1. Internationalization is writing your code to be compatible with other languages. Not just in terms of outputs but also variables used. Dates/Numbers/Currencies/Sounds can vary between multiple languages and need to be accounted for (internationalization is typically the design of a system to be localized). Localization is the actual process of changing software for the particular region.

2. It increases market share by allowing your product to be purchased/used in other areas of the world besides where it was designed. An online auction site needs to be internationalized so people around the world can understand the listings and descriptions, otherwise they would be unlikely to purchase items.