

Serious About

By Barbara Wichmann

SUSTAINABILITY

Localization and Sustainability.

As a visit to any weekend farmer's market will show you, localization is all around us as consumer demands lean increasingly to seasonal, locally-grown produce over food that has travelled thousands of miles to reach our stores. This everyday example demonstrates how closely localization and sustainability are linked—both in terms of economic sustainability and, with a reduced carbon footprint, environmental sustainability.

According to research from **Elsevier.com**, this move away from both products and produce being manufactured centrally and then shipped across the world to reach a final destination is beginning to change, in a business model called “design global, build local.” In recent years, technology such as 3D printing has enabled this model to become a reality and social and cultural attitudes have helped build support at the grassroots level. And for some industries, a move to global/local is a business imperative. Taking the water industry as an example, there are efforts to move away from the traditional design-build delivery approach to design-build-operate, recognizing the need for local solutions in a global marketplace to create a stronger infrastructure.

The importance of local insight for any company with a global footprint cannot be underestimated. As the recent news of **Walmart's** struggles in Brazil, including the shuttering of over 60 stores reveals, the size of your domestic success is no guarantee of success elsewhere. There were myriad reasons why the U.S. retail giant ran out of steam in Brazil, including labor problems, tax, and format issues—some which were clearly unforeseen. Others—such as the strain rapid expansion put on the supply chain—which might well have been identified with a sound localization strategy that was informed by a sustainability mindset

But for all the failures, there are also some inspiring success stories—the most powerful of which understand the key role sustainability plays in localization. Take, for example, **The Coca-Cola Company's** micro-distribution business model in Africa. When expanding into the continent in the 1990's, Coca-Cola teamed up with local entrepreneurs, providing them with small loans to enable them to distribute and sell their products in specific geographical areas. For Coca-Cola, this meant they were able to gain traction in locations that lacked real infrastructure (such as usable roads for delivery trucks—distributors often use bicycles or pushcarts to reach their customers) while creating jobs and strengthening the local economy. According to the company, there are now over 3,200 micro distribution centers, employing over 19,000 people. Coca-Cola found a creative solution that isn't just

economically sustainable, but by eliminating the need for thousands of delivery trucks, is environmentally sustainable.

More recently, **Amazon** has been reaping the rewards of an effective localization strategy in India. Unlike Walmart, Amazon has gone to great lengths to adapt to the local market, rather than expecting the market to fit to Amazon. For example, it reduced the size of the **Amazon India** mobile app by 60 percent to better work on the types of smartphones most used by consumers there. With the insight that, of those that have them, few Indians are comfortable using their credit cards online, a cash-on-delivery system was brought in. To support its grocery business, Amazon India has created “Kirana Now”, leveraging a network of neighborhood stores to quickly deliver consumer products. Tapping into local businesses not only helps support the economy, it also minimizes the distance between product and consumer, giving the retailer a lighter carbon footprint. And by giving its engineers at Amazon India the freedom to create market-specific features to the app rather than being locked into the U.S. format, the company created more efficiencies, allowing it to be much more agile and less wasteful.

At **ARTÉMIA**, we've been devising localization strategies for clients for many years, both U.S. companies looking to launch overseas and companies looking to get a foothold in the U.S. As a company with sustainability as a core value, we see it as an essential element of localization success. It's about gaining a deep understanding of your marketplace, from available resources to the local economy and identifying positive ways you can contribute in a culturally relevant way. It's about remembering that globalization needn't mean homogenization, and that creating sustainability-focused localization strategies that truly reflect a new market's needs, can be, as Amazon has found, highly rewarding. ♦

Further reading:

- <http://www.p2plab.gr/el/wp-content/uploads/2015/09/Futures.pdf>
- <http://www.coca-colacompany.com/stories/supporting-small-business-development/>
- <http://www.brandquarterly.com/localized-global-marketing-strategy>
- <http://www.livemint.com/Industry/RMItXBCQOF0kVEnttbZPxN/Amazons-localization-of-mobile-tech-boosts-demand-for-its-a.html>

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