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Economists have been forecasting a global recession for several months, but businesses are not waiting around for a recession: they're already acting as if one were in full force. Layoffs are common in every sector, including technology, travel, entertainment, and more.

Businesses, seeing the bumpy road ahead, are under more pressure than ever to cut costs and operate more efficiently -- while maintaining quality and protecting time to market. What does that mean to their localization efforts? And how can localization help a business not only survive a recession but also improve its globalization efforts?

We see three trends emerging amid an economic downturn:

1. Localization Helps Companies Expand into New Markets

Many companies are targeting overseas markets for growth. That's because in a downturn, it is common for global businesses to try to press their advantage over competitors by achieving economies of scale. But doing so is enormously challenging amid supply chain disruptions and geo-political instability that threatens the free flow of goods and services.

Global companies that already serve multiple local markets have an advantage because it is less expensive to grow an existing infrastructure than to build new markets from scratch. That's why now is the time to lean into localization – and here's why: localization makes a company more relevant in the markets it serves and is necessary to expanding your existing customer base in diverse markets. After all, approaches that work in the United States won't succeed as well in Spain or Japan and vice

versa.

For more on the topic of relying on localization to expand into new markets, read Jonas Ryberg's post, "What Is the Future of Globalization?"

2. Outsourcing Large-Scale Localization Projects Becomes the Norm for Brands

With workforce reductions happening (and more likely coming), we'll see an increase in the outsourcing of jobs. At present, many companies still retain large localization teams in house. Many of those positions and the work might be outsourced to save money.

We already saw a surge in people entering the localization market through self-employment during the pandemic and we expect the surge to increase. As a result, businesses will tap into a broader book of diverse talent globally, including people who possess more breadth and depth of language expertise from different countries, domain expertise, and knowledge of local cultures. This will make globalization more effective in the long run.

3. Adopting New Technologies Makes Localization More Efficient

During an economic downturn, companies face intense pressure to cut costs and increase efficiency. To achieve these goals, adopting new technologies can be a game changer.

Localization automation, system integration, customized machine translation solutions, and customized AI models are all technologies that can help companies localize their operations and streamline their processes. By automating routine tasks, companies can save time and money, while also improving accuracy and consistency.

System integration can help disparate systems communicate with each other, reducing the need for manual data entry and improving workflow. Customized machine translation solutions and AI models can help companies translate content faster and more accurately, while also reducing the need for human translators. By investing in these technologies, companies can position themselves to weather economic downturns while also improving their competitive position over the long term.

Learn More

The 2023 economic recession will have a big impact on the localization market. But it will also bring more opportunities for businesses. By diversifying the organizational talent pool and adopting technology wisely, businesses will best position themselves to succeed globally.

To learn more about the impact of the downturn on localization, please read our more in-depth analysis in the recently published Centific report, *The State of Localization*. Discover how Centific can help you succeed with localization by visiting our website, and contact us to get started.

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