pasting it to separate document were used in finding the connections and relevant information within the raw data, and in order to categorize the data into themes (cf. Rowley 2012, 268). The main themes were derived from the research purpose, theory, and thus, from the interview themes, since they served the basis for analysis. (cf. Eskola & Suoranta 1998, 111, 128; Rowley 2012, 268). More specific sub-themes were created for each main theme based on the answers (cf. Rowley 2012, 268). Also, some especially relevant and descriptive quotations were

collected in another document which could be used as extracts from the raw data in the findings section.

As a result, the main themes followed the operationalization table, as did the interview themes (see Appendix 1). This helped in separating the relevant data from the raw data. The first main theme was about to get more information and background of the brand's website localization, as well as to get a perspective how the interviewee perceived website localization – what does it mean in the interviewee's mind. The second main theme was why the e-commerce websites are localized. This theme was organized into emerged sub-themes based on the answers. These themes were for example: internal reasons, market specific reasons for localization and benefits of localization. The third main theme was how e-commerce websites can be localized. This theme already had some thematic structure basing on the theoretical framework: for example, website design, content and payment localization. Moreover, additional themes arose from the data, such as product selection and campaign localization. The final main theme was the challenges of website localization. This theme was divided into emerged sub-themes based on the data. These sub-themes were for example: resources, management, external laws and technical issues. All these themes are based on the research purpose and its sub-problems.

In qualitative research, it is important to keep in mind that the researcher should not let his or her own assumptions affect the analysis of the data. However, this is often impossible: researcher's own interpretations are impossible to keep totally separated from the analysis. The aim is to interpret the analyzed data in the findings, but already the themes tend to be basing on some subjective interpretations, such as interpretations from the theory and the researcher's interpretations from the answers. The researcher kept this in mind while analyzing the data in order to only interpret findings based on the collected data, and that the researcher stayed open-minded for the emergence of the new themes.

5.4 Evaluation of the study

In this chapter, the trustworthiness of the study is evaluated. Evaluating the trustworthiness is part of the conducting a research so that a researcher can present arguments that why the research is trustworthy and what might have weakened the trustworthiness. This is part of a good quality research. (Puusa & Juuti 2011, 153; Hirsjärvi et al. 2015, 231.) It is important to evaluate how trustworthy the conducted empirical research is, because the qualitative research cannot be wholly objective (Puusa

& Juuti 2011, 153). The criteria of Lincoln and Guba (1985) have been established as one of the most applied criteria to evaluate the trustworthiness of a qualitative research (Tynjälä 1991, 390). The criteria have four aspects to evaluate: *credibility*, *transferability*, *dependability* and *conformability* (Lincoln & Guba 1985, 301). This criteria is also used to estimate this research.

Credibility criteria of the research refers to internal validity, which evaluates that how well the conducted results (reconstructions) correspond with the reality (original constructions) (Lincoln & Guba 1985, 296). Credibility estimates the truth value of the study (Lincoln & Guba 1985, 294–296) – do the findings and interpretations correspond with the reality that have been studied?

One way to improve the credibility is *triangulation* (Lincoln & Guba 1985, 301, 305–306). Triangulation refers to research method where different methods, researchers, sources (data) or theories have been used (Lincoln & Guba 1985, 305) As an example of the source triangulation is a research in which have been used different research data (Lincoln & Guba 1985, 305–306). This source triangulation has been used in this research by having two different qualitative data sources – interviews as primary data and the interviewee brands' international websites as the secondary data (cf. Lincoln & Guba 1985, 305–306; Tynjälä 1991, 392–393). However, triangulation also presents a problem: which data is more trustworthy if they give different results? This is why it is important to pay attention to differences in these two data sources in this research and analyze what might cause the differences. (Tynjälä 1991, 393.) In addition, source triangulation can also refer to multiple copies of one type of source (Lincoln & Guba 1985, 305; Shenton 2004, 66) – in this case multiple interviewees. Three different kinds of respondents from different companies and backgrounds were interviewed for this study. The collected data was rich, but also achieved some level of saturation, which means that responses included same kinds of answers to same kinds of questions. (cf. Shenton 2004, 66.) Hence, this also increases the credibility of the research for that part. However, of course only three interviews cannot increase the credibility largely, but has still positive impact on the credibility of the research.

Other way to increase the credibility of the study is to expose the results for the examinee in this case for the interviewees, so that they can assess if the results correspond what they said, or meant to say, in the interviews. Lincoln and Guba (1985) calls this as member check. They argue that this is the most important technique to confirm credibility. (Lincoln & Guba 1985, 314.) In this research, the other brand wanted to see the results so

that the interviewee knows when the brand name would be used in the research so that he/she could decide whether the brand wants to remain anonymous – which he/she decided to remain in the end. At the same time the brand got a chance to assess the correctness of the results – did these results correspond the reality in the context of the brand and has the researcher understood the answers right. Also this way the credibility was increased in this study.

Also, anonymity of the respondents increases the credibility. This is because this way the respondents feel that they can answer more truthfully and freely when the answers cannot be connected to a specific company. (cf. Shenton 2004, 66–67.) Both two brands wanted to stay anonymous in this research, therefore this increases the credibility of this research. However, this reduces the transferability of the research, which is discussed later in this chapter.

Furthermore, also the understanding between the respondent, in this case interviewee, and the researcher, the interviewer, is one way to strengthen the credibility of the research (cf. Tynjälä 1991, 393). This was fulfilled in this research by having the interviews in Finnish which is the mother tongue of each interviewee and the researcher. This way the best possible mutual understanding was ensured in the data collection. Also, it is important that the interviewee and the interviewer understands the used terms in the same way (Tynjälä 1991, 393). This was pursued for example by asking the interviewees how they understand the term localization. This way the researcher got better understanding what the interviewee means by *website localization* which is crucial, and also ambiguous (see chapter 2.2.1), term in this research. The understanding was also increased by preparing various questions for the interviewees to ensure the best possible understanding of the topic, and to give the interviewees a chance to remember points that they may not have remembered during the first questions related to the theme. (cf. Tynjälä 1991, 393.)

In addition, the operationalization table was created to guarantee the connection between the research purpose, theoretical framework and data collection. This increases the credibility. (cf. Eskola & Suoranta 1998, 55–59; Ghauri & Grønhaug 2002, 102.) The operationalization table was followed in the interviews to ensure that the interviewees were asked all the necessary and adequate questions.

The study's credibility was increased also by taping the interviews so that it was possible for researcher to review the answers as much as it was needed. However, this might also decrease the credibility, if it impacts the interviewee the way that he or she

does not answer as truthfully as he or she would without recording. Nonetheless, it was not seen to affect the interviewees' behavior. All the respondents were visibly fine with the recording when the permission for recording was asked from them. Therefore, the recording was seen more positive matter in terms of credibility.

Nevertheless, the credibility of this study might have decreased because of the limited amounts of interviews. Three interviews might not reflect the reality enough so that results could give total truth of the Finnish brands' e-commerce localization. Also, it is always possible that something relevant was not mentioned in the interviews, on purpose, by accident or because of the limited amount of time. Also, it is possible that the interviewees have lied due to some, for example, strategic reasons. Qualitative research is naturally always exposed to this risk. However, respondents seemed to be quite open about their localization activities, and the researcher does not believe that interviewees would have concealed anything relevant on purpose. Also, by going through the websites by the researcher herself, it was possible to decrease the risk of lying, and it was possible to check do the websites include something contradict or relevant information that have not been mentioned in the interviews.

Transferability of the research refers to the possibility to "transfer" the results to some other, similar, context (Lincoln & Guba 1985, 297–298). This does not mean pure generalization as in the quantitative research, but rather the applicability of the findings in other contexts that are similar with the original research context (Lincoln & Guba 1985, 296–298). Transferability can be improved by offering a receiver, a reader, comprehensive and detailed description of the context, e.g. of the examinees, so that the possibility to evaluate the similarity is improved (Lincoln & Guba 1985, 298).

In this study, the transferability was increased by providing as detailed description of the interviewees and the brands as possible (cf. Shenton 2004, 69–70). The selection process of the interviewees was described closely as well as the context of the e-commerce in this study. Also, the data collection phase has been closely described in order to increase the transferability (cf. Shenton 2004, 69). However, both brands wanted to stay anonymous, which decreases the transferability. Nonetheless, the brands' industries were disclosed in order to provide information that might help the transferability to same kind of companies. Also the background of the interviewees was described as well as possible. The expert interviewee was not anonymous hence it was possible to give more detailed description of him. Moreover, having expert as an interviewee itself increases the transferability, since an expert can give more general view

of the topic, and he has experience on many companies. The expert in this study has a broad experience and knowledge on Finnish brands' international e-commerce, and therefore this might increase the transferability of this research to larger amount of Finnish brands. Also, applicability of the results was presented in the conclusions by carefully suggesting for which kinds of companies some findings would be applicable, and how. The results of the study were also compared to the previous studies' findings, which can increase the transferability.

The criteria of *dependability* imply to the independence and reliability in the research – how independent and consistent the results are. This is increased by taking into consideration the external and internal factors that might affect the trustworthiness of the findings. (Lincoln & Guba 1985, 299, 317.) This means, for example, evaluating how the researcher herself might have affected in the findings (Lincoln & Guba 1985, 299, 317). Also this qualitative research was affected by the researcher's subjective interpretations, as qualitative research are always. The dependability was increased in this research by keeping these issues in mind during the whole research. For example, the researcher aimed to prepare the interview questions not to be leading to some specific type of answers but rather let the interviewees answer as freely as possible, especially in the first questions of each theme. However, some more specific questions, that were derived from the theoretical framework that the researcher had combined by interpreting the previous research, had to be asked, which decreases dependability. Nonetheless, this was kept in mind when the results were analyzed. Dependability was increased also by describing the execution of the interviews, and the interview situations, as detailed as possible (cf. Shenton 2004, 71–72). This way the impact of external conditions or interviewer for the findings was evaluated. In addition, dependability was increased by comparing the findings to the previous research results, and discussing what might be the reasons for why they are differing.

The final criteria, *confirmability*, is an assessment of how confirmable the findings are by external auditors, such as other researchers, and that the findings are based on empirical data. Are the results neutral and thus repeatable? (Lincoln & Guba 1985, 300, 324.) This is increased in this study by explaining the analysis of the data as carefully as possible in the chapter 5.3 (cf. Shenton 2004, 72). The analysis method, thematic analysis, is described in detail, as well as all the phases of this research process. It is important that a reader can see which is derived from the theory, which from the data and what are researcher's interpretations. This way the logic and reasoning behind the process and

interpretations are better revealed and transparent. It can be better assured that the results are consistent with the data, and the analysis can be repeated by other researchers (Tynjälä 1991, 394). The confirmability is also increased by assessing what might have caused deviant results – have the research process affected them (cf. Tynjälä 1991, 394). To make analysis and the research more confirmable, the interview themes are attached as Appendix 1. There is also raw data in the chapter 6 in the form of quotations from the interviews. However, the qualitative research cannot be totally repeated due to its subjective form (cf. Eskola & Suoranta 1998, 11–13) – also in this study, the questions or proceeding order in the semi-structured interviews varied in the three interviews. Altogether, based on the evaluation, this study can be considered as trustworthy, since it meets the criteria of trustworthiness – credibility, transferability, dependability and confirmability. Next, the results of the empirical study are discussed.

6 FINNISH BRANDS' E-COMMERCE WEBSITE LOCALIZATION FOR TARGET MARKETS

6.1 Reasons for e-commerce website localization

The first sub-objective of this research was to examine *why e-commerce websites are localized*. Drivers for e-commerce website localization were somewhat similar between the interviewees and same reasons were emphasized.

6.1.1 Benefits of website localization

All the interviewees stated that website localization has benefits. The most emerging benefit from the interviews was the increase in sales. The ultimate benefit, and desired outcome, of localization is to increase the target market sales. All the interviewees brought up that localization maximizes the e-commerce business potential in the target market. The literature also emphasized that localization enables to gain the full market potential, and it leads to better sales (Jackson et al. 2003, 193; Singh et al. 2004, 78; Tixier 2005, 16; Baack & Singh 2007, 187; Singh et al. 2010, 260; Singh 2012, 148–149). Thus, this empirical finding supports the theoretical findings. The increase in sales was explained in the interviews, for example, by the improvement of conversion rate because of the localization.

The reason why sites are localized is of course clear as day, companies want to sell more. (Expert, 14.2.2019)

[...] why that [localization] was made, was precisely because of the benefit it brings – the trust or credibility at that market and that way the increase in sales. (Design brand, 13.2.2019)

All the other benefits that were mentioned in the interviews, can be counted as benefits that lead to this ultimate benefit and goal of greater sales in the target market. All the interviewees mentioned that localization improves the credibility and trustworthiness of the site. When the e-commerce site looks like it could be domestic, consumers feel that it is safe to buy from this site. The expert interviewee explained that consumers are afraid of getting scammed and skeptical about the brand and its products, if they do not know

the brand, and that is why the sites should be localized. If the site is not in local language, the threshold to buy from that site is notably higher. The brand is more present at the local e-commerce market, and thus more real part of the market. Local language, and other localization, creates credibility for the brand and the site. Also, especially locally known and used payment methods increases the trustworthiness and lowers the threshold to make a purchase. Hence, localization lowers the threshold to buy.

This supports the theoretical findings which stated that localized site creates a better image of the brand and a better attitude towards it among the target market (Singh et al. 2006, 58; Daryanto et al. 2013, 657; Tigre Moura 2016, 317). However, the literature has not emphasized the role of trust as much as the empirical findings do. Literature states that more positive attitudes toward the site leads to increased use of the site, and thus purchasing. Therefore, empirical finding supplements the previous research by emphasizing especially the increased trust and credibility as localization benefits, and their role in the increased sales resulted by localization.

Other advantage that was named in the interviews was a better customer experience. The clothing brand stressed the importance of this. By localizing for example payment elements and units of measure as well as the delivery and other customer service issues, the customer experience on the e-commerce site is better. Consumers usually want service in their own language in the e-commerce websites. This can be connected to the literature which argued that brands communicate better with local consumers and create better customer relationships and increase loyalty by localizing the site (Samiee 1998, 8; Singh et al. 2010, 258–259).

Interestingly, the clothing brand and the expert, who also has background in the outdoor clothing business, disclosed totally new benefit compared to theoretical findings. Having a localized e-commerce website, country-specific site, allows local leeway and flexibility. Brands can react for example to relevant news in the market and create some content in order to utilize the business potential that the news might offer. Brands can also react to local seasons, and localize their product suggestions or product presentation order on the site in accordance with local situation. Also, reaction to local Holidays is possible by localization. The dates of the big Holidays, such as Father's Day, vary worldwide. Also, big shopping days vary – there are numerous big commercial days especially in China. Country-specific reaction and flexibility to these on the website is not possible without localized site in the target market.

The design brand pointed out that even if they know that localization most probably increases the sales, it has not been possible to prove that. The brand explained that they do not have certain data that the sales increased notably after localization. The brand explained that they do not sell in high volumes abroad so it has been hard to prove that the localization would have changed the sales significantly. The interviewee wondered that it might be derived from that the target segment, highly educated and quite wealthy consumers, that do not require the site to be so localized that it would show in results immediately and drastically. Because they have not had clear results of profiting from localization, they need to always consider carefully whether to localize to new markets. The theoretical findings presented that the managers are having a hard time predicting the increase in sales so that it would outweigh the costs and be profitable in the end (e.g. Chaffey 2015, 160), which could also be interpreted from the interviewees' answers. However, the other interviewees emphasized the impact on the sales. The clothing brand said that the localization has increased the conversion rate in those e-commerce websites significantly. Also, the expert emphasized that the localization does increase the sales, as the previous studies showed as well (Jackson et al. 2003, 193; Singh et al. 2004, 78; Tixier 2005, 16; Baack & Singh 2007, 187; Singh et al. 2010, 260; Singh 2012, 148–149).

In the case of design brand, maybe the lack of proof of the increased sales caused by localization is due to lack of other marketing in the international markets. Only having a localized site does not automatically lead to higher sales, if a brand does not do enough international marketing. The design brand mentioned that they have not sold in high volumes abroad. The brand also stated that the international e-commerce is growing but the sales volumes are not even close to domestic sales. This indicates that they might not have been investing in international e-commerce enough yet. In contrast, the clothing brand mentioned that 80 % of their sales comes from international markets, which indicates that the clothing brand has been investing in international markets. And they have seen the increase in sales in the e-commerce sites as the result of localization. Also, the design brand mentioned that their first localized e-commerce sites were established in 2016, and for example the Asian e-commerce sites in 2018. Maybe because the localized sites are so recent, the e-commerce is not yet enough focused on and invested in so that the results could have been seen to increase significantly. It may be that it takes time for consumers to learn to buy from the site, and the brand knowledge to grow, of course depending on the market. Thus, it might be that time and the level of investing in those

target markets are the key factors in order to notice the clear impact of website localization on e-commerce sales in the localized markets.

6.1.2 External market specific drivers

The expert pointed out that there are a lot of country-specific issues behind localization. Based on the interviews, one of the most evident drivers for e-commerce website localization is the target market potential. All the interviewees highlighted the market potential when they were asked about the reasons why they have localized their e-commerce sites, or when the localization is especially essential. They all stressed that high market potential is one of the biggest drivers toward localization. This means that if some market seems to have high demand, for example based on the e-commerce sales results from the global website, then a website is often decided to be localized for that market in order to profit from this demand, since localization helps to gain the full market potential. Below the expert described the emerging demand:

The numbers show that conversion is clearly better, the average purchase is higher and the customer service gets contacts, and this way it can be seen quite quickly that okay this market has special demand. (Expert, 14.2.2019)

In the theoretical findings, this was expressed as the importance of the target market, which affects the localization extent. Theory suggests that, if the target market is important, a key market, for the brand, the website is more likely more localized (Sheldon & Strader 2002, 26; Chaffey 2015, 159). This is supported also by the empirical findings. However, the empirical results also emphasize the significance of new potential emerging from some foreign market e-commerce behavior as a driver for localization – not only the strategic importance of the market (Sheldon & Strader 2002, 26; Chaffey 2015, 159), which might derive from a company's internal reasons, not from external high e-commerce demand.

Based on the empirical findings, the result-based market potential can be seen from the international, or also called global, e-commerce site, by conducting a business case, and by so called testing-by-selling method. All the interviewees pointed out that the global e-commerce website can work as so called testing site from which can be seen emerging market demand. If some market, that does not have own country-specific e-

commerce site, stands out from the other markets in the global site by particularly good sales results, it can be an indicator that this market has interest toward the brand's products. On the other hand, the market potential can be noticed by conducting a business case, which both brands presented as one way they test the market potential. Business case can be for example a calculation that how much they have to sell in the target market in order to cover the invested resources for localization, and thus be profitable. However, the initial reason for conducting business case may not derive from e-commerce demand – it can base for example for strategical reasons. In addition, the expert interviewee presented a term *testing-by-selling method*. This method tests various international markets' demand through digital marketing, such as by Facebook advertising, and as a result some markets stand out by having especially good results compared to others. This way the brand can find out that some market has higher market potential for e-commerce website, and decide to localize the website there.

Based on the interviews, other external, fundamental, reason for localization is clear cultural differences compared to Finnish, the domestic, culture. All the interviewees pointed out that culture has affected the localization. The expert stressed that it affects localization a lot. One interviewee brought out its necessity, when the interviewee was asked why some country-specific sites are so different from one another (for example Japanese site):

It is strongly related to consumer behavior, because we know that, well, a Japanese consumer especially shops with totally different mentality. He needs much more information, and even the way to get him [Japanese consumer] to buy, doesn't go with the same logic as in Europe. So we kind of had to localize, if we want to get any results there. (Design brand, 13.2.2019)

The interviewees brought out especially the differences in consumer behavior and buying behavior, which derive from local culture, as an important reason in e-commerce localization. Especially the cultural differences between Western and Asian countries were emphasized. Since the Asian consumer prefers different kinds of e-commerce websites and his buying behavior is so different compared to Western consumer, the brands have localized their websites to important Asian countries because of the culture. More specifically, Japan, South-Korea and China stood out as the Asian target countries for these Finnish brands. As the design brand mentioned, culture may even force the brand

to localize the site there, in order to do any business in the target market where the consumer behavior is so different. Both brands explained that European cultures do not differ so much from the domestic, that the sites should have been localized there because of cultural reasons. The clothing brand expressed that also Russian market is so similar that deeper localization is not required.

Thus, it seems that socio-cultural issues in the target market are very relevant reasons for localization, as also literature strongly emphasizes (Luna et al. 2002, 399, 408; Jackson et al. 2003, 198; Baack & Singh 2007, 187; Shin & Huh 2009, 302; Vyncke & Brengman 2010, 14, 26; Shneor 2012, 364; Singh 2012, 9; Tigre Moura 2016, 317). More specifically, the empirical findings highlighted the situations when the target culture is highly different compared to domestic culture. However, culture did not seem to be the first thing to come in interviewees' mind when reasons behind the localization were asked. Cultural reasons seemed to come to mind when the interviewees were asked why some country-specific sites are totally different compared to domestic, and how culture affects localization. Thus, it might be that culture comes into question when some market is decided to be localized to, because it is important market, and the brand is considering how and in what extent the site should be localized. Therefore, culture did not seem to be as crucial reason for localization as theoretical findings indicated. There is previous research that indicates that the higher the cultural differences are, the more the site is localized (Shneor 2012, 364), but most of the theory did not seem to emphasize, if the culture is highly different or just somewhat different when addressing the importance of culture (cf. Jackson et al. 2003, 198; Singh 2012, 9; Tigre Moura 2016, 317). Whereas the empirical findings emphasized that highly different culture derived consumer behavior is a reason for localization, not the minor cultural differences, as for example possible differences between European countries. Therefore, the theoretical and empirical findings are somewhat contradictory in terms of the culture as the reason for localization.

This might be due to that theory have found that the sites should be localized wholly according to culture because of the benefits (Vyncke & Brengman 2010, 14, 26; Baack & Singh 2007, 187; Luna et al. 2002, 399, 408), but in practice, as in empirical findings, this is executed only when the cultural differences affect the buying behavior, and thus sales results, remarkably. So, it might be that the previous theory emphasizes the ideal situation, whereas in terms of these Finnish brands, this ideal situation cannot be put to realization in practice. However, this might derive from the lack of resources or knowledge. The brands might not have enough resources to allocate to minor cultural

localization or the brands do not have enough market knowledge on local cultures and how much they might affect the business in the market. Also, it might be that the interviewees do not recognize all the situations that culture has affected, because culture often affects in everything and can be hard to recognized as cultural impact.

Furthermore, all interviewees presented the target market's lack of English language skills as one reason for localization. If the market is seen rather important, but the local consumers do not tend to know English or prefer strongly the use of their own language, it is one reason to establish country-specific site that is translated into local language. This did not emerge from the theoretical findings as a reason for localization but rather a necessary act of localization, if the site is decided to get localized (cf. Turban et al. 2006, 607; Singh et al. 2009, 291; Singh et al. 2010, 265). Thus, this study indicates a new finding that lack of English skills or the reluctance of using it, might be an initial reason for establishing a country-specific site and translate it, if the market is important.

The design brand pointed out the impact of how much the local people tend to buy from online stores – how digitally evolved the country is – on the decision of whether to localize or not. This affects the localization decision because there is a need to consider whether there are enough potential customers buying from online stores, even if it would be suitable market otherwise. The design brand pointed out that they localize there where they can grow their business. This means that the potential needs to be high enough. Thus, the site might be localized to some developed market because local consumers buy a lot from e-commerce stores there. This can be associated to the theoretical findings. The literature presented the economic, (or technological (Jackson et al. 2003, 199)), environment as an external factor that affects the localization (Okazaki 2004, 82; Tixier 2005, 43; Singh 2012, 8). However, as a contradiction to empirical finding, some of the previous studies show that websites are more localized to less-developed areas than developed because they require more localization (Sinkovics et al. 2007, 229). This study on the other hand refers that websites are more localized to the developed areas, because there consumers buy more from online, and thus, have greater potential for e-commerce business. And in order to gain the full potential, sites are localized. This difference between theoretical and empirical findings might also be related to the fact that this study emphasizes the importance of the market potential as localization reason when previous research might have emphasized cultural differences which might be high between developing and developed countries. Maybe developing countries are that much different by also their culture and use of local language that the sites have required more

localization. Whereas this study suggests that the market potential is the key driver, so that the sales outweigh the costs. Therefore in the end, this might be the question of internal resources as well.

Other market specific issues, such as laws and politics, which interviewees mentioned regarding localization were mostly negative toward localization. For example, the expert pointed out that the regulations regarding e-commerce business in Germany are enormous and often at least slow down localization. Also design brand mentioned about the local restrictions what can be sold and what cannot in some markets. Political issues, such as tariffs or how high the taxes are, also rather decrease the localization. Also, Brexit was mentioned as a reason to withdraw the planned localization, since the business in the Brexit area might not be so profitable anymore. Thus, it can be concluded that issues related to legal and political e-environment, which were found to affect localization in the literature review (Singh 2012, 7–8), are more related to issues that hinder localization, not issues that drive towards it. Thus, this corroborates the previous theory – legal and political environment do affect the localization but negatively, based on the findings. The expert and clothing brand however presented an exception for this. They mentioned that there are tax allowances in UK that are related to the import of clothing, and thus it is potential market to do business in, and therefore possible reason for localization in order to gain all the market potential. Therefore, laws related to e-commerce business might also be positively affecting factor toward localization, if they are in brand's favor.

All the interviewees implied that external issues, except emerging market potential, tend not to be the original reason for establishing country-specific sites to certain markets. The design brand stated that market specific external issues have impacted more when they have already decided on the target markets for their business in general – where they want to grow – not specifically considering e-commerce or where the localization is needed. Market specific issues, such as local consumer behavior and competition, have been studied in the market research in general before expanding their business there. As an exception, the brand mentioned the importance of local technological development since it is crucial for e-commerce.

Also, same kind of reasoning can be concluded from clothing brand's interview. Also the expert emphasizes that often big Finnish brands follow their internal expansion strategy. It means that the internal reasons might have been behind the initial localization decision more than purely external reasons, which is discussed in the next chapter.

6.1.3 Internal drivers

Two major reasons for localization emerged in all interviews: the market has special demand and potential based on the e-commerce results, which was discussed in the previous chapter, or the market that a site is localized to is a brand's key, focus, market in general. Focus market is seen as an internally developed reason, not as an external reason to localize. Both brands pointed out that those markets that have been localized more to, such as translated into local language, are markets that the brand has focused, or decided to focus on, also in other ways in their businesses. This means that the urge to localize does not necessarily derive from outside factors, such as high market potential for e-commerce, but rather from the company itself and its strategy and operations.

The brands have focused their businesses in the focus markets, which means that they have also physical stores there, and want to serve focus market consumers wholly and gain the benefits that localization has to offer, as discussed in the chapter 6.1.1. Those markets are the ones they want to grow in and sell in high volumes, as the design brand explained it. A brand might even have its own sales units in those markets, as the clothing brand has. The brand explained that markets that have own sales units have resources to translate and maintain the local sites since they have their own budgets as well. All the interviewees mentioned that sufficient resources are the key enabling factor for localization. Therefore, also sufficient resources seem to be a driver why sites are localized often to the general focus markets. The design brand explained that they do more marketing in focused markets and want to have the site localized into local language for those markets. In that way, the website is in line with other marketing. The clothing brand explained that for some markets they decide to localize their e-commerce, because it would be strategically important. They do not know for sure the true market potential for their e-commerce in those markets, but they decide to try it and localize the site, since it serves the overall global strategy.

This was supported by the expert. He explained that especially big Finnish brands tend to choose the market they localize their e-commerce to in according the general international expand strategy. Therefore, according to him, the localization decision is most often based on the internal focus market strategy, not on external drivers that are evaluated just based on the needs for localization. He mentioned that small and medium sized companies are sometimes more agile and they might decide their localization targets based on emerging potential and the target market specific needs for localization, not

based on predetermined international market expand strategy by country. Both the brands that were interviewed for this study, are big Finnish brands, so this supports expert's arguments. Thus, it can be concluded that in many (big) Finnish brands, the strategical focus markets do determine in large extent which markets the e-commerce is decided to localize for. The clothing brand expressed the impact of the focus market on the localization decision:

[...] And on the other hand, the reason might be that we have decided that okay let's focus on the USA and it's strategically important that we have also a local online shop there. (Clothing brand, 15.2.2019)

Thus, these findings support the theoretical findings that the market importance is one reason for localization (e.g. Sheldon & Strader 2002, 26; Chaffey 2015, 159). Theoretical findings showed that brands tend to have key markets and when they are considering localization, they evaluate is the target market important enough to localize for. The more important the market is for the brand, the higher is the localization extent. (e.g. Sheldon & Strader 2002, 26; Chaffey 2015, 159.) This was also case for the interviewed brands. The sites that are translated, are usually the important focus markets. For example, the design brand has also localized country-specific sites to markets that are not their key markets, but those sites are not translated.

Other internal reasons behind localization decisions emerged from the empirical findings. Throughout the whole interview the expert emphasized that the localization depends on what the brand is selling – what kind of products. He stated that broadly speaking, the more generic a product is, the higher is the need for website localization. If the brand is selling basic goods, such as watches or clothes, the localization is often needed in order to sell the goods in the target market. He mentioned an example that if the brand is selling children outwear to France, the French mom usually wants to read about the product in French, not in English. She wants to know the technical details of the jacket and get the customer service in her native language. On the contrary, if the target segment and product is very niche, specific, the localization is not that important, according to the expert. The expert emphasized that the decision whether to localize or not starts, or should start, with what the brand is selling.

The clothing brand did not mention the same issue in his interview, but the design brand explained that, since they sell Finnish design products for homes that relate to

individual's self-expressing, and their target segment consists of consumers that are quite wealthy and are highly educated, they feel that localization is not often needed because the target segment usually understands English and the international look is also good for their brand. Therefore, it might be that this kind of brand that operates in home design industry and sells specific design products for quite specific target group, needs less website localization. This indirectly supports the expert's arguments that generic products tend to need more localization. However, the expert and also the design brand expressed that where the company wants to maximize their e-commerce sales, there the site should be localized and translated to local language.

The impact of product type for website localization was found in the literature review as well (Shin & Huh 2009, 302; Singh 2012, 93–95). However, Singh (2012, 93–95) has stated that the products that are used in self-expressing, such as home décor, tend to require more localization. The empirical findings are contradictory, since the home décor design brand expressed that their brand, which products are used in self-expressing, needs less website localization since the international image tend to be good for them and the products are more specific. Therefore, this empirical finding challenges the findings of Singh (2012). The comparison between generic and niche products was not found in the literature review, and therefore this is a new finding compared to previous research. It can be concluded that the products the company sells affects the localization as was presented in the theory, and the empirical findings specify that especially generic products are drivers toward localization.

Interestingly, the sales-channel strategy was brought up in the interviews as one of the impacting factors for why websites are localized, which turns out to be new finding compared to theoretical findings. The clothing brand mentioned that sales-channel strategy is one internally impacting factor in terms of localization decision. The brand explained that if they do not have any other sales channel in some country which seems to be potential, as for example Japan, they consider if they should localize their e-commerce website there, so that they can sell through that channel. On the other hand, both brands mentioned that, if the brand already has some sales-channel, such as retailer, in some less-important market, they might not localize the e-commerce to that market. Thus, it appears that the sales-channel in the target market affects as well, and not having any other sales channel in potential market can be a reason for e-commerce website localization. Therefore, if a brand has a dual sales channel strategy (Gabrielsson & Gabrielsson 2011, 89–90), it might lead to not having a localized e-commerce in some

markets that already has retailer selling the brand's products. On the other hand, if the brand has not reseller in some country, it might lead to localization. The other localization challenges related to sales-channel strategies, that came up in the interviews, are discussed later in the chapter 6.3. After analyzing Finnish brands' reasons for website localization, the next chapter discusses the empirical results of how websites are localized in terms of content, structure and navigation, visual design and payment.

6.2 Practical localization of the country-specific e-commerce websites

The second sub-objective was to analyze *how e-commerce websites can be localized*. The actual ways how websites have been localized were quite similar between the interviewees. The empirical results supported many theoretical findings, but also new findings emerged.

6.2.1 Content localization

The interviewees' answers related to text content localization were somewhat similar, especially between both brands. Both brands' websites' core contents are mainly same in European countries, but partly localized in the Asian countries: in Japan, South-Korea and China. Both brands explained that in Europe the content is same because it is translated into local language from the same English master content that is produced in the headquarters and distributed to all main markets. The clothing brand said that their strategy is to standardize the text content for international markets. This way it is more effective. However, in some of the Asian countries, where the brands have their country-specific sites, the text content differs from the other markets. The clothing brand has localized their e-commerce to China, and the Chinese site is operating in the Chinese e-commerce platform T-mall. The clothing brand explained that in China they do local content since they have own sales team there producing own content. Thus, the content is different there. The brand also explained that in Russia they use the same master content as in elsewhere in Europe, but there they use also local partners to produce content. The design brand explained that outside Europe, which means mainly Asian countries in their case, they do partly localize the content on the sites since the buying behavior is so different in Asian countries, and they need to plan the customers' route to purchase differently. The local teams in Japan, Australia and South Korea produce local content on their local sites, but according the global content strategy. The design brand has not

established e-commerce operations to China yet, but they have localized website there. Also on that website the content is somewhat localized but it is not prioritized.

The design brand has established country-specific site in Japan, which contains market-specific content. The design brand stated that you cannot succeed there, if you have the same content there as you have in domestic or European markets. They have local teams producing extra content, especially inspiration content, for Japanese site. The brand explained that they have much more content there because Japanese consumers prefer having a lot of information to support their purchasing decision. Their buying behavior is so different from the domestic buying behavior that the brand is even forced to localize the content, as the design brand expressed it. Japanese tend to like to navigate more on the site for additional information. This might be related to the Japanese culture of high-context and high uncertainty-avoidance as was described in the literature review (Zahedi et al. 2001, 88; Yang & Lin 2003, 470–471; Okazaki 2004, 90). Consumers in high uncertainty cultures prefer having a lot of support for their purchasing decision, and thus prefer having more information on the websites (Zahedi et al. 2001, 88; Yang & Lin 2003, 470–471; Okazaki 2004, 90; Singh et al. 2005, 79; Ajaneeraj 2008, 90–92). Based on the findings, the design brand has taken this local culture into account and localized their website to fit to that market better.

These empirical findings can be assimilated to the theoretical findings that website's content strategy is often standardized to all markets and the core content is produced in the headquarters while some culture-specific content is added to country-specific sites (Luna et al. 2002, 399). It seems that both these brands prefer mainly standardized text content strategy because the content is mainly either taken or translated from the same master content, especially in Europe. However, the design brand has added culture-specific content on the Asian sites (Japan, South Korea and China) on top of the main master content, which is in line with the arguments of Luna et al. (2002, 399) about local cultural modification. The clothing brand on the other hand, have the same content almost in every market, except in China because there they have totally different website platform which is maintained by Chinese team. This is because they have better chance to succeed in the Chinese market when they use popular Chinese e-commerce site T-mall, where Chinese consumers shop. However, they aim to have same content in each market otherwise.

In conclusion, it seems that this is a matter of how culturally distant the target market is from other markets. The theory emphasizes that the content needs to be culturally

congruent with the target market culture (Luna et al. 2002, 399; Singh et al. 2005, 79; Ahmed et al. 2008, 8–9, 13; Ajanee 2008, 90–93; Tigre Moura 2016, 317). Also, each foreign e-commerce market often needs own content strategy, which the content production is based on in each country (Robbins & Stylianou 2003, 212; Sinkovics et al. 2007, 230; Singh 2012, 111–112, 115), whereas empirical results of these two brands indicate that they have localized the content strategy only if the market is drastically different by its consumer behavior. The design brand more than the clothing brand. They do not have country-specific content strategy but rather a global content strategy. Therefore, the empirical findings are partly congruent and partly not with the theoretical findings. The content is localized by country, not only by culture. Culture comes into issue only, if it is highly different, not in such extent as theory suggests. For example, collectivistic, individualistic, power distance and masculinity of the target markets culture did not emerge in this empirical study in terms of text content localization, while theory suggested that these cultural dimensions should have impact on the contents and in the style it is presented (Zahedi et al. 2001, 86–88; Luna et al. 2002, 400; Singh et al. 2003, 68; Yang & Lin 2003, 470–471; Okazaki 2004, 84; Singh et al. 2005, 77–80; Ahmed et al. 2008, 8–11, 13; Ajanee 2008, 90–93; Yalcin et al. 2011, 108–111). Only exception was the high uncertainty and high context cultures that were taken into account in the amount of information the design brand offered on those country-specific sites. Culture did not emerge in the expert interview as an impacting factor for content localization.

However, campaign content on the site was pointed out as one important aspect regarding content localization by all the interviewees. This finding emerged from the empirical findings, whereas in the previous literature campaign related content on the sites have not been highlighted in the localization context. Based on the empirical findings, this is however seen as important aspect of localization for the Finnish brands. The design brand said that all the campaign pages on the sites are always translated into local language and they have to be carefully checked. This might be important because the advertising is in local language. Currently, the design brand prioritizes campaign content localization over, for example, core content translation. However, they are trying to change this prioritization order the other way around. Campaign content for the site is usually created by headquarters in both brands, but market specific campaigns are produced by local teams at those markets that have local teams, such as in Asia. Therefore, the market-specific campaigns are localized by content as well. The localization is usually related to market-specific shopping days or holidays. For example,

China has high amount of popular local shopping days and it is important to produce local content for those days just for that market. Localized campaign content on the site can also be related e.g. for the local events or news. As an example, the clothing brand presented a situation where a local royalty had worn their brand and there was news of this in the national media, so they created market specific content for this theme just for the markets for which this was relevant. Also, seasonal campaigns are important for clothing brands, as the expert and clothing brand explained. The content for seasons can be produced as master content for many markets though. The clothing brand described that it is advisable to do some level of campaign content localization on the country-specific websites.

As a conclusion, it appears that local sites are utilized especially for localized campaign contents. As was mentioned in the chapter 6.1.1, this would not be possible without country-specific websites. Being able to provide market-specific campaigns and react to events or different trends by country on a website, can even be a reason for establishing a localized, country-specific, site. Thus, this stands out as new important localization aspect compared to previous research.

The expert interviewee brought out a content localization element that was not found in the literature review. He pointed out that the way of presenting the brand and the company on the site should be localized. He explained that the way the brand tells its story impacts the trustworthiness and image of the brand in the target market. As an example, he explained that the Finnish brand should consider, if it presents itself as Finnish or Nordic brand. The brand story should take into account the local market preferences and what for example would increase the trustworthiness in that market. As an example, the expert mentioned his experience from the previous workplace, which was owned by a scout foundation. The fact that it was owned by scouts did not have added-value in Finland and it was not highlighted there. However, in certain foreign markets this fact had very positive impact on trustworthiness of the brand, when it was highlighted in the brand story. Thus, it appears that the page where the company tells its story can be a matter of localization.

The importance of local search engine optimization in the country-specific sites for the target markets was emphasized by the interviewees. The clothing brand said that they do a lot of international market-specific SEO. They have been focusing on it more nowadays when previously it was only outsourced and not emphasized. However, the design brand pointed out that they have not taken SEO into account in international

markets due to lack of resources, technical difficulties with the platform and slow process of translations. The brand will focus more on international SEO in near future, since they will have more resources and different platform in the future. In the future, they want to take SEO into account already in the content producing phase, since they regard it is important in the future. It seems that SEO has grown its importance in international e-commerce. The expert emphasized that SEO is extremely important in the target markets. He however pointed out that its necessity depends on what kind of products a brand sells. For example, for Keski-Kello, which sells general watches, SEO is crucial, when on the other hand for some businesses search channel is not that crucial. The generality of the products might be reason for high necessity of SEO, since Keski-Kello sells products that can be bought from multiple places in the target market. The expert expressed that for most of the e-commerce businesses it is very important to be ranked on the first search results page in the local search engine, so that the sales volume is high. As an example, he told that Finnish Design Shop increased its sales in the USA enormously by getting ranked in the first search results page by SEO. Previous research has barely taken SEO into account in the localization but these empirical findings show that it truly seems to be important. However, even if the importance is recognized, it might not be prioritized due to lack of resources or there are some other challenges that hinder it, as is in the design brand's case.

6.2.2 Language localization

Content can be localized by translating it into local language. The local language was something that every interviewee seems to see as essential part of localization. It appears that all the interviewees regard content localization firstly as translating the content. This became apparent when they were asked how they localize their (text) content and they answered about translations. Even if the actual content is same in European markets, it has been translated into local languages for the important markets. Both brands explained that the language is localized for the focus markets, because of the benefits of having a site in local language. One interviewee specifies, that those markets where foreign language would decrease the purchase conversion rate of the site, are usually translated into local language. This supports the theoretical findings that local language increases the conversion rate and sales (Tixier 2005, 16; Jackson et al. 2003, 193). The benefits of local language were already a little bit discussed in the chapter 6.1.1. Based both on the empirical and theoretical findings having site in local language increases the conversion,

trustworthiness and thus sales. It is seen as a significant factor in terms of better customer experience on the site. (Samiee 1998, 8; Luna et al. 2002, 401; Jackson et al. 2003, 193; Shama 2005, 708; Tixier 2005, 16.)

The extent of translation of the content seems to vary between interviewees' answers. The design brand pointed out that they aim to have all content on a website translated but certain texts, such as campaign pages, need to be prioritized because they do not have enough resources for translating all the content on the site in every case. For example, product texts have not been localized before, but now the brand has been working on to get them translated. The design brand explained that the core content, the product texts and other core texts, should be translated to every market, whereas inspiration content or other articles should be translated, if they are otherwise suitable for that market. The expert and the design brand said that the language localization tends to be implemented in stages. For example, the expert presented that at first the core structure of the site is translated, then the most sold products, and so on. On the other hand, the clothing brand said that, if the site has been decided to translate to some market, all the content on that site is translated. Thus, it seems that the clothing brand localizes the language, if they have resources to do it for all the content on the site, or launches it after all the content is translated. The expert gave also a tip for unfinished site translation phase – the landing page which tells in local language that the whole site is not translated yet. This landing page can include the most important information, such as the policies and some other market relevant information.

All the interviewees mentioned the importance of the quality of the translation. Both brands explained that the content is usually translated in-house or by a translation agency from the English content that have been produced in the headquarters in Finland, and after that the native people in the target market check the texts. All the interviewees emphasized that translation is very expensive and for example machine translations cannot be used because they are not high quality enough. The expert described that the credibility of a brand decreases, if the correct industry-specific terms are not used in the translated text or the text includes incorrect grammar. The quality is also very important for the design brand because low-quality translations affect the image of the brand negatively. Therefore, it seems that language localization cannot be done carelessly, as also theory indicated (e.g. Singh et al. 2009, 291) – the translation cannot be done by machine translation and the translation has to be correct (Singh et al. 2004, 71; Turban et al. 2006, 176; Singh 2012, 11–12).

However, it was interesting that while theory emphasizes local language in localization as almost localization defining factor (e.g. Turban et al. 2006, 607; Singh et al. 2009, 291; Singh et al. 2010, 265), all the interviewees pointed out that local language is not always necessary for website localization. The design brand highlighted the English language skills at the target market as one determining factor. The interviewee also pointed out that because their target segment is educated and wealthy consumers, they tend to know English. In addition, the high quality international brand image might bring benefits for the brand, and thus overrule the need for translation into local language. The expert supported this by saying that the need for language localization depends on what a brand sells and what kind of target segment the brand has – do they know English and do they like to use it. Also, products that are more general, e.g. watches, require more often language localization than products that are considered as niche-goods, according to the expert. In niche industry, the competition is lower and the target segment is narrower. Thus, it seems that the need for language localization depends on what a brand is selling and to whom. Interestingly, the expert thinks that language is translated not until the so called full localization phase. The clothing brand expressed that he cannot say any absolute answer whether it is important to translate the site or not. He emphasized that it depends on the target market. In his mind, for example Germany and Russia strongly prefer local language, as well as Asian countries, but some markets might not necessarily need it. However, the clothing brand interviewee sees the content localization more important than visual or structural localization. The expert highlights that, if a brand wants to sell in high volume in the target market, it must translate the site into local language. As a conclusion, it seems that language is important when the market is important. The language was seen a significant localization element, so that the brand gains the full potential in the target market. It appears that interviewees emphasize the importance of language localization if the market is important, but they do not think that local language is always required when localizing a site for some market. The theoretical findings also emphasize that local language is necessary, if a brand desires to sell better at the target market and truly offer good user experience to the local consumers (Samiee 1998, 8; Luna et al. 2002, 401; Jackson et al. 2003, 193; Singh et al. 2004, 78; Shama 2005, 708, Tixier 2005, 16). The empirical findings support this, but also give new data that language is not always required for localization.

Few issues that emerged in the literature review, did not emerge in the empirical study. It seems that the brands do not change for example the tone of formality in the text,

form of paragraphs, use of superlatives in the text or other writing style features based on the market nor the expert sees it relevant, since it did not emerge in the study. In the theoretical findings, writing style have been found to be important to change for example by its form, used expressions and formality based on the local culture (Jackson et al. 2003, 206–207; Cyr & Trevor-Smith 2004, 1203; Singh et al. 2005, 79–80; Turban et al. 2006, 176; Ajanee 2008, 91–92). It appears that the interviewees consider the local language important because of its benefits to sales through better trust toward the site, better customer experience and better accessibility for the market, but do not consider the other culturally bound aspects regarding the language, as the previous research have. For example, previous research suggest that low and high context cultures should be used different kind of expressions, and in high uncertainty cultures the terminology and metaphors have to be considered carefully (cf. Singh et al. 2005, 79–80; Ajanee 2008, 91–92). This difference between theoretical and empirical findings might be due to lack of knowledge of how much the expressions change when the locals, for example in Asia, translate it. Thus, these kinds of changes might happen but the interviewees are not aware of that. It also might be matter of lack of resources, employees and time to consider language localization this deeply. It also can be possible that it not needed nowadays because cultures have evolved and writing style across the world might have become more similar. As a conclusion of the content localization, it seems that content itself is more rarely localized, but translation into local language is often an essential part of localization.

6.2.3 Structure and navigation localization

Localization of site structure and navigation seemed to be a surprising theme for the interviewees. Two of them expressed that they have never thought about structural localization, but still some localization activities related to this perspective came up after pondering the theme. Both brands have not localized the actual structure of the website. However, it emerged that the clothing brand has localized its website navigational elements to some extent. Clothing brand explained that the structure of their sites is somewhat similar everywhere. However, they have localized navigational elements to certain markets. The children clothes' categorization in the navigation has been changed from centimeters, sizes, to age for specific markets. These markets either do not use centimeters or are used to have ages as children clothes categorization. For example, in France they are used to shop children clothes by age categorization, and centimeter

categorization would not work there. In China, the brand has local popular e-commerce platform, T-mall, which dictates the localization to some extent. The categorization there is based more on the product groups, such as jackets or pants, than by age or sizes like in Western countries. This is based on the familiar shopping customs there. Customizing navigation and categorization can be considered as navigational localization. Thus, it seems that the product categorization in the navigation, or the words in the navigation, can be localized to fit the target market better. Even if the structure would remain the same, the names of the categories can be changed. This finding fits previous research, which stated that navigational elements can be localized by different ways (Luna et al. 2002, 399; Cyr & Trevor-Smith 2004, 1203, 1206; Singh 2012, 11), but this kind of navigational localization was not found in the literature review.

It appears that the actual site structure tends not to be localized, on purpose. The design brand explained that the structure and navigation are purposefully standardized everywhere. Currently they have some differences between markets but that is not due to localization, but rather because of the different platforms and teams in those markets. They are trying to make the navigation similar for every market. However, as an exception, the link structure in the Japanese site is probably deeper because there are more landing pages. Japanese consumers are used to navigating more on the site and this kind of customers' purchasing journey is taken into account on the site by adding more landing pages. This is related to the theoretical finding that culture affects the navigation localization (Luna et al. 2002, 399; Cyr & Trevor-Smith 2004, 1203). The high context and high uncertainty avoidant culture Japan prefers more information, and thus guided navigation and more linked pages to support the purchasing decision when navigating on the site (cf. Luna et al. 2002, 399; Singh et al. 2005, 79). As was also noticed by the design brand, this might positively impact on Japanese consumers' navigation experience on the site (cf. Luna et al. 2002, 400, 408). However, the core navigation is the same in every market. The clothing brand have kept the technical structure also same for all the markets where they have the same website platform. The Chinese site might have differences in structure because the platform is different. The interviewee does not have certainty what the Chinese site precisely contains because of the language barrier.

The expert pointed out that he has not thought about the structural localization before. However, after considering the issue, he explained that usually navigation remains the same globally. Already this refers to a fact that Finnish brands do not seem to consider or implement structural localization much, when an expert that has worked with over 150

Finnish brands' e-commerce does not associate this with localization. The expert believes that the technical structure should not be modified by market, but rather keep it and the site hierarchy standardized, because when the platforms are updated regularly, the risk of breaking something on the sites is notably higher when there are multiple versions of the structure. The management of technically same structure is lighter and easier. He suggests that only the content and the visual look should be localized within the same technical structure.

It can be concluded that structure tends to be standardized on purpose. However, there are ways to localize the navigation, such as categorization or the deepness of the link structure. In the previous research the amount of links and deepness of link structure have been recognized in terms of localization (Luna et al. 2002, 399). However, the finding of localizing categorization by having locally modified category names, is new compared to the literature review. Therefore, these findings complement the structural elements localization theory. Some previous research has recognized structural and navigational localization (Luna et al. 2002, 399; Cyr & Trevor-Smith 2004, 1203–1205; Singh 2012, 11). The empirical findings indicate that Finnish brands do not tend to localize the structural elements in a large extent, and it seems that brands are not either aware of it or do not consider it reasonable to localize the technical structure.

Even if the previous research related to structural elements is very limited, it has recognized other ways of localizing the structural elements compared to empirical findings. Luna et al. (2002, 399) present that a site can be culturally congruent when the whole structure complies the local culture. They state that site navigations are divided into in-site search oriented and clear hierarchy navigation based on the local culture. This was not supported by the empirical research. This issue did not come up in the interviews, and it can be seen from the brands' sites that they both have both in-site search and clear hierarchical navigation on their sites in every market. An exception is the design brand's deeper hierarchical structure to provide Japanese more information in order to support their preferences for navigation. It might be that this kind of division into in-site search oriented and hierarchical site navigation does not apply anymore, since all consumers might want to use both in-site search and hierarchical navigation, and nowadays the brands need to provide the best possible customer experience on their sites. Therefore, they cannot afford to please only people who want to use in-site search or hierarchical navigation. They probably need to have them both as options. Based on empirical findings, it seems that, broadly speaking culture is not taken into account in the site

structure or navigation localization. In contrast, the theoretical findings for example suggest that in the high-context cultures the symbolic navigation is emphasized over textual navigation (Cyr & Trevor-Smith 2004, 1205–1206). This was not supported by this study – both brands had mainly textual and a bit of symbolic navigation on all sites. It seems that this kind of localization has not been considered. It might be that this kind of theory is not updated to nowadays mixed navigation preferences, or this kind of cultural need has not been recognized by the interviewees. The theory also presented that there are differences between menu or banner placement on the site based on cultural differences (Cyr & Trevor-Smith 2004, 1203–1205), but this was not found in this study.

6.2.4 Visual design localization

Based on the study, images emerged to be a visual element that is localized in some circumstances, according to the clothing brand and the expert. Colors did not emerge to be an element that is usually localized. Only color differences in images between different markets came up in the study, as well as differences in use of colors between Chinese and Nordic cultures, but all the interviewees emphasized that brand colors should not be localized. Symbols did not emerge at all in the empirical data. It appears that the design brand does not localize its visual design at all. On the contrary, their aim is to standardize the visual look of the site worldwide, because they want to maintain the brand look same everywhere. However, according to the expert, the general, overall visual look-and-feel of the site is a matter of localization.

Thus, images turned out to be an actual visual element to be localized on the sites according to interviews – and only in a few cases. The clothing brand localizes some of the pictures to certain markets. As an example, the Chinese site contains localized pictures that are suitable and more affective for the local culture. In China, according to the interviewee, children tend to play at playgrounds quite cleanly compared for example to Russia. In Russia or for example in Nordic countries the children can play more freely and for example in the nature. These cultural differences can be seen from the pictures at the Chinese and Russian sites. Chinese site contains picture of smiling children wearing colorful outwear and playing on a clean playground. Russian site contains picture of a boy playing in the snow where the boy has snow everywhere and with a grin on his face. This picture also reflects the local attitude toward the brand. In Russia, the clothing brand is considered more as brand for boys, not for girls. Girls often wear glitter, pink and other princess-type clothes in Russia. In China, children wear more colorful and shiny clothes

compared to for example Nordic countries. Also in Russia, the use of different colors and prints is higher. For example, the Nordic sites have pictures of children with neutral background colors and clothes. At the Russian and Chinese site the pictures have more colors. Thus, the differences in colors seem to show in the images that are used on the sites.

Also the expert brought up market differences in terms of images. He has an interesting experience on the situation when his team had used a picture that seemed very good from Finnish consumer point of view on the Russian site, but it turned out to be experienced negatively from Russian point of view. The site had a picture of a man skiing alone down the hill in the peaceful and beautiful nature environment. A Russian consumer explained that in Russia that kind of picture probably will arise negative feelings because the man in the picture can be seen as a lonely and poor man that has no family. Thus, the expert explained that for Russians the family is a center of joy and important part of the culture, and therefore the picture should include a lot of happy people having fun together, not a man skiing alone. This kind of finding was also found from previous research – highly collectivistic cultures prefer pictures reflecting community, such as family (Singh et al. 2005, 77; Ahmed et al. 2008, 9–13, Ajanee 2008, 90–93). Thus, it appears that collectivistic cultures might react negatively to images that reflect more individualism. In the individualistic cultures on the other hand, images that reflect independency, achievement or self-recognition are seen positively (Singh et al. 2005, 77; Ahmed et al. 2008, 9–13, Ajanee 2008, 90–93). This can be assimilated with expert's case of Finnish consumer seeing a man skiing alone in the amazing scenery as a reflection of achievement and respected independency, since Finland is considered as individualistic culture. It appears that culture does affect what pictures are chosen on the country-specific sites, as was also found in the literature review (Luna et al. 2002, 399; Cyr & Trevor-Smith 2004, 1206; Singh et al. 2005, 77–79; Sinkovics et al. 2007, 230; Ahmed et al. 2008, 9–13, Ajanee 2008, 90–93). Some cultural aspects impacting images on sites did not emerge in the interviews, but were found in the literature review. Theoretical findings suggest that highly power distant cultures include pictures of highly appreciated people and executives, as well as in high context cultures the context of pictures is important (Singh et al. 2005, 79; Ahmed et al. 2008, 9–13, Ajanee 2008, 90–93). It might be that the brands have not considered these aspects of localization on their sites, or the interviewees are not aware of this kind of localization.

The expert emphasized that in the country-specific sites need to be taken into account a local culture and what kind of visual look the local consumers prefer. The visual look, and how it feels, is part of localization. This has been called as look-and-feel of the site in the literature (Cyr & Trevor-Smith 2004, 1200; Singh et al. 2006, 66). The preference for look-and-feel of the site needs to be researched by market. According to the expert there are no big differences between Western countries, but compared to Asia, totally different visual look is preferred. Asian consumers might consider for example Nordic neutrality as boring. This supports theoretical findings that site colors tend to differ between different cultures (Jackson et al. 2003, 208; Cyr & Trevor-Smith 2004, 1206; Ajanee 2008, 90–92). As the clothing brand explained that Chinese tend to prefer colorful clothes and the expert supported this by explaining that Chinese prefer colorful sites, it seems that especially in Chinese culture the used colors on the site are important. They appear to prefer colorful sites, which was not found in the literature review. Instead, it was found that in China, black is associated with misfortune and death and is not usually used on local sites (Jackson et al. 2003, 208). It might be that the preference for colorful sites derive from this cultural belief that black, and maybe some other dark colors, are seen so strongly negative – and thus colorful are seen more positive. It was also found in the previous research that in high context cultures’, such as in China, bold and liberal colors are preferred (Singh et al. 2005, 79; Singh et al. 2006, 66; Ajanee 2008, 90–92). This might also be related empirical findings of colorful sites in China.

The expert pointed out that the visual differences need to be taken into account so that big mistakes are not made when considering the visual look of the site, but it is not needed to pay attention to every detail. He emphasizes to consider the sites visual look as a bigger entity, and keep the brand look coherent globally. All the interviewees seemed to highlight the importance of brand consistency over visual localization. The design brand explained that every market uses the same picture collection, and it is very important that the brand looks same everywhere. All the visual elements, such as colors, logos and image style should be same in every market. Therefore, the visual design is excluded from the localization in their case. Only exception can be that there might be more pictures on the site in some markets.

It appears that culture does affect in market-specific visual elements on the site, as was also emphasized in the theoretical findings (Cyr & Trevor-Smith 2004, 1206; Singh et al. 2006, 66; Sinkovics et al. 2007, 230; Ahmed et al. 2008, 9–13, Ajanee 2008, 90–93). Based on the empirical data, images can be localized by cultural differences. Also,

the general visual look-and-feel of the site is dependent on the culture, according to the expert. The differences between Western and Asian countries visual look seemed to be the most evident. Colors seemed to have been localized in terms of the colors in the pictures to some extent, as well as especially in China the sites tend to be more colorful. Color localization seemed to be more emphasized in the theory than in the empirical study. However, also in the theoretical findings, in some cases colors were seen to be similar in different cultures' sites and not to be following the stereotypical color associations (cf. Cyr & Trevor-Smith 2004, 1206). Thus, it might be that, generally, colors are not relevant in the website localization and not identifiable by culture, except in China, where use of colors seems to be important.

Use of localized symbols did not emerge in the empirical data, whereas in the literature symbols were considered as clear part of the visual design localization (Luna et al. 2002, 404–405; Jackson et al. 2003, 207–208; Singh et al. 2003, 76; Cyr & Trevor-Smith 2004, 1203–1204; Sinkovics et al. 2007, 222; Ahmed et al. 2008, 11–13). Symbols are used more in other cultures than others. Theory disclosed that especially in China and Japan, use of culturally local symbols is important. It has been studied that in high-context cultures local symbols are used on the sites. Using unfamiliar symbols might decrease the engagement with the foreign site. (Luna et al. 2002, 404–405; Cyr & Trevor-Smith 2004, 1200, 1203–1204; Singh et al. 2006, 66.) It might be that the interviewees are not aware of used symbols on the Asian sites, since for example Chinese and Japanese languages are full of unfamiliar characters for the interviewees. However, symbols appear not to be part of localization since the management, who is responsible for localization operations, do not identify them as an element that is regarded in the website localization.

It also appears that to keep a brand's visual look same in every market is more important than visual localization. All the interviewees emphasized that the brand look should not be localized and that is why for example brand related images or colors on the site cannot be changed. This seemed especially important for the design brand. It might be that especially design industry brands are strict with the visual look do not tend to localize their visual design of the sites.

Interestingly, in the theory, it was found that for many years uncertainty avoidance and high-context cultures have been most associated with visual design localization. Moreover, collectivistic versus individualistic and high power distance cultures have been most associated with the reason behind site image localization. (cf. Tigre Moura et al. 2016, 316.) In this study, collectivistic versus individualistic cultures impact on image

localization was identified by the interviewees. Thus, empirical findings support this theoretical finding. Uncertainty avoidance, high-context and high power distance were not directly specified as incentives for visual design localization. However, countries that came up in the interviews, and seem to be most localized in this context, were China, Russia and Japan. All these countries have been regarded to have high power distance and high-context cultures, and almost all as high uncertainty avoiding cultures, except China. Therefore, it might be that these kinds of cultures do associate with visual design localization the most.

6.2.5 Payment localization

Payment localization, the localization of currency and payment methods, was highly emphasized by all the interviewees. All of them placed payment methods as one of the most important localization elements on the e-commerce website. Especially design brand and the expert underlined payment elements localization – they ranked payment methods localization as the most important element to localize. Design brand has localized currency and payment methods for all their country-specific sites. Clothing brand seems to have both standardized and localized payment elements on their country-specific sites, but regardless, the interviewee emphasizes the importance of the payment methods localization among the first localization priorities.

The design brand explained that they have decided their local payment methods based on careful research and statistics for each market. All the interviewees underlined that not having payment methods localized for local preferences is a frank barrier for purchasing, which was also pointed out in the theory (cf. Jackson et al. 2003, 210; Turban et al. 2006, 607; Singh 2012, 23). That is why they are prioritized in the localization. Having local payment methods increases sales. The design brand explained that first they did not have local payment methods in the country-specific sites. Last autumn they localized them and noticed that it increased e-commerce sales significantly. Now every market has localized payment methods, and it is now prioritized. If they expand to a new e-commerce market, they will localize them first. They explained that they had to work on them for a long time and are working on them all time, so it is not necessarily a quick process. The clothing brand added that having local payment methods increments trust toward the brand and the site, and that way conversion rate increases remarkably. The expert describes the importance by following:

If you don't have local payment methods for that market, it usually is obstacle for buying. Everyone can forgive for a while, if you sell first for example with two currencies, for example with euros and dollars, but if you don't have their own preferred payment methods, that is the first problem. [...] So you must have local payment methods. That is kind of the first step of the localization. (Expert, 14.2.2019)

Expert also seems to regard local currency also as one of the first steps of localization, after local payment methods. Even though the site language would be English, local currency is prioritized over language localization according to the expert. If the local currency is not applied, it is difficult for the local consumers to perceive the final price of the purchase, and this seems to affect negatively for e-commerce sales. For example, in Russia local currency is almost necessary in order to consumers buy from foreign sites, according to interviewee. For the both brands, local currency seems to be quite evident part of the localization. It is mentioned among the prioritized localization elements, but not emphasized though. Having local currency improves customer experience on the site, as can be concluded from the theoretical findings as well (cf. Jackson et al. 2003, 210; Singh 2012, 23).

When exploring the design brand's sites, it is seen that all the country-specific sites have local currencies implemented. However, when exploring clothing brand's country-specific sites, for example in Great Britain, Japan and Romania the clothing brand does not have localized the currency. They have their global currency, euro, at those markets. In the clothing brand's case it appears that, if the site is not translated, the currency is not localized. Same applies to payment methods – they are not localized, if the site language is not localized. They use PayPal and card payments as global payment methods. Thus, interestingly it appears that language and payment elements are localized, if either one of them is localized. There seems to a bit of controversy between how important the clothing brand interviewee perceives the payment elements localization and how much the brand have actually localized them in reality, based on the visual analysis of the site. It seems that payment elements are localized only for the most important markets, where they have local language and other local activities as well. However, this is only based on the researcher's own interpretation, and might not be the truth.

The expert explained that payment method preferences are totally different by country, which supports the theory that also stated the same argument (Sheldon & Strader

2002, 26–27; Jackson et al. 2003, 209; Singh 2012, 23). For example, in Finland the most preferred payment method is bank transfer, which is very old system. In Sweden invoice served by Klarna is popular, while in Denmark most of the consumers buy with governmental Danske card. Germans want to use credit card, Russians want to pay by cash-on-delivery and wealthy Russians do not even usually own Western credit card, and Americans like to pay by PayPal. In China, everything is usually paid with mobile payment, for example by QR-code or WeChat Pay application. The expert explained that Chinese preference for mobile payment derives from the culture, more specifically from urbanization. He explained that approximately 0,5 billion people have moved to the city from the country-side during last 20 years. Due to this urbanization, many young people are lonely since they do not tend to know local people and they do not usually have siblings either because of the one-child-policy which governed until 2015. Since they do not tend to have any friends or relatives when they move to the city, phone has been very important for Chinese so that they can be in touch with old friends or create new ones. According to the expert, this has led to that nearly all e-commerce is paid throughout mobile payment. These arguments were mostly not in-line with theoretical findings (cf. Finnish E-commerce 2017, 42; Online payment methods in Europe 2017). Theory presented that in Sweden and Denmark the most used payment method is card payment, and invoice in Germany (Finnish E-commerce 2017, 42; Online payment methods in Europe 2017). Only the most used payment method, bank transfers, in Finland corresponded with the theoretical findings (Finnish E-commerce 2017, 36). However, it needs to be taken into account that the statistical findings in the theory can be outdated. It might be that the most preferred payment methods can change every year.

Empirical findings were surprising compared to theoretical findings. In the previous literature payment elements, especially payment methods, have not been emphasized or barely researched in the localization context. Their importance has been recognized by some researchers (cf. Sheldon & Strader 2002, 30; Jackson et al. 2003, 210; Turban et al. 2006, 495, 607; Singh 2012, 23), but not extensively. Based on the empirical findings, locally preferred payment methods are the most important element to localize on the e-commerce site. It appears that payment methods are very crucial issue in terms of e-commerce sales in foreign markets. Also local currency seems to be important, when the market is important.

6.3 Challenges that hinder localization

The third sub-objective was to examine *what key challenges hinder e-commerce website localization*. The brands appear to have highly similar challenges which also supported the theoretical findings well. However, new challenges emerged from the empirical study as well.

6.3.1 Maintenance of localization and lack of resources and knowledge

Various challenges that slow down or prevent website localization emerged in the empirical research. The most evident challenge emerged to be the resources which came up throughout the interviews. All the interviewees highlighted lack of resources as one of the most determining challenges of website localization. A brand needs to have enough financial and employee resources to execute the localization process.

Even though potential and a need for localization would be recognized for some market, it is necessary to make sure that a brand has enough resources to execute the process of website localization. By resources the interviewees refer mostly to the people who plan, execute and maintain the localization, as well as to the financial resources it requires – mostly because it requires so much people to execute the whole process. A brand has to ensure that they have enough capable people to carry out the localization. Especially the translation process occurred to be the most resource requiring and time-consuming process. When the site contains at least thousands of pages, as these brands' sites do, it requires a lot of people to translate the site. Thus, it is expensive, since it usually cannot be executed in-house.

The biggest problem in localization, or the most determinant thing, are the resources for the translations and updating the site, because of course you don't just translate the site but also continuously update it. We are getting new content all the time, so if there isn't clear process and resources that maintain the site, the site becomes quickly outdated. (Design brand, 13.2.2019)

Maintenance of a translated country-specific site was especially raised as one resource challenge, as the design brand pointed out. The interviewees emphasized that localization is not just establishing and translating the site once but an on-going maintenance of the local site. The site usually has to be updated regularly. It usually

requires its own team and local employees, which are not always easy to find. The expert added that when a brand has several country-specific sites, the costs and complexity multiply. For example, when a brand has 15 country-specific sites, the costs of maintaining all these sites need to be calculated carefully. Also, the design brand added that resources dictate how many country-specific language-versions of the site can they maintain. Thus, it appears that a website localization cannot be executed before the site's long-term maintenance and all its resources are ensured.

These findings support the theoretical findings. Lack of resources arose as one of the greatest challenges also in the theory. Previous research emphasizes that website localization is time-consuming and costly, and requires effort in time and workforce (Samiee 1998, 4; Sheldon & Strader 2002, 23; cf. Tixier 2005, 44; Sinkovics et al. 2007, 222; Vrontis et al. 2009, 478, 480–481; Alhorr et al. 2010, 7; Singh 2012, 83–84, 101, 106; Chao et al. 2012, 34). Translation process is recognized to be a significant part of the localization in terms of time and financial investment (Turban et al. 2006, 607; Chao et al. 2012, 34; Singh 2012, 84), and often require outsourcing (Singh 2012, 84). Also maintaining local sites is a challenge that localization poses based on the theory and empirical results. Country-specific site has to be analyzed and developed regularly (cf. Sinkovics et al. 2007, 222–223).

Due to high costs and time it consumes, the brands need to consider and calculate extremely carefully can they realize the localization. They need to do careful profitability calculations – how much they need to sell in order to gain profit, and is it possible to obtain. What are the costs compared to incomes – will it be profitable – as the clothing brand explains:

We always carefully count the business case that in what point it will be profitable, what's so called market potential compared to if we open own online shop. Then it will cost – the update costs and all those people that are hired costs, and so on. So, if the business is too small, it's not necessarily reasonable to localize. (Clothing brand, 15.2.2019)

The expert sums it up by saying that in the end, money is the most limiting factor in terms of localization. It seems that this is a reason why prioritization for the focus markets, which was discussed in chapter 6.1.3, is important in the localization context. In the end, these challenges might lead to the situation where localization to a specific market is not cost-effective enough, which has been the case for the interviewees as well.

As a result, it might be that brands end up implementing partly localized sites to save in costs, and execute localization step by step. In addition, it might be difficult to predict the benefit of localization for the sales. Will it increase the sales enough? The design brand brought up an interesting issue of not having clear evidence that localization would have generated significantly better sales, with an exception of payment method localization. The lack of prediction of increase in sales has also been recognized as a challenge in the previous research (cf. Chaffey 2015, 160). Also, it has been studied that directors do often think localization to be important but the budget is not allocated primarily for that (Chaffey 2015, 160). It might be that the uncertainty of whether the localization is worth the investment of time and money, is one of the determining issues that are hindering localization.

In addition, localizing a site in a wrong way poses a challenge according to both brands. If the brand does not know the market and its consumers' behavior well enough, the site can be localized incorrectly. The clothing brand described that there might evolve so called blind spots, which means that the site is localized by intuition, not based on real data. It seems that this is especially the case when the localization is done from the headquarters and there is not a local team planning and executing the localization. Also the design brand added, that they cannot afford to fully localize all their country-specific sites according to market data. It is challenging to get regular cultural data of local consumer behavior and the changes, so that they localize the sites right. The web analytics do not tell why some behavior on the site is what it is – they should know the cultural reason behind it. To obtain that information is a challenge for the design brand. The expert confirms these empirical findings by mentioning that Finnish brands, especially big ones, do localize a lot based on a gut feeling, not necessarily on data-based local facts. It appears that incorrect localization can pose a major challenge for successful localization.

The lack of market knowledge as a localization challenge can also be found from the previous literature (cf. Chao et al. 2012, 46; Singh 2012, 84). Localization requires a lot of local expertise and knowledge (Singh 2012, 83–84). Based on the empirical results, market research does not seem to be always easy or possible. Previous literature has discussed how local culture might be difficult to determine nowadays, because cultures have mixed across borders (Okazaki 2004, 91; Singh 2012, 72). This can hinder localization and drive brands more towards standardization (Okazaki 2004, 83; Yalcin et al. 2011, 95). Thus, it seems that lack of market knowledge might hinder localization based on the theoretical and empirical findings.

As stated also in the literature, having localized country-specific sites also complicate organizing and managing the e-commerce websites (cf. Singh 2012, 95–101). All the interviewees stated organizing and managing website localization and the site maintenance as one of the challenges. The design brand mentioned that one of the challenges is to manage units, that maintain and make decisions on the local sites in Asia, that are located across the world. That poses also a risk of cultural conflict because Finnish culture is notably different than Asian cultures. It is challenging to coordinate these teams so that the local sites are concordant with global strategy. The design brand interviewee finds it more challenging to have local teams outside Europe than having decision making teams locating within Europe. Also the expert stated, that controlling local sites can be a big challenge. It has to be organized optimally. A brand needs to plan the time frame when the local site will generate profits and how to organize the maintenance. When there are multiple country-specific sites that need to be updated regularly, systems and organization structure need to be advanced. Thus, it is a big challenge to plan how the localization is implemented and updated. It seems that managing e-commerce and the sites worldwide is one localization challenge, which may lead to not localizing sites. At least, a brand needs to have thorough justification for localization that the benefits outweigh the development and management of the local teams.

6.3.2 Website platform

It emerged that also the platform that a website is established on, can create challenges that hinder localization. Even if this study does not go into details of technical localization, the website platform emerged to be a notable challenge for the possibility of localization, and thus it was seen important to bring up in the empirical findings as one of the challenges. Especially the design brand specified a technically inflexible e-commerce website platform as one challenge that hinders localization. The design brand has technological issues with their website platform local modification, which results in not being able to fully localize the country-specific sites to all the wished target countries. The brand has established their country-specific sites on the same platform in European markets. Within those markets the brand are not able to, for example, translate the URLs into local language due to technological issues, and because the country-versions use the same platform. Because of these issues, the brand cannot localize all the elements for all the target markets that they would otherwise want to. The brand explains that some of the

technological issues could be locally fixed but that takes a lot of resources, and may not be worth it.

In Japan, Australia and South-Korea the design brand has own website platform for each market which therefore can be separately wholly localized and managed. The reason why Japan, South-Korea and Australia have their own e-commerce website platform is because they need to have own warehouses for them and the European platform does not allow to have more than one warehouse integrated into the platform. That is why they had to create totally own, local platforms, which makes it possible to wholly localize them into local preferences, but also complicates the control and managing those sites.

Also the clothing brand mentioned the significance of the platform adaptability in the website localization. Their Chinese site operates in the local e-commerce platform T-mall. Due to this, the brand is not able to make for example modifications that require technological changes. They can create local content for the site but the localization is more dictated by the platform's structural and visual design. However, since the platform is local, the interviewee believes that people who have created the platform know how to optimize the site to correspond the Chinese preferences.

It seems that a flexible platform that allows country-specific modifications is a key enabling factor for localization. It is apparent that without that possibility, the localization is not possible to begin with. This issue was acknowledged only briefly in the previous literature. The platform and structure need to be flexible so that elements, such as content or design, can be reconstructed by country (Cyr & Trevor-Smith 2004, 1199). Thus, this empirical finding presents the website platform's technical inflexibility as a one of the new key challenges that hinder localization, comparing to previous theoretical findings.

6.3.3 Legal and political environment and retail relationships

Also some market specific, external, challenges of localization emerged. The interviewees mentioned that local regulations and laws affect the localization decision and execution. The expert highlighted this as one of the greatest challenges facing localization. He explained that if a brand is selling products that are any way locally regulated, it is the greatest challenge a brand can face when expanding e-commerce to new markets. However, this is more related to the general internationalization challenges than only purely to website localization. Regardless, laws and other regulations can cause challenge also to website localization, as also the design brand mentioned. The clothing brand described that these kind of macro issues can come up and hinder website

localization. As an example, political changes can hinder localization. The clothing brand explained that for example, if “hard” Brexit will actualize, they might have to withdraw their plans for website localization to The United Kingdom. Then exporting would get so costly and complicated that there is no point to invest in localization, which would have otherwise been reasonable, because of the great potential. These findings explain the theoretical arguments of the impact of external factors, more specifically geopolitical and legal e-environment, to website localization (cf. Singh 2012, 7–8). These macro issues seem usually hinder localization, when they are related to brand’s e-commerce business.

Both brands apply dual sales channel strategy (cf. Gabrielsson & Gabrielsson 2011, 89–90). An interesting challenge emerged from the interviews, which was not found in the literature. The clothing brand mentioned sales channel strategy and retail relationships, as one of the issues that might even hinder localization. For them, local sales channel strategy is one of the most affecting issues on the decision whether to localize and to what extent. The interviewee explained that they sell mostly through retailers. Localization of brand’s own e-commerce website causes a risk of conflict with the local retailers. For example, the clothing brand might see enough market potential at some market but there are already local retailers selling the brand’s products, so they need to make a strategic decision whether they can open own localized e-commerce store there with the risk of compromising retailer relationships. If they create localized site there, they need to consider local actions always very carefully there, which means they may not be able to localize for example campaigns on their site. They cannot do aggressive campaigns so that they do not cannibalize the retailer sales and jeopardize the relationships. That is why they need to estimate the existing role of e-commerce in the specific target market and its affect in the overall business, when considering e-commerce website localization.

In addition, both brands stated that if they already have local retailers which have sites in local language in the target market, they might not see full localization of their sites to be essential. This might be dependent on the importance of the market, as the clothing brand particularized it.

6.3.4 Brand’s global consistency versus localization

Maintaining global brand consistency seems to be one of the barriers of localization. The importance of keeping the image of the brand coherent throughout the world precedes the website localization, according to the interviewees. It became apparent that all the

interviewees find it important to always assure that the look and image of the brand do not vary on the country-specific websites.

This might hinder website localization on the situations where local consumers might prefer for example different content on the site (cf. Sinkovics et al. 2007, 230; Singh 2012, 111–112, 115) but that kind of content is not preferable considering the brand. Both brands explained that it is difficult to coordinate the local teams to keep the brand same globally. The design brand addressed this as one of their biggest challenges. Local teams would prefer to localize the visual design and content in the way the local market is used to, but the brand look or feel can contradict some of the local preferences. In those cases, the brand image is more important than local adaptation according to the interviewees.

The design brand also pointed out that for them in some cases international look and feel might even be better than local, because of their Nordic brand image and English-speaking, wealthy target group. It seems that this is a barrier for example for the localization of the visual and structural design because they want to look same in every country. Also the expert highlighted that brand should not be localized or it can cause major problems for business in general. As an example, he mentioned the consistency of brand colors. Thus, it seems that consistent global brand image is one of the important issues that might hinder website localization.

The design brand placed the quality of the local content as one of the localization challenges. For their brand image, it is very important that the quality of the translations is high so that the image of premium brand is maintained. They want to keep the tone-of-voice globally same and that is why the translations tend to cause problems. It might be that this even hinders localization because the brand needs to be sure they have the high-quality translations and resources to ensuring that.

When the sites are more standardized and less localized, brand tends to be more coherent and strong according to previous literature (Jackson et al. 2003, 217; Tixier 2005, 44; Sinkovics et al. 2007, 223; Vrontis et al. 2009, 478, 480–481). The debate between more consistent brand image and more localized solutions based on local preferences, have been going on for decades (Singh et al. 2005, 72; Sinkovics et al. 2007, 222; Shneor 2012, 352; Singh 2012, 72). The empirical findings of this study affirm that consistent brand seems to be more important than localization in those cases when a brand needs to choose between these two. Although, the importance of a consistent brand might depend on the brand and the targeted customer group. In the next, and final, chapter the

conclusions of this study will be aggregated based on the theoretical and empirical findings.

7 CONCLUSIONS

7.1 Theoretical contribution

The e-commerce website localization has been studied relatively scarcely. The website localization has been often seen as localization of the language (cf. Singh et al. 2009, 281, 291; Chao et al. 2012, 46), not from a holistic point of view. However, comprehensive localization has been studied to lead to better sales (e.g. cf. Singh et al. 2006, 66; Baack & Singh 2007, 187; Singh et al. 2010, 260; Vyncke & Brengman 2010, 26; Singh 2012, 148–149, 260; Chaffey 2015, 159; Ko et al. 2015, 388–389), but a lack of knowledge is one of the reasons why e-commerce websites are not localized properly (e.g. Singh 2012, 83; Chao et al. 2012, 46; Sheldon & Strader 2002, 23). Therefore, the purpose of this study was to *analyze the e-commerce website localization for foreign target markets* to gain deeper understanding of the e-commerce website localization. The sub-objectives to analyze this purpose were: *why e-commerce websites are localized, how e-commerce websites can be localized* and *what key challenges hinder e-commerce website localization*. Based on the previous theoretical findings the theoretical framework was established as a basis for an empirical research. In Figure 4, the modifications for the framework have been made based on empirical findings. The elements that emerged to be especially important in terms of localization, are highlighted in the figure. The elements marked with dashed line appeared to be less emphasized in website localization. Symbols and structure appeared not to be localized based on the empirical findings, and thus they are deleted in the figure.

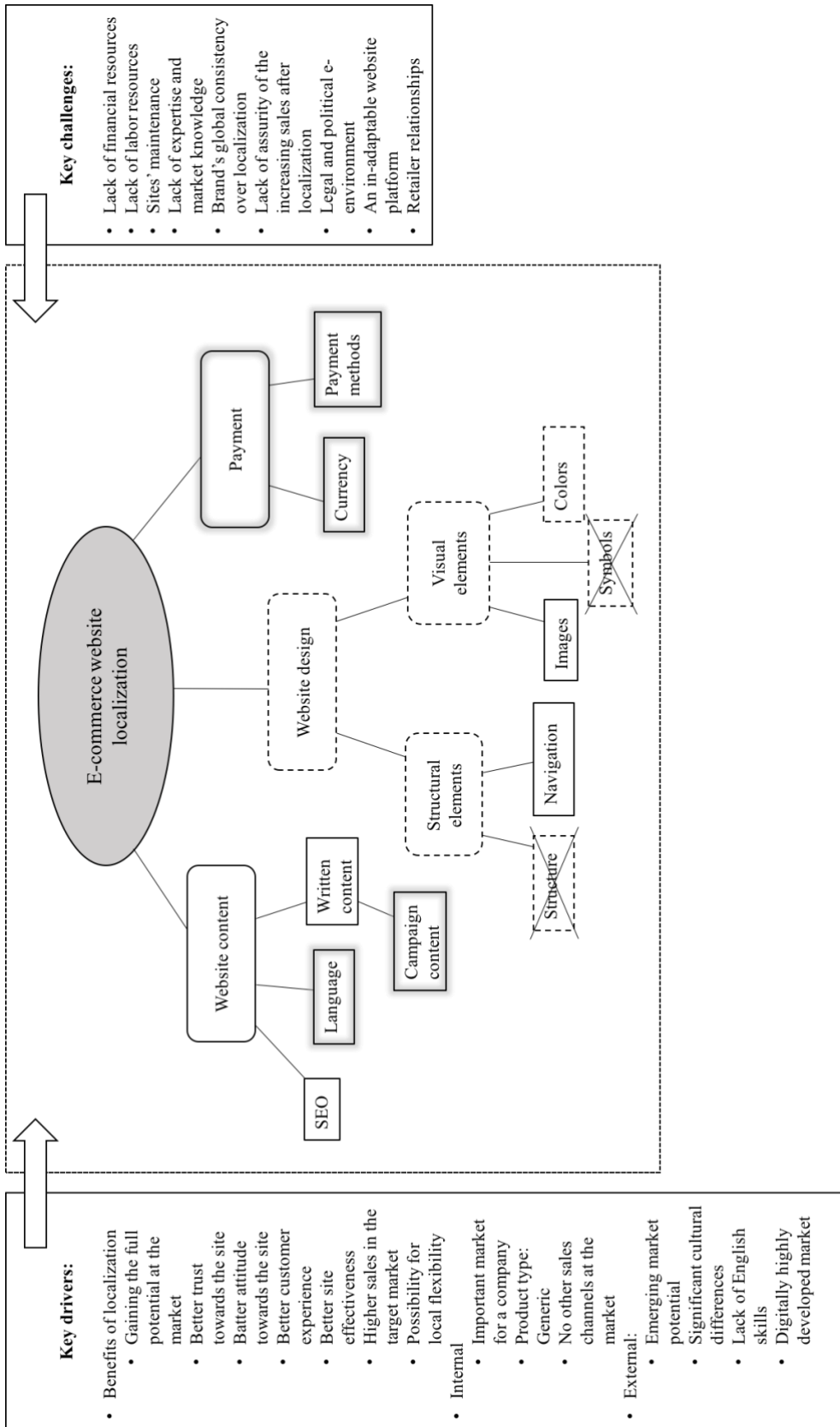


Figure 4 Final framework of e-commerce website localization

As also theoretical framework presented, the localization benefits are evidently the ultimate driver for localization (e.g. Singh et al. 2010, 260, 258–259). This study specifies that the fundamental reason for localization is pursuing greater sales. Other benefits seem to be leading to this ultimate benefit. The theoretical and empirical findings seem to be mostly concordant in terms of the localization benefits. The benefits of website localization appear to be: increase in sales, gaining the full potential at the market, increasing the trust toward the site, improving the consumers' attitudes for the sites and improving the customer experience. It seems that increased trust is more emphasized in the empirical findings than in the theory. In addition, this research presents a new benefit of localization compared to theoretical framework: the possibility to local flexibility – reacting to market-specific events, news, holidays or for example seasons in the website content and design. Country-specific e-commerce sites enable these local actions in the content, which can lead to greater sales in the target market.

A brand's focus and strategically important markets appear to be among the most evident, if not the most evident, reasons for website localization. When the market is strategically important and considered as focus market, the site is usually localized there. The brands want to gain the full market potential there and serve customers in their native language. This strongly supports the previous research that the key markets have been studied to be the reason for localization. The more important the market is, the more extensively the site is localized. (cf. Sheldon & Strader 2002, 26; Chaffey 2015, 159.)

Regarding other internal drivers for localization, a new finding compared to theory arose from the study. Internal sales-channel strategy might be a driver toward website localization. More specifically, when a brand, that uses dual sales channel strategy (cf. Gabrielsson & Gabrielsson 2011, 89–90), does not have any resellers in some relatively potential market, they might want to open a localized e-commerce store there in order to operate better at that market. On the other hand, if the brand would already have some retailer in that market, they might not localize a site there due to either possible conflicts with the retailers or it is not seen as necessary, since there already is a retailer selling the brand's products.

The findings of this study present that brands that sell generic products tend to need more website localization, and thus generic product type being one reason for localization. This might originate from the fact that generic, basic goods, can be bought from many brands' or retailers' e-commerce websites, and in order to compete against other competitors, the site should be localized to local needs. Whereas more specific,

niche products, cannot be found from multiple sites. Thus, it seems that generic products might be a driver toward localization. The theoretical findings do regard certain product types as reason for website localization (Shin & Huh 2009, 302; Singh 2012, 93–95) but were partly contradictory with this study. Singh (2012, 93–95) suggested that sites that sell self-expressing products, which might mean quite unique or niche products such as design products, are more likely localized, whereas this study suggests this is the case when selling generic products. Based on the findings of this study, product type does drive toward the localization, but the claims of Singh (2012) are not supported, and thus this is changed to Figure 4.

When examining external drivers for e-commerce website localization, according to the literature, different culture has been determinant issue that has been driving towards e-commerce website localization (e.g. cf. Zahedi et al. 2001, 86–89; Jackson et al. 2003, 198; Sinkovics et al. 2007, 230; Ahmed et al. 2008, 13; Ajanee 2008, 95; Singh 2012, 9; Ko et al. 2015, 389; Tigre Moura 2016, 317). This is partly confirmed by the empirical findings. The empirical findings show that culture does play a role as a reason for localization, but only when the cultural differences are significant, such as between Asian and Western cultures. Highly distant culture seems to be a reason to localize the site more thoroughly, *if* the market is important for the brand. Therefore, it can be concluded that culture is not necessarily considered as initial reason for localization, but rather a factor that affects how the site is localized. The theoretical findings presented any cultural differences as possible initial reason for website localization, but the empirical reasons emphasized only the high cultural differences as a reason for localization. Thus, based on this study, culture does not play as determinant role in the localization drivers as previous theory suggests.

The theoretical findings suggested that socio-cultural, geopolitical, legal and economic environment affects the e-commerce localization (Singh 2012, 7–8). The empirical findings do reveal that socio-cultural environment is a driver toward localization but geopolitical, legal and economic environment are mostly related to reasons why e-commerce is not localized. As an exception, local high technological and digital development seems to be driver toward localization, since people buy more online in the digitally developed areas. However, this did not stand out strongly in the empirical research, and does not seem to be the initial reason for localization. Interestingly, lack of English skills in the target market seems to be a truly relevant reason for localization, *when* the target market is important. Brands might need to establish localized sites in

order that they are able to conduct e-commerce business at those markets. This is a new reason for localization compared to the theoretical findings, and is thus added to the theoretical framework in Figure 4.

It appears that especially an externally emerging market potential is a reason for e-commerce localization, more than cultural differences. The emerging market potential, which is based on emerging high demand in a specific market, encourages a brand to localize the site to that market so that the full market potential and thus maximization of the sales can be achieved in that market. This kind of external emerging market potential has not been emphasized in the previous theoretical framework. Thus, this finding complements the current theory of why e-commerce websites are localized by adding the emerging market potential among the reasons.

Thus, it can be concluded that the *main drivers why e-commerce websites are localized include: localization benefits, emerging market potential, the internally high importance of the target market, high cultural differences, lack of English skills, a brand sells generic products, or a brand has no other local sales-channel at the target market.* Based on this study, the importance of the target market and the externally emerging market potential can be concluded as the most important and original reasons for localization, after the most fundamental reason behind e-commerce website localization: increase in sales. Greater sales are evidently the most important reason why brands localize their sites, as it normally is when doing any business.

Regarding *how websites can be localized*, the previous literature emphasizes the localization of language and other text content on the site (e.g. Turban et al. 2006, 607; Singh et al. 2009, 291; Singh et al. 2010, 265). The empirical findings indicate that local language is an important part of the localization, and thus support the theoretical findings on that part. However, the necessity of language localization is more highlighted in the theoretical findings, than the findings of this study suggest. The empirical findings present that the translation is not always necessary, even if the site would have some other local modifications implemented – it depends on how important the target market is. If the market is important, the language is most likely localized. Thus, it seems that language might not always be the first aspect to be localized, when the site is decided to get localized to some extent. However, regarding all the localization elements on the site, language still emerged as one of the most important localization aspects, and is thus highlighted in the final framework in Figure 4.

Based on the results of this study, written content on a website tends to be mostly standardized to foreign markets, if the markets are culturally similar enough. Thus, this finding does not wholly support the previous research that suggests that text content is usually localized according to different cultural values and to all foreign target markets – no matter of how culturally different (cf. e.g. Zahedi et al. 2001, 87–88; Luna et al. 2002, 399; Singh et al. 2005, 77, 79; Sinkovics et al. 2007, 230; Ahmed et al. 2008, 10–11, 13; Ajanee 2008, 90, 92; Singh 2012, 111–112, 115; Tigre Moura 2016, 317). However, the empirical findings did suggest that in Asian markets content seems to be localized, because of the highly different consumer behavior and culture. As a conclusion, it seems that in the highly culturally different and unfamiliar markets, content is localized at least to some extent, and in other cases the content is mainly standardized. It might be that this divergence between theory and empirical findings is due to resources – having written content localized seems to be ideal, but it is often impossible to implement due to lack of resources.

The findings of this study however indicated new elements of the localization of written content on the sites, which did not appear in the theoretical findings. First, the campaign pages – texts related to offers, seasons, events et cetera – appear to be one of the most localized elements on the country-specific sites, even prioritized. Hence, it is highlighted in the final framework in Figure 4. Thus, it can be concluded that brands seem to standardize the continuous core content to most of the markets, but localize the changing campaign content on the site for either each or some of the markets.

The findings of this research show that search engine optimization, SEO, is considered as very important in the localization context. It appears that localized SEO might be crucial so that local consumers find the foreign website and its content. It seems that SEO is increasing its importance, and the sites are optimized for local search engines – if a brand has enough resources. Even if the brands regard it important, it is not yet necessarily prioritized in practice. In the theoretical findings, SEO has not been considered as an important issue, and there barely is any previous academic research related to SEO in the localization context. Thus, this study states that SEO is a relevant part of the e-commerce website localization, and can be added to the theoretical framework as an element of website localization.

Regarding website design, this study supports the previous research in terms of structural elements' localization as it seems that structural elements are less localized compared to other elements – especially the site structure itself – as was discussed in the

literature. Based on this study, the technical structure of the site tends to be always standardized, but in some cases navigational elements are localized. For example, product categories in the navigation can be modified according market preferences, as well as link structure when consumers need more information in order to make the purchase. The previous research show that navigational elements can be localized for example by modifying link structure (cf. Luna et al. 2002, 399; Cyr & Trevor-Smith 2004, 1203, 1206; Singh et al. 2005, 79; Singh 2012, 11), but this kind of category localization did not emerge in the theory. Therefore, this study supports and complements the theory by new results of how navigation can be localized. However, the actual structure of a site seems not to be localized, and thus it is deleted in the final framework in Figure 4.

The previous literature has been emphasizing the visual design localization and especially the localization of images, symbols and colors (e.g. Cyr & Trevor-Smith 2004, 1206; Singh et al. 2006, 66; Sinkovics et al. 2007, 230; Ahmed et al. 2008, 9–13, Ajaneer 2008, 90–93). The empirical findings of this study indicate that visual design is less localized than the theory suggests. Only images and the general visual look-and-feel tend to be localized to some extent based on the clear cultural differences. Site colors are part of general visual look-and-feel, and tend to be changed mostly when localizing sites for China, based on the results. This seems to be due to high cultural differences between Nordic and Asian culture. It appears that the visual brand look on the sites is pursued to be same worldwide, and thus the visual design appears to be more often standardized than localized. Images stand out to be the most localized visual element based on this study. The empirical data did not show any evidence of the localization of symbols, and thus it is deleted in the final framework in Figure 4.

Based on the findings of this study, it can be concluded that the localization of payment – currency and payment methods – is the most important element of website localization. It seems to be necessary to localize payment on the websites in order to gain better sales. Especially locally preferred payment methods, that are carefully researched for, appear to be extremely important in terms of localization. These empirical findings of payment localization contribute new information to the previous theoretical findings. Payment localization has not been emphasized, nor extensively even recognized, in the academic research. This study shows that payment localization, especially regarding payment methods, is very important part of the website localization theory. Therefore, these findings emphasize the significance of payment methods as the most important part

of the localization, and supplements the current theory of e-commerce website localization.

Overall, it can be concluded that the websites can be localized *by translating the site into local language, modifying the content for significantly different cultures, localizing the campaign content on the sites, search engine optimizing the site, localizing the website categorization when needed, localizing the images based on the local culture as well as checking is the general visual look-and-feel mainly suitable for the local culture, and choosing the local payment methods based on the local preferences and using the local currency on the site.* As a conclusion, the findings of this study indicate that brands appear to localize mostly their payment elements, language and campaign content, whereas visual design and structural elements are substantially less localized, if at all.

What it comes to key issues that hinder e-commerce website localization, according to the literature, especially lack of financial and employee resources is a key challenge that is hindering website localization (e.g. Samiee 1998, 4; Sheldon & Strader 2002, 23; Sinkovics et al. 2007, 222; Alhorr et al. 2010, 7; Singh 2012, 83–84, 101, 106; Chao et al. 2012, 34). This empirical study confirms this theoretical finding. Website localization requires a lot of resources and it seems that localization and the target market decision needs to be considered carefully due to high costs of localization. Maintaining multiple country-specific sites poses a challenge for localization. This study also verifies a theoretical finding of a lack of prediction that localization will increase sales enough, which is a challenge that can hinder localization (cf. Chaffey 2015, 160).

Based on the literature, lack of market knowledge presents a challenge as well (cf. Chao et al. 2012, 46; Singh 2012, 83–84), and this study supports this argument. There is a risk of localizing the site incorrectly, if it is localized only based on intuition, not expertise and data. Lack of market knowledge can prevent localization. In addition, the need for global brand consistency appears to be one issue that hinders localization in the situations where these two are contradictory. Brands want to stay consistent worldwide and this prevents localization in some occasions. This finding is in accordance with the literature, thus confirming the theoretical arguments (Jackson et al. 2003, 217; Tixier 2005, 44; Sinkovics et al. 2007, 223; Vrontis et al. 2009, 478, 480–481). In this study, market specific local legal and political e-environment emerged to be challenges that sometimes might hinder localization. Thus, this confirms that these local e-environments do impact on localization, which was brought up in the literature (cf. Singh 2012, 7–8),

but it seems that the impact on localization is more negative than positive. Thus, these are changed into the challenges in Figure 4.

This study revealed a couple of new challenges that were not found in the previous theory. The website platform can hinder localization, when it is inflexible for example in a way that it does not allow some or any country-specific changes. Thus, a website platform might pose a significant barrier for localization. Other new hindering challenge emerged to be retailer relationships. If a brand sells through retailers, it might not be reasonable for the brand to establish their own localized e-commerce site at the market where a risk of conflict with the retailers exists. Brands often have to cherish their local retailer relationships and thus cannot, for example, do aggressive local campaigning that would decrease the retailers' sales. Thus, localization, at least in an extensive degree, might not be strategically wise in those markets, thus adding retailer relationships as a challenge for localization.

In conclusion, key challenges that hinder e-commerce website localization based on the findings of this study are *a lack of resources, the maintenance of multiple local sites, a lack of localization expertise and market knowledge, the increase in sales is not assured, the importance of brand consistency over localization, issues in local legal and political e-environment, a technologically inflexible website platform that does not allow local modifications, and the importance of good local retailer relationships*. After concluding the theoretical contribution, the managerial implications will be discussed in the next chapter.

7.2 Managerial implications

This research provides several insights for managers and executives that decide on website localization. This study gives a deeper understanding for e-commerce website localization, also at a practical level – why and how the sites should be localized, and what key challenges there are to hinder it. This study gives especially insights for other Finnish brands that are considering website localization and wondering these questions.

This study indicates that localization has a lot of benefits. It seems that localization would be ideal, but not always possible due to different challenges, such as lack of resources. That is why prioritizing is often necessary – it is not necessarily reasonable to localize a site for every market. There should be made careful calculations whether the localization is possible, and is it reasonable or not. The return on investment of website localization might be difficult to predict though. The emerging market potential should

be considered as one of the most important reasons for localization, as well as highly different culture.

It appears that at least from the Finnish brands perspective, Western and Asian countries differ so significantly from each other, that the same kind of website cannot work for both cultures. Moreover, if the market is strategically important, the e-commerce website should be localized there, so that the full e-commerce market potential can be more likely achieved. It might be that when a brand sells general goods, localization is especially needed so that the brand has better chances to compete with the many other local providers. Based on this study, it might be that niche design brands might need to localize their websites less because they are so depended on their brand image which should remain the same worldwide. They might even gain from their international look – for example, for their Finnish design look. In addition, if a brand has retailer sales channels, the markets where the brand does not sell through local retailers are especially potential to localize to. On the contrary, the markets where a brand does have resellers, extensive localization needs to be considered very carefully so that the brand does not jeopardize the retailer relationships.

This study emphasized also a few other challenges that often hinder website localization. Based on the study, it is obvious that localization is not simple or easy. In addition to making sure that brands have enough financial and employment resources, brands should assure that they have enough expertise and target market knowledge so that localization can be conducted in a right way, and as extensively as needed. It might be that if the localization is executed carelessly, the brand image will suffer and eventually the incomes will not exceed the costs. Brands need to take into their account that after implementing localized country-specific sites, the upkeep and continuous development of the sites requires clear organization of resources for being able to maintain all the sites. Having several localized sites makes management more complicated. Another issue that should be ensured, is the adaptability of the website platform for country-specific changes. Does the platform allow local changes by country without causing any technical problems? Moreover, when considering localization for a target market, especially the local legal and political e-environment should be researched carefully to make sure are there any threats for a brand's e-commerce business.

After the decision to localize, and after solving the hindering challenges, the next question is how to localize the site. It is apparent that some markets require more localization than others, and some aspects of a website are more important to localize than

others. The most important aspects to localize on an e-commerce website are the payment methods and a currency. Country-specific payment methods should be selected based on local preferences, and the prices should be converted into local currency, in each country-specific site. Payment localization is important in terms of sales, thus being crucial for the business in the target market. In addition, especially localization of the language is important. A site should be translated into local language, especially if the market is important for a brand, in order to provide better customer experience and increase the site's credibility in the target market, among other benefits. Also, the target market's English skills should be taken into account – do the local consumers know English well and do they like to use it, or is it necessary to localize the language to do business in the target market. Additionally, the site content should be localized especially when the cultural differences are high. Websites' campaign contents are important to localize to each local site. It also appears, that SEO is an important aspect of localization – sites should be optimized for local search engines to reach more local consumers.

Brands should take culture into account at least to some extent in visual design localization. The visual look-and-feel of the site should be localized to markets that have highly different preferences compared to domestic market, such as Finland and China. It is important to know the local cultural differences specific for the industry in terms of images, so that big mistakes are not made and the images are suitable for the market. However, it is important to sustain the brand colors and other brand visuals globally same. The structure of a site should be maintained same in every country-specific site. However, some navigational elements, such as product categorization, might need localizing if the shopping behavior is significantly different compared to the domestic market. In the next chapter, the limitations of the research are discussed and the suggestions for the future research are presented.

7.3 Limitations of the research and suggestions for future research

This study was conducted by interview research and the aim of this study was to get deeper understanding of the e-commerce website localization. However, there are limitations to this study. This research provides rather limited possibilities for generalization, as qualitative research usually does. As was already discussed in the chapter 5.4, the greatest limitation of this study is its limited amounts of interviews – two Finnish brand interviews and one expert interview. Three interviews are not enough to reflect the whole truth of Finnish brands' localization. However, the purpose of this study

was not to provide wide generalizations but rather gain deeper understanding on e-commerce localization, and provide more academic research on the subject. This research accomplished to provide that.

Moreover, it would be recommendable to conduct a research with a larger amount of Finnish brands to be interviewed. There is a need for examining more this rather scarcely studied subject. It could be interesting to conduct a quantitative research of how brands have localized their sites by applying the framework of this research's website localization aspects – content, design and payment. In the future, it can be presumed that there will be more Finnish brands localizing their websites to foreign markets, compared to current situation where localization have been rather rare. The e-commerce in Finland is growing quickly, and it can be assumed that e-commerce will become more and more essential part of the business in the future. This can mean that Finnish brands' international e-commerce will grow as well, which might lead to more common localization. As a result, there will hopefully be more data about Finnish brands' website localization in the future.

This research focused on website localization from a rather broad perspective, and discussed it as a comprehensive entity. It would be interesting to carry out further research focusing on more specific parts of the website localization – such as only content, structure, visual design or payment issues in order to gain deeper knowledge on each of these subjects. Furthermore, also even more narrowed aspects within these localization themes might be justifiable to study in the future, such as SEO in website localization or payment methods localization. This study showed that these aspects are important in terms of localization, but still there cannot be found almost any research on these specific areas of localization. Therefore, it would be justifiable to conduct more research on these subjects. This empirical research did provide relatively limited information regarding the localization of structure. It can be due to a fact that structure is not usually localized, as the results of this study suggested, but it can be also due to the limited amounts of brands that were interviewed in this research. It could be justifiable to examine this further, not only concerning Finnish brands but also in a larger extent since this theme has not been studied much anywhere in the world. Moreover, since this study focused on the content, website design and payment localization, further research is needed on the areas that were left out on the scope of this study – for example, customer service related localization or more specific technical side of website localization. Also, the impact of sales channel strategy would be interesting to research more, since it turned out be a factor impacting

localization. For future research, it would be interesting to examine specific industries' website localization, because this research did not focus on any specific industry due to lack of research data. All in all, hopefully this research will inspire and generate further research on e-commerce website localization.

8 SUMMARY

E-commerce website localization has not been studied in a large extent in the previous studies, thus this research aimed to provide more holistic perspective on e-commerce website localization in order to gain deeper understanding on the subject. The purpose of this study was to analyze e-commerce website localization, and more precisely examine these sub-objectives: why e-commerce websites are localized, how they can be localized and what are the key challenges in e-commerce website localization.

After the introduction, this study began with presenting the context of international e-commerce and e-commerce localization, and how these are considered in this study. Additionally, the definitions and extent of e-commerce website localization were discussed based on previous literature.

Next, the literature of e-commerce website localization was reviewed focusing on the reasons of localization, the localization of content, design and payment and the challenges of localization. Some aspects of localization emerged clearly from the theory to be considered in the empirical research, such as culture and localization of language or visual design, and some aspects have been covered rather slightly in the previous studies, such as localization of payment or structure, and thus being in the interest in the empirical research. As a result, a theoretical framework of localization reasons, localization of website content, website design and payment, as well as localization challenges, was established.

The empirical research was conducted by qualitative research and data collected by semi-structured theme interviews. For the study, two Finnish brands and one Finnish e-commerce expert were interviewed. The brands were selected based on their localization activities – the brands needed to have country-specific e-commerce sites and localized those to some extent, so that it was possible to examine website localization. The interviewed expert, Leevi Parsama, is an e-commerce pioneer in Finland and has many years of experience in the industry. He also leads eCom Growth –program that provides international e-commerce consulting for 150 Finnish e-commerce businesses. The empirical data was analyzed by thematic analysis which was based on the operationalization table that was created based on the theoretical framework, as well as new themes that emerged from the interviews.

The empirical study supported the theoretical findings to a large extent, but also new findings emerged from the study. New drivers toward website localization, such as

emerging e-commerce market potential and generic product type, were identified, as well as new challenges, such as an in-adaptable website and retailer relationships. It was found that local language is an important part of localization, as theory suggested, but the empirical study also emphasized the importance of few other localization elements compared to the theoretical findings: for example, payment localization was found to be the most important aspect to localize. Also, SEO and website campaign content localization were found to be important parts of localization, which have barely been recognized in the academic research in the past. Some elements of the theoretical framework were not found to be relevant in the empirical research, such as localization of symbols or website structure.

This study succeeded in providing better understanding and new knowledge on e-commerce website localization. In the theoretical contributions, the theoretical framework was modified based on the empirical findings. In addition, managerial implications were provided to give insights for other businesses – especially to other Finnish brands who are considering or actualizing e-commerce website localization for foreign target markets. Lastly, the limitations of the research were discussed, and the suggestions for future research were presented.

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APPENDICES

Appendix 1. Interview questions

Background/context questions:

- *About the interviewee:*
 - What is your role in the company (specially concerning e-commerce)?
How long have you been working in the company?
 - Do you make decisions related to the international e-commerce?
 - What kind of previous experience do you have related to e-commerce?
- *About the company and its e-commerce:*
 - How long your Finnish, global and country-specific e-commerce stores have existed?
 - To which markets the country-specific sites were first created and why?
 - On what grounds the e-commerce target markets are chosen?
 - Do you maintain your international e-commerce sites in-house or is it outsourced?
 - Do you have local business partners or subcontractors in the target markets?
 - How important is your international e-commerce (compared to domestic e-commerce)?

Themes:

1. Background of e-commerce website localization

- What do you think e-commerce website localization means and what it includes?
- How localization is perceived in your company?
- Where is the planning and the decisions made regarding international e-commerce sites – is it done from Finland or do e-commerce markets have local units deciding?
- Who does the practical localization on your sites?

2. Why the sites are localized

- For what reasons the brand has localized the websites for international target markets?
 - *Specific questions about the localized sites of the brand in question*

- Why e-commerce site has been localized to some markets and some markets not?
 - *Specific questions about the localized sites of the brand in question*
- How have the target market environment or other external issues affected the e-commerce website localization and why?
- How has the target market culture affected the localization and why?
 - How for example local cultural values (e.g. individualistic values) have affected the target market website localization?
 - How important do you consider the local culture to be taken into account on the country-specific sites?
- How have the internal issues of the company affected the website localization?
- What benefits the brand has gained because of localization?
 - How have the localization affected the consumer behavior on the site or etc.?
 - How about the sales or success in the target market?
 - Have you noticed some differences in results between localized and standardized e-commerce website?
- What disadvantages the localization has caused?
- How important do you feel the website localization for international markets?
- Why localization has been important for the brand? Or why not?

3. How the sites are localized

- How the brand's e-commerce websites have been localized for international markets?
- How the country-specific sites differ from domestic or global version?
 - Have they been purposefully modified to fit the target market better?
- How the (text) content have been localized for target markets and why?
 - How language has been localized?
 - How have the website content strategies been modified by target market and why?
 - How search engine optimization has been taken into account in the market-specific sites? Why?
 - How important do you consider content localization to be?

- *Specific questions as examples about the localized sites (why content seems to be different in some certain markets) of the brand in question*
- How the structure and the navigation of the site been localized to target markets and why?
 - How for example the navigation differ between country-specific sites?
 - How the structure or structural layout differs by country?
 - How important do you consider navigational or other structural localization to be?
 - Is the website platform or content management system same in every country? Does the platform affect the localization – how?
 - *Specific questions about the localized sites of the brand in question*
- How have you localized visual elements on the different country-specific sites and why?
 - (e.g. pictures, colors, symbols, visual design...)
 - Have for example images been changed by country?
 - How about colors and symbols on the site?
 - How important do you consider visual elements localization?
 - *Specific questions about the localized sites of the brand in question*
- How have you localized payment methods or other payment related issues on the country-specific sites? Why?
 - Do the payment methods differ by country? How?
 - How important do you consider payment elements localization?
- What (site elements) have you prioritized in website localization?
 - Are some elements localized more often than others? Why?
- Which issues do you feel the most important to be localized on the e-commerce websites?
- How does the localization degree vary between country-specific sites and why? Why some sites are more localized than others?

- *Specific questions about the localized sites of the brand in question (why some specific sites are totally different and some just a little bit)*
- Are there some factors or elements that are always localized or always standardized to every country-specific site? Why?

4. Challenges of localization

- What kind of process has localization been?
 - From decision making to implementation
 - How would you describe the process?
- What has localization required from the company?
 - What have been the most expensive part of localization?
- What kind of challenges the brand has had related to website localization and why?
 - For example: what kind of challenges internal resources have caused?
- How the challenges have varied by country?
- How the challenges have affected the localization?

Other questions:

- Will you further localize your current websites or localize new country-specific sites?
- What have you learned about website localization based on your experience? What kind of tips would you give for others that consider international e-commerce expansion and localization?
- Is there something else that comes into your mind related to the topic?
- Do you sell your products in other channels in the target markets?