



Learning to “Speak European:” Expanding your Business in the European Union

Executive Summary

The European Union is one of the world’s largest and most culturally-diverse markets. It includes 25 member states, with two new members slated to join in early 2007, and its combined GDP was over \$12 trillion in 2005. The EU recognizes 20 official languages and will sanction three more in January 2007.

The language complexities of this community complicate a company’s typical business goals. How can organizations reach their customers and employees with marketing, HR, and training deliverables when they’re dealing with 23 potential languages? How can organizations hit their product delivery dates and keep their development costs from spiraling out of control in so many markets? Do companies have the resources, strategies, and knowledge they need to deliver relevant and meaningful products and content in Europe?

This executive brief provides you with information you need to consider as you develop expansion plans for Europe. It outlines the impact of this diverse language community on four key areas:

- Sales and Marketing
- HR and Training
- Operations
- Product Development

By planning ahead to more appropriately address the challenges of supporting a large, diverse set of languages, organizations will be better equipped to expand in the evolving EU with a truly

differentiated approach, and ultimately grow market share and revenues.

A Changing Europe

Since 1993, the composition of Europe has been a moving target. It used to be that you could translate your deliverables into the FIGS languages (French, Italian, German, and Spanish) and assume you were reaching the bulk of the addressable European market. But, with the changing diversity

of the EU, and greater buyer sophistication, FIGS translations are no longer enough.

Today’s EU is the world’s largest economy. According to World Bank figures, it has a combined GDP in 2005 of more than \$12 trillion, slightly larger than that of the United States.

There are 25 current member states, and in January 2007, Bulgaria and Romania will join.

There are 230 living languages, and 41 of those are officially recognized by the various governing bodies. Twenty (soon to

EU Member States

1. Belgium
2. France
3. Italy
4. Luxemborg
5. Netherlands
6. West Germany
7. Denmark
8. Ireland
9. United Kingdom
10. Greece
11. Portugal
12. Spain
13. Austria
14. Finland
15. Sweden
16. Cyprus
17. Czech Republic
18. Estonia
19. Hungary
20. Latvia
21. Lithuania
22. Malta
23. Poland
24. Slovakia
25. Slovenia
26. Bulgaria, Jan 2007
27. Romania, Jan 2007

be 23) are sanctioned by the EU, which means they are used routinely for business and government.

Other EU member candidates include Croatia (accession projected for 2010), Turkey (2015), and the former Yugoslav Republic of Macedonia (timeframe unknown). Future language candidates include Albanian, Bosnian, Catalan, Croatian, Serbian, and Moldavian.

A principle charter of the EU is to maintain and promote the use of all of the official languages. The EU considers communication to be the single most important factor contributing to its cultural diversity, and it encourages all its citizens to be multilingual, speaking at least two languages in addition to their mother tongue. According to the European Union website europa.eu, “The use of the official languages enhances the transparency, legitimacy, and effectiveness of the EU and its institutions.” There are no plans to standardize on a smaller number of languages.

Although the EU is a very compelling marketplace, the ongoing addition of languages can present roadblocks to succeeding there. Delivering products and content in a small number of traditional languages is no longer an acceptable strategy for Europe.

Language Matters

Language is a critical component of customer relationship building. According to the Common Sense Advisory survey of consumer global buying preferences, language matters. Even for consumers who feel comfortable in English, many prefer buying products and services in their own language and most want customer support that is similarly accessible. Of the 2,430 people surveyed, 60% prefer having information in their own language. And 45% said they would prefer to have local-language content instead of English even if the translations were of poor quality. In Europe, 23%

of the respondents “strongly agree” that they only buy at websites presented in their own language.¹

So, if given the choice, most people prefer using their own language and will engage with vendors who can provide it. And in some industries, delivering in local language is mandatory.

Language regulations in the EU are numerous and cover everything from product safety and labeling to assembly, manufacturing, and machinery.

Official EU Languages

1. Czech
2. Danish
3. Dutch
4. English
5. Estonian
6. Finnish
7. French
8. German
9. Greek
10. Hungarian
11. Italian
12. Latvian
13. Lithuanian
14. Maltese
15. Polish
16. Portuguese
17. Slovak
18. Slovene
19. Spanish
20. Swedish
21. Bulgarian, *Jan 2007*
22. Irish (Gaelic), *Jan 2007*
23. Romanian, *Jan 2007*

Not only are there a great number of languages used in Europe, but some have specific intricacies that should be anticipated. Bulgarian, for example, is a language based on the Cyrillic alphabet — an alphabet traditionally used to write the Russian language and other Slavic languages. Today, it is a less widely practiced

alphabet, although with the accession of Bulgaria, the ninth-century Cyrillic becomes the EU’s third official alphabet.

Diacritics, the accent marks added to a letter to alter a word’s pronunciation or meaning, also vary widely across EU languages. A mark can be diacritical in one language, but not in another; for example, in Catalan and Spanish, *u* and *ü* are considered the same letter, while in German,

¹ *Can’t Read, Won’t Buy: Why Language Matters on Global Websites*, Common Sense Advisory, September 2006

Estonian, and Hungarian, they are considered to be separate letters. Most EU languages have their own unique diacritics and require specialized knowledge and font support, especially when digital documents are shared around the world.

A further complication is where and how the official EU languages are used. Many EU member states recognize several official languages (each spoken by millions of people). In Belgium, for example, there are two distinct communities; one French-based, the other Dutch-based. Both have strong ties to France and the Netherlands, respectively (two very culturally-different countries). When you sell a product in Belgium, the nature of the market means you'll need to provide both French and Dutch versions, along with all of the supporting marketing materials, technical documentation, customer support, training modules, etc.

Market Diversity Impacts Every Aspect of your Business

A company's goals become significantly more difficult to achieve when extended across a large number of unique countries. It's important that each corporate department carefully assess the value of a strategic localization plan. Localization is the adaptation of products, services, and related content to the cultural, legal, linguistic, and technical requirements of a specific locale. More than a simple word-for-word translation, localization accounts for wide variations in cultural nuance and user behavior and accommodates your programs to address those differences. An important first step in developing an expansion strategy is examining each core function and understanding the impact of language in these areas, and then building a plan to address support requirements.

Sales and Marketing

The complexities of EU markets compound the more predictable sales and marketing challenges:

- Maintaining a strong, viable brand
- Building a loyal customer base
- Ensuring consistent and meaningful messaging for all audiences
- Keeping awareness high in all markets

Engaging consumers in Europe with meaningful and accurate sales and marketing content can feel like an overwhelming prospect given all the language possibilities. It's particularly tough when you consider all of the deliverables you need to plan for – everything from the corporate website, advertising campaigns, and collateral to social marketing media like blogs, Podcasts, and RSS feeds. But, a well-managed localization strategy will pay dividends in the form of stronger brand awareness, more loyal customers, and higher revenues. With the right balance of corporate and in-country control, a centralized localization strategy is the glue that holds a global marketing plan together.²

HR and Training

As organizations expand worldwide, the need for locally relevant, globally consistent training is essential to improving employee performance. Making training available to speakers in their native tongue dramatically improves their engagement, retention, and application of the instruction. Learning preferences also vary among cultures and are the direct result of local educational systems. Training programs that accommodate for cultural preferences are most effective.

² See the Lionbridge white paper, *"Building Stronger Brands around the World,"* for specific recommendations on building an effective localization plan for global sales and marketing.

Centralized HR organizations often develop material first and then distribute it for use globally. It then becomes the responsibility of local offices to decide if the material should be translated (frequently doing the translation themselves). This was a satisfactory approach when most tools were paper-based. With the advent of sophisticated HR software tools, some effort must be made to develop a consistent localization strategy.³

Operations

Language translation also impacts operational activities within your company. Consider, for example, your ERP system that ties all of your operating sites together. ERP deployments that span multiple geographies require customized training content to account for the widely disparate learner expectations that are established by different national education systems. Effective training reduces “time to proficiency,” as well as overall training time, and empowers users — in all regions — to interact more fully with the ERP software and embrace new business processes. This, in turn, helps to engage, support, and improve the productivity of your global workforce.

In addition, several EU directives in the Life Sciences industry, including the Clinical Trials Directive, Medical Device Directive (MDD), and In-vitro Diagnostics Directive (IVDD), have specific provisions that make it compulsory for companies to translate all of their medical packaging and safety labels into the language or languages of the country where they are testing, distributing, and selling products. How many different variations will your company need to ensure each country’s product specifications, legal requirements, and language directives are met?

³ For more information on developing global HR and training strategies, read our white paper, “*Global Expansion Requires New HR and Training Strategies.*”

Product Development

Today, advancements in the product development cycle are enabling local competitors to operate more aggressively in their home markets, often releasing comparable products ahead of well-known international developers. This hyper-competitive global release cycle will continue to accelerate as more applications move to a web-based/Software as a Service (SaaS) delivery model, providing global access to new features instantly.

Developers typically generate their product requirements based on domestic demand with limited design input from global customers. When they seek global input, it is typically at the regional level for the sake of ease and expedience. For instance, developers might solicit input from colleagues and clients in the United Kingdom and Germany and then extrapolate it as the “European” requirements. As previously stated, the EU is not a homogenous market, and input from Germany and the U.K. will likely miss unique needs in France, Spain, Greece, and nearly every other target country.

As a result, post-development localization efforts will prove more time consuming and costly, as substantive reengineering will be needed to satisfy a wide degree of local language and market needs. In addition, the web-based application model, where each user expects a common feature-set, exacerbates these challenges. The SaaS structure eliminates the option to release and maintain “international editions” with limited feature sets. Global subscribers now expect equal systems.⁴

⁴ For more information on developing best practices for global product development, read our white paper, “*Optimizing the Global Product Release Cycle in an On-Demand Environment.*”

Conclusions

As your business expands in Europe, your company faces new challenges with regard to language and culture. EU clients and employees expect to interact with your firm in their local language. The EU commission itself works overtime to ensure that all of the union's laws, directives, and other communications are translated into every sanctioned language. Because EU citizens are encouraged to use their native tongues, they will not be satisfied with the delivery of your products and content in one or two languages.

A well-planned localization strategy will help you ensure you are able to satisfy your customers' needs and meet your specific business objectives. Start with a defined set of languages and add to it as you gain experience and leverage. We recommend developing an approach that finds balance between centrally-managed programs and in-country efforts. A centrally-managed localization program that combines the quality of in-country translation with a global network of resources will help you account for regional differences early on and address them in the programs you develop. Build consensus for your organization's goals and solicit input from your employees and partners in individual EU member states.

Your expansion strategy for the EU should outline the specific languages your different functional groups will support and how localization and translation processes will be incorporated and managed throughout the process to ensure that your goals are attainable.

Keep in mind, 60% of your potential customers want to speak their language, not yours.

Contact Information

About Lionbridge

Lionbridge Technologies, Inc. (Nasdaq: LIOX) is the leading provider of globalization and testing services. Lionbridge combines global resources with proven program management methodologies to serve as an outsource partner throughout a client's product and content lifecycle – from development to globalization, testing, and maintenance. Global organizations in all industries rely on Lionbridge services to increase international market share, speed adoption of global products and content, and enhance their return on enterprise applications and IT system investments. Based in Waltham, Mass., Lionbridge now maintains more than 50 solution centers in 25 countries and provides services under the Lionbridge® and VeriTest® brands.

Corporate Headquarters

Lionbridge
1050 Winter Street
Waltham, MA 02451
USA
www.lionbridge.com