EUROPEAN LANGUAGE INDUSTRY SURVEY

2020
BEFORE & AFTER COVID-19

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European Language Industry Survey

- Initiated in 2013 by EUATC, the European federation of national associations of translation companies
- Open to LSPs, buyers, freelancers, training providers and private and public translation departments
- In partnership with ELIA, FIT Europe, GALA, the EMT university network and the European Commission's LIND group
- The survey covers:
  - Expectations & concerns
  - Challenges and obstacles
  - Changes in business practices
- 809 responses from 45 countries to the main survey
  600 responses to Covid-19 Annex for the LSC survey and
  1036 for the freelance Covid-19 survey

Industry Profile

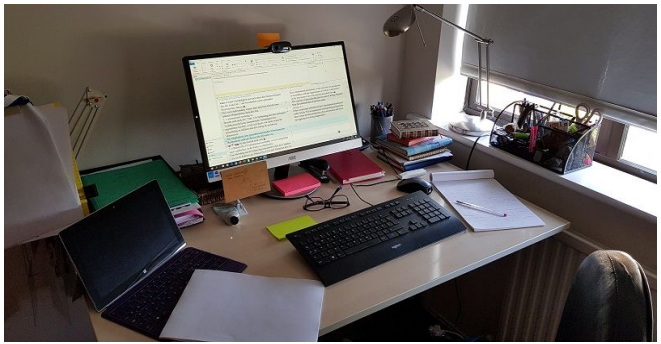
Based on the survey respondent mix:

the average language service company

- has approx. 10 employees, with slightly more women than men
- has a sales turnover of slightly over 1 M euro
- has existed for more than 10 years
- grew in 2019, but significantly less than in 2018
- has a just over 50% chance of growth

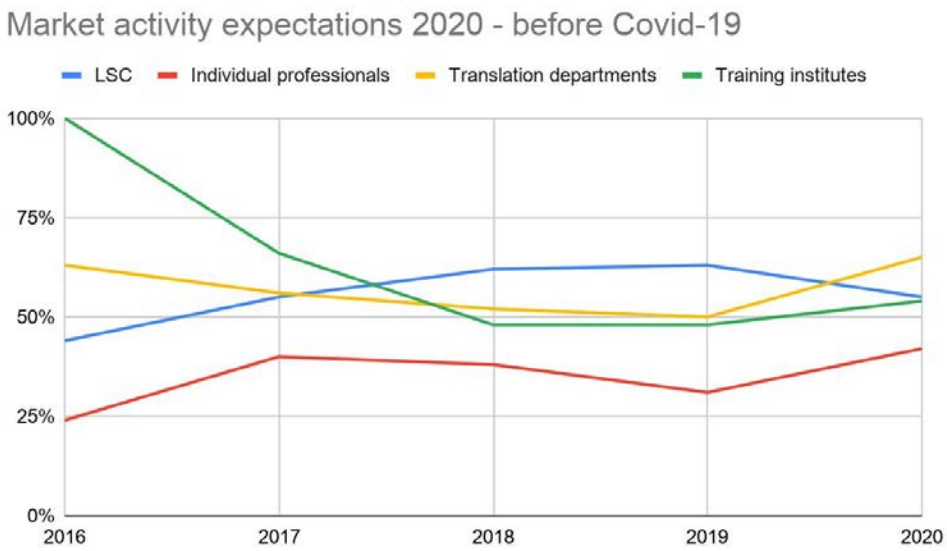
the average independent language professional

- is more likely to be a woman than a man
- has been in business for more than 10 years
- grew her business at approximately the same rate as the average company
- is more likely than not to be a member of a professional association of translators and interpreters



2020 - A YEAR UNLIKE ANY OTHER

2020 before Covid - at a tipping point but still showing growth (1 of 2)

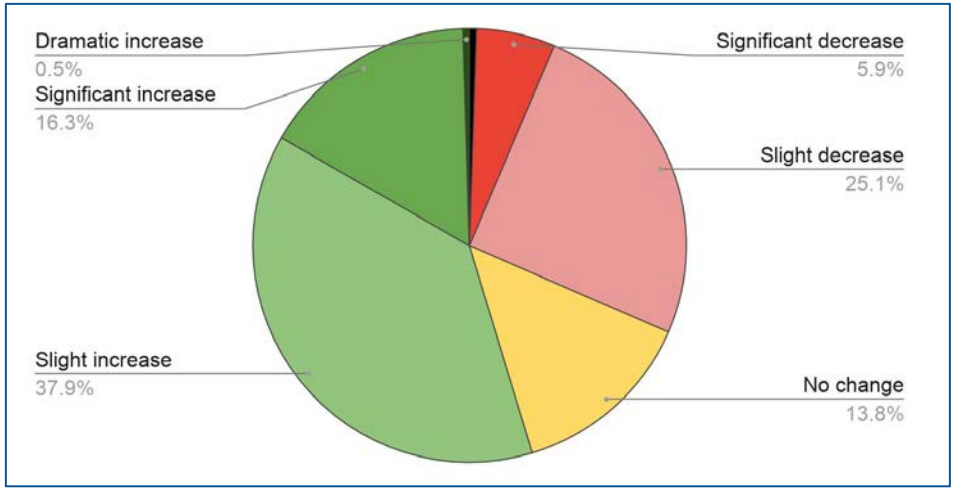


- Market activity expectations remained positive in all segments, despite slowdown in LSC and freelance business in 2019.
- Companies even slightly more optimistic about their own business than about the market as a whole.
- Staff size expectations in line with optimistic view.
- Pricing continued downward trend among LSCs. Expectations among independent professionals remain at same level as 2019 after rate stagnation in 2019. 37% of translation department respondents expect stable pricing in 2020, but 18% expect further decrease.

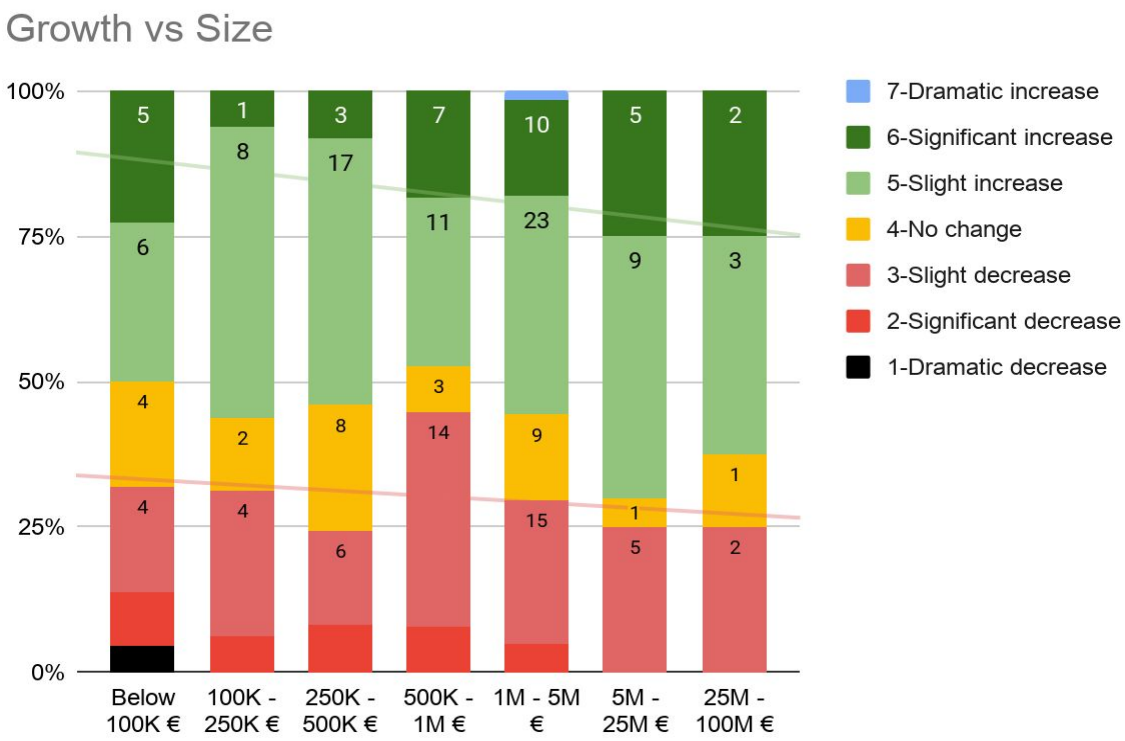
Important:

Percentage = % respondents reporting increase minus % respondents reporting decrease (not % increase itself).

2020 before Covid - at a tipping point but still showing growth (2 of 2)

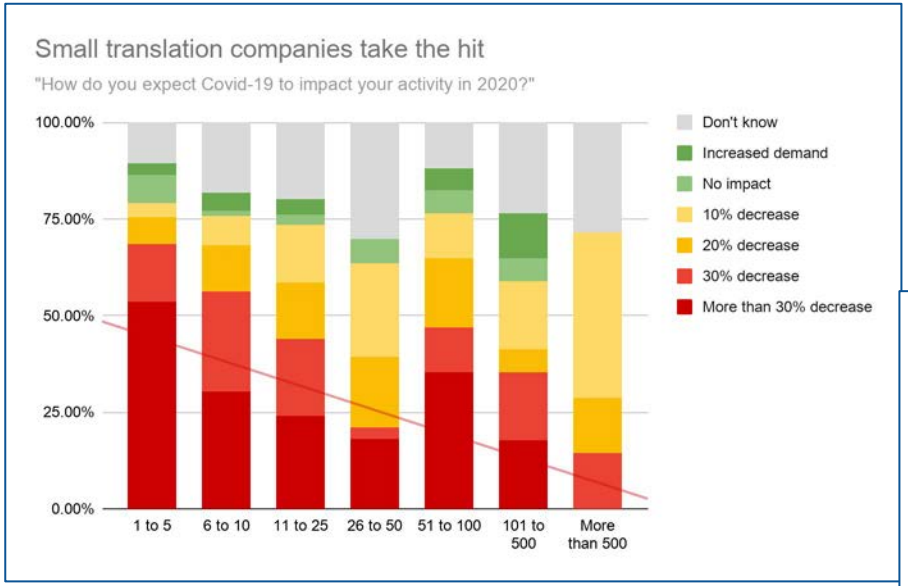


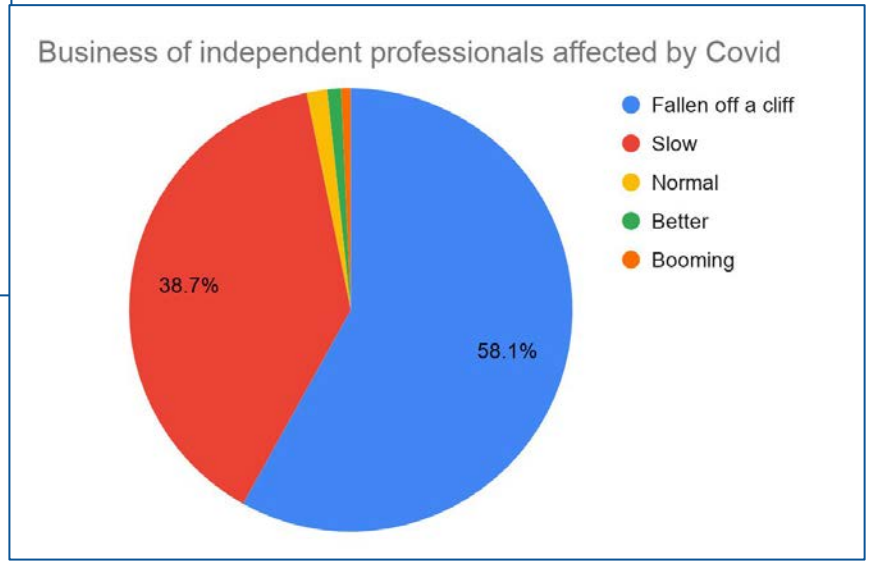
Growth not evenly spread - even before Covid-19 (1 of 2)



- Strongest decrease in small size segment
- Larger companies report higher growth
- Uneven performance in mid-size segment

Growth not evenly spread - even before Covid-19 (2 of 2)





Client sectors - different worlds

High Covid impact

- Travel & tourism at a virtual stand-still
- Manufacturing
- Aviation
- Arts & entertainment (except on-line services)
- Fashion & luxury
- Private customers

Medium Covid impact

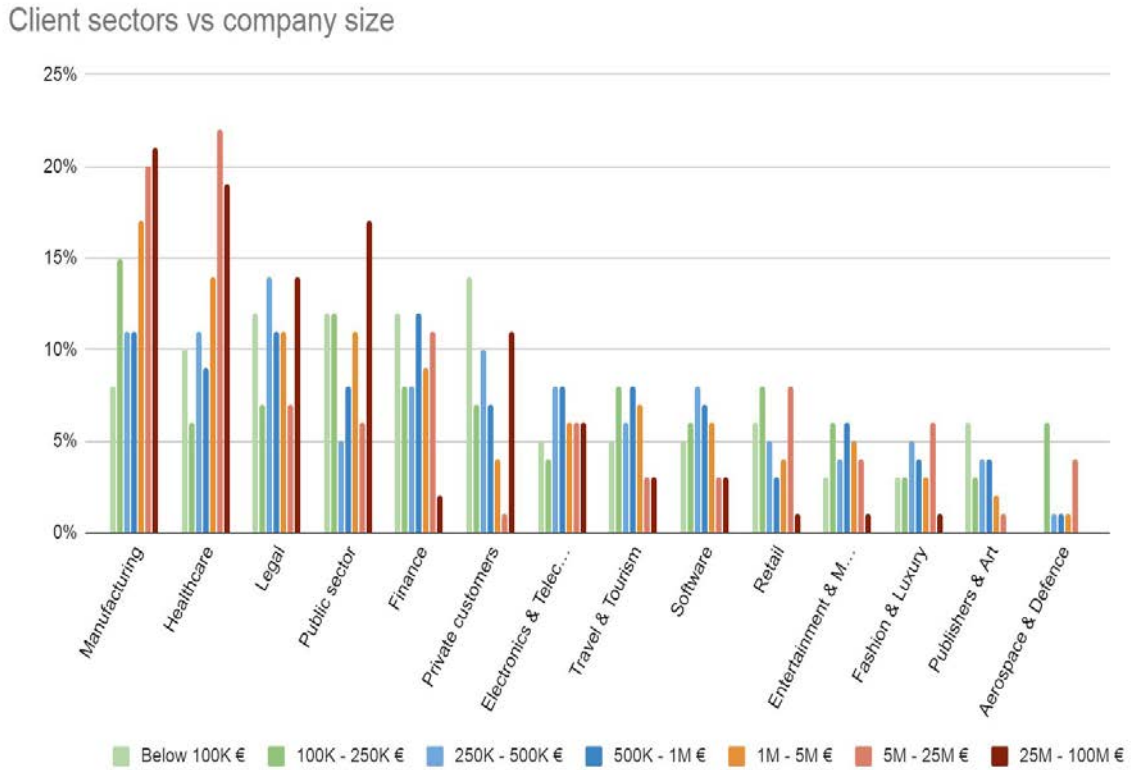
- Legal
- Finance
- Communication

Small, no or even positive Covid impact

- Medical
- e-Retail
- Online entertainment (streaming)
- Telecom (Utilities in general)
- Consumer goods

Percent of the total. Sample size: 1.1 billion, 200 companies

Client sectors - concentration by company size category



Larger companies

- Manufacturing
- Public sector
- Healthcare

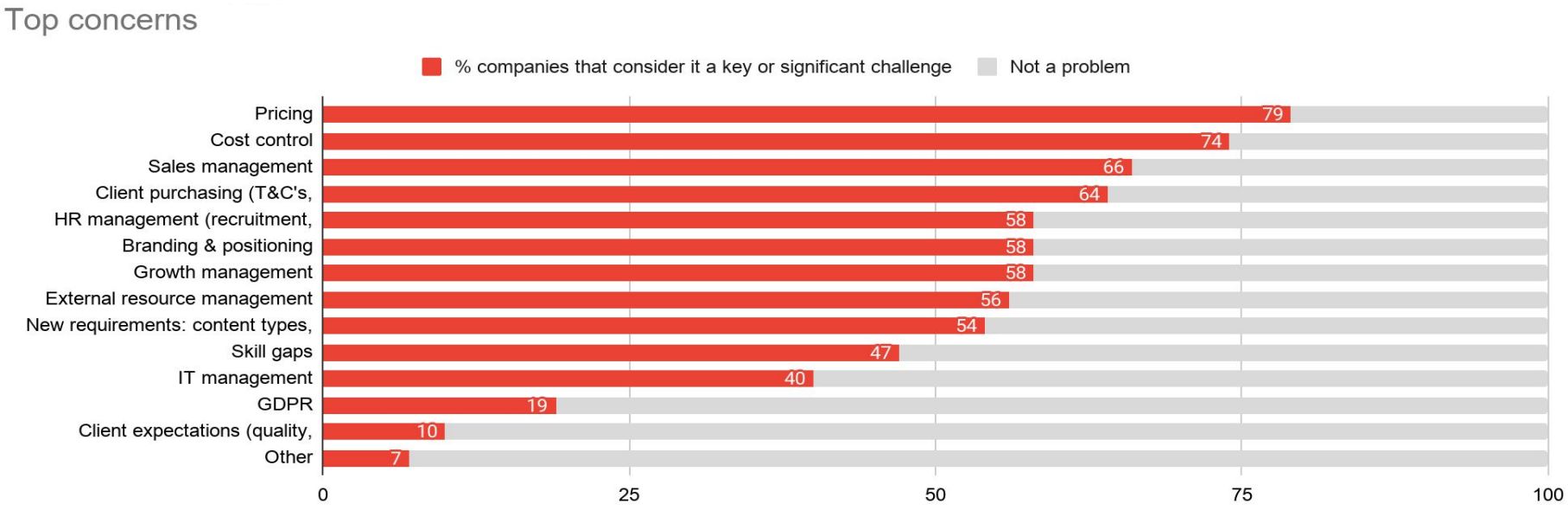
Medium companies

- Telecom
- Travel
- Software
- Fashion

Small companies

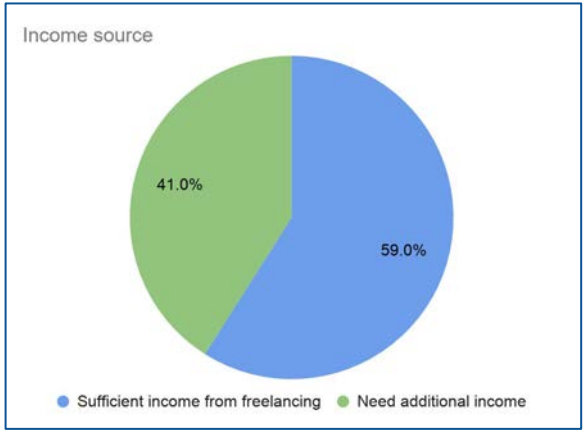
- Private customers
- Art
- Financial boutiques

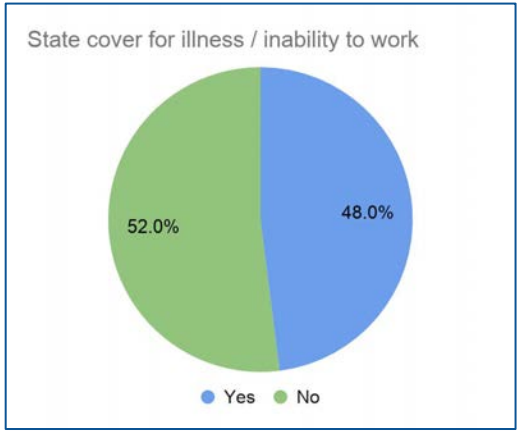
Business concerns - size and growth matter

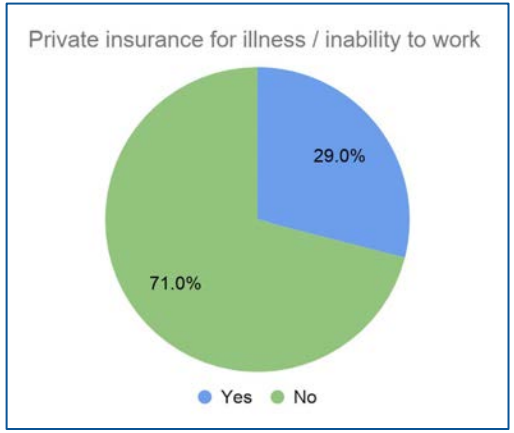


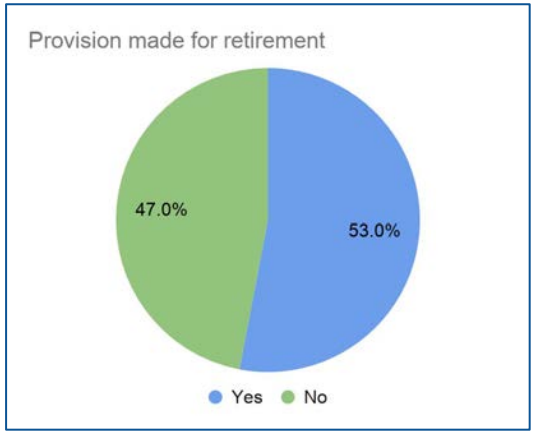
- Pricing remained the key challenge on the minds of 79% polled entrepreneurs.
  - Mainly experienced by mid-size and larger companies
  - Stronger felt by non-growing firms
- GDPR phased out as a challenge, with only 19% of respondents expressing concerns.

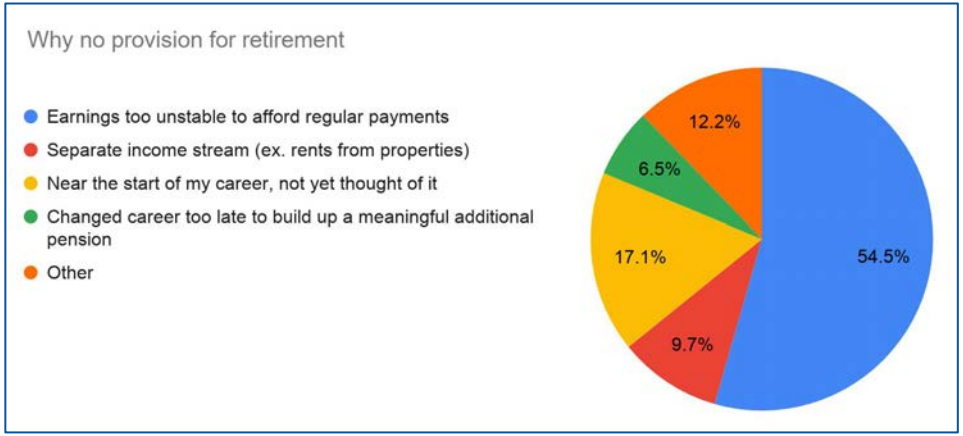
Independent professionals - A precarious situation



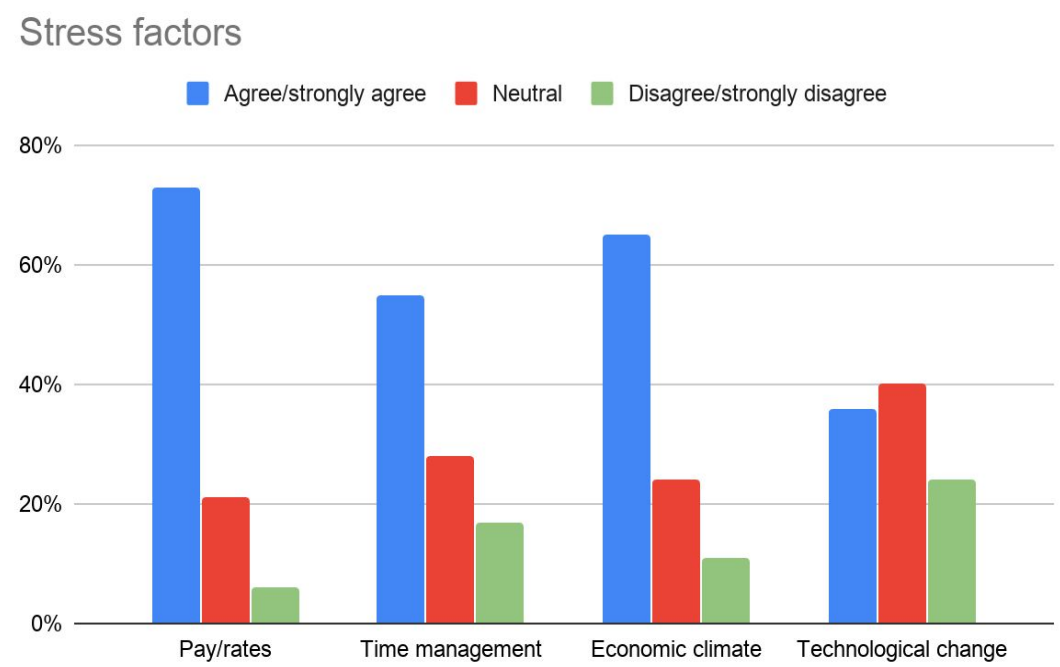








Concerns and challenges for independent professionals

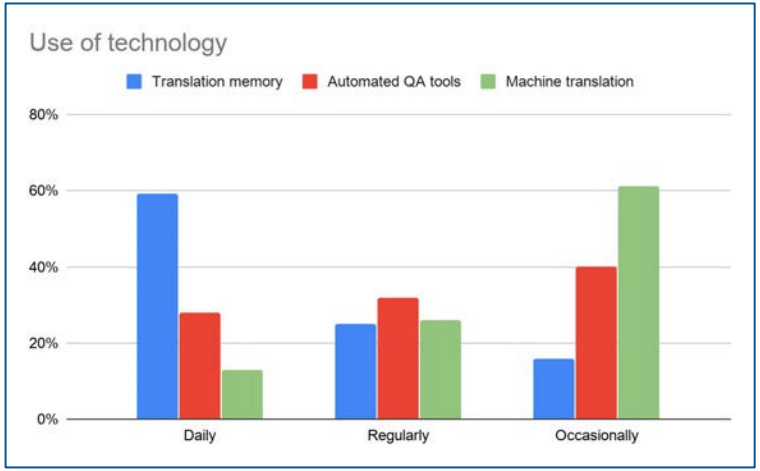


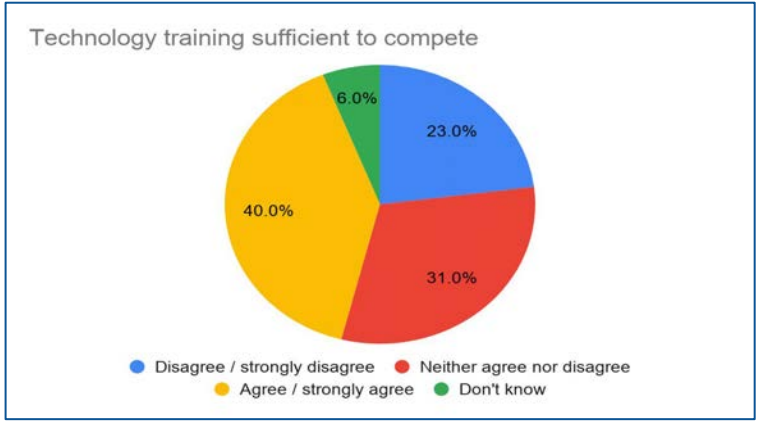
Other challenges:
Around 40% of independent translators find relations with clients stressful - what can LSCs do to address that?

Some surprises:
Independent professionals are tech savvy and take technological change as par for the course - MT another tool in the toolkit with 65% either unstressed about its rise or neutral on the topic

Independent professionals largely neutral/happy about relations with PMs- only 20% see it a source of stress - 64% of PM responses to translator queries useful

Technology a tool like any other for independent professionals





Inefficiencies in tech training continue

Only 40% of independent freelancers find the tech training sufficient to enable them to compete in the market

Is full potential of tools not always being utilised?

Solid across-the-board training in tech tools and software

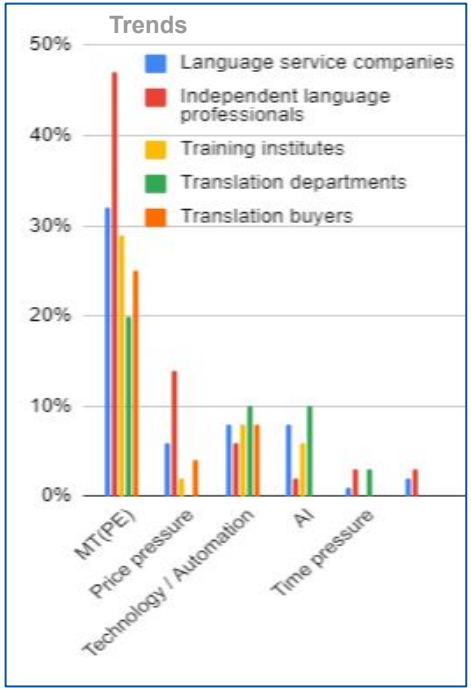
Tech trainers listen up! Up your game!

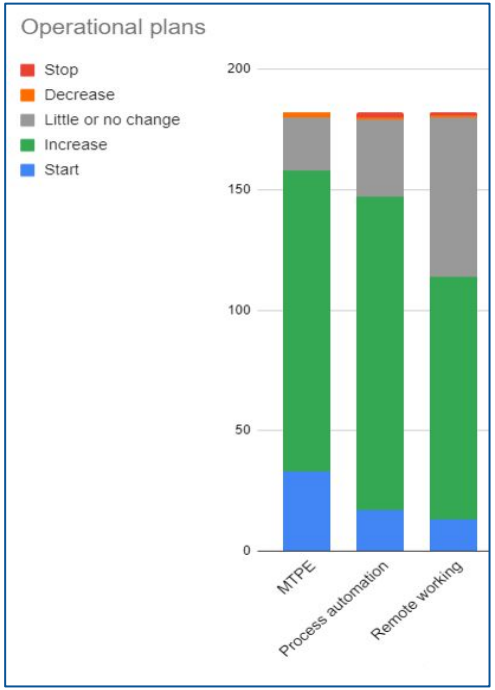
Independent professionals report inefficiencies on the LSC side

Forced lack of productivity arising from condition of work files sent to translators

Not all tools are equal

Technology … and the rest





Technology - engine for post-Covid recovery ?

- Cloud infrastructure - remote user support
- Workflow & translation/interpreting management
- Machine translation

Trends

- MTPE by far the strongest trend for all respondent types in the pre-Covid world. Price pressure (# 2) does not come even close. Strongest newcomer is AI.

Operational plans

- MTPE and automation highest priority - 78% of LSCs want to start or increase MTPE in 2020.
- Subcontracting shifts from agencies to individuals.

Stress factor

- 35% of freelancers indicate MT as a stress factor

Investment intentions

- MT, CAT and automated workflow score highest, followed by marketing and sales.

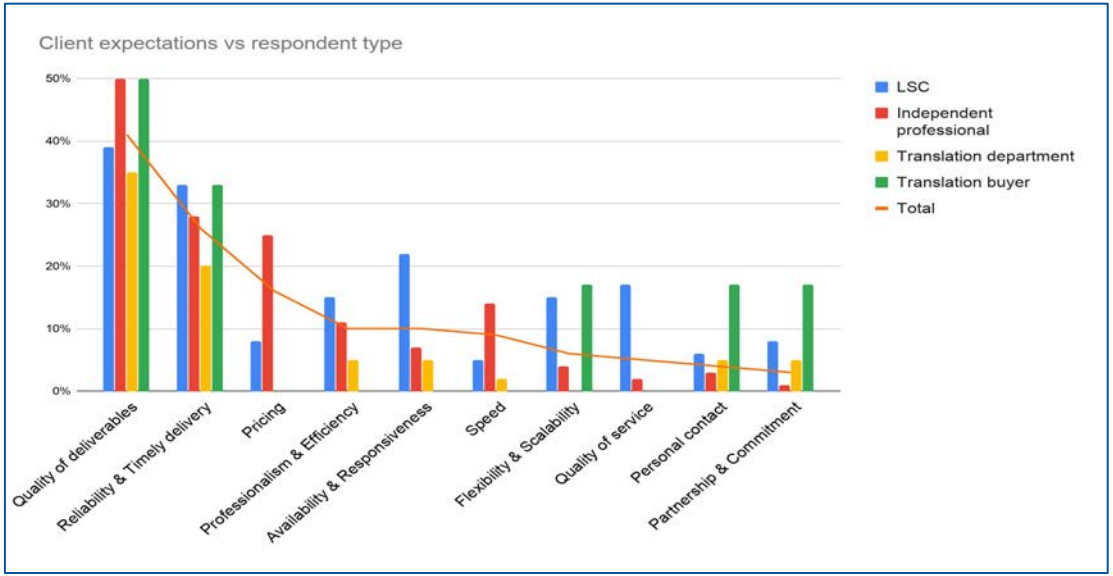
New services

- MTPE also the strongest new service.

Technology wish-list

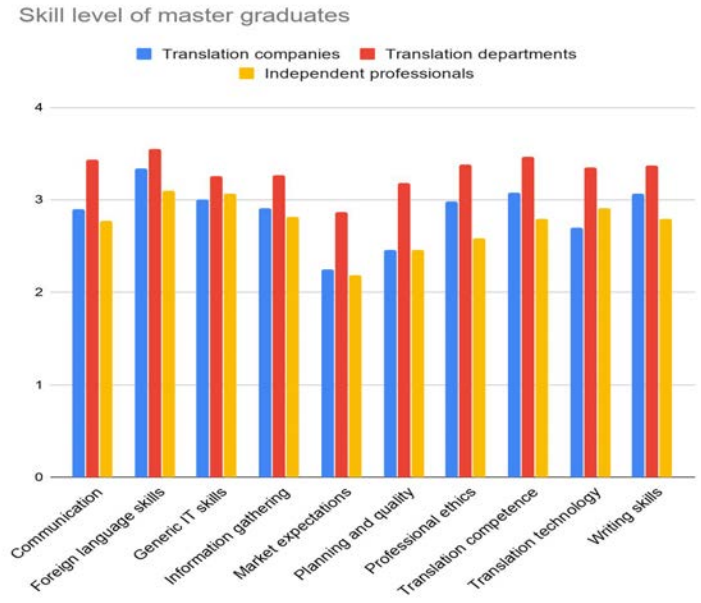
- LSCs mainly ask for better client support from technology providers. **Listen to us!**
  Training institutes and translation departments look for easier tools and better MT quality.
  For training institutes, lower cost of ownership is key.

Client expectations pre-Covid



- Quality of deliverables # 1 and Reliability # 2 for all segments
- Other expectations: confidentiality, experience, transparency, ease of doing business, etc.
- Subject matter expertise mentioned surprisingly seldom
- Independent professionals rank pricing much higher than LSCs
- Strong differences among company size segments
- Results largely in line with 2019 results, despite different approach of the topic.

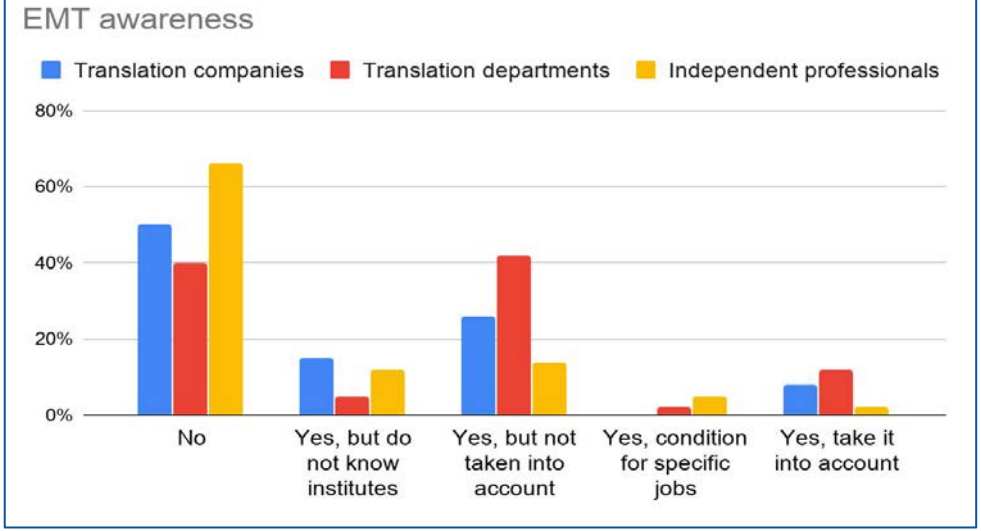
Education - not quite there yet



1 = non-existent, 2 = Insufficient, 3 = Sufficient, 4 = Strong

Covid stresses again the need for process and technology skills.
Keep client expectations as guidelines for training programs:

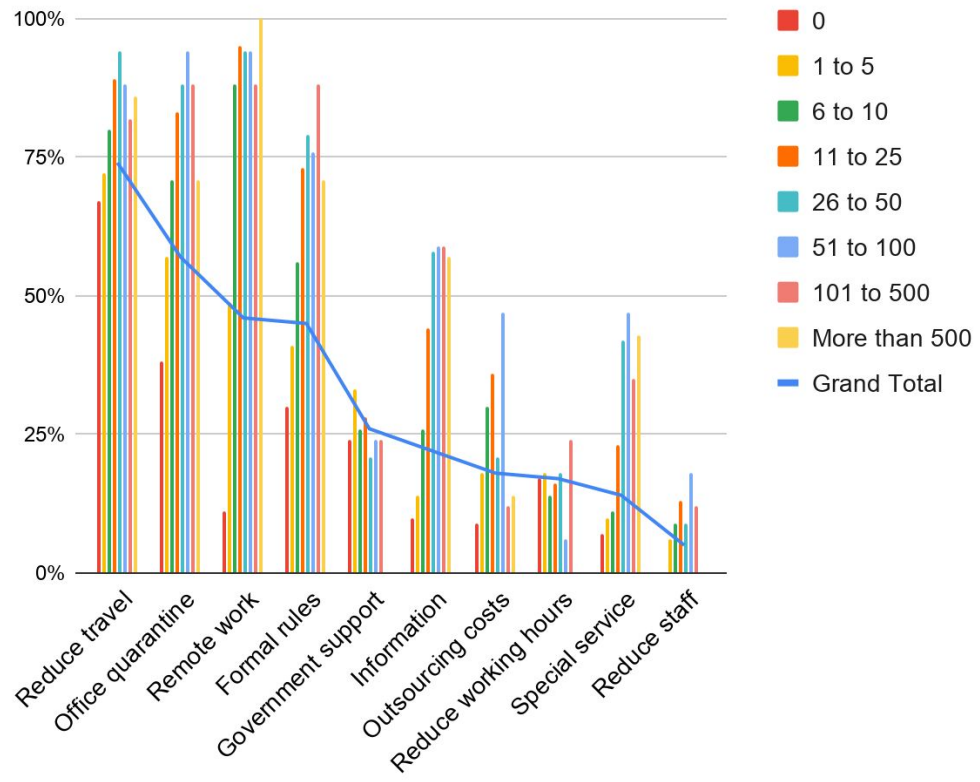
1. Quality of deliverables
2. Reliability (professionalism)



- LSCs consider only the core competency *Foreign language skills* as stronger than *Sufficient*.
- Translation departments are significantly more positive than LSCs and independent professionals.
- Knowledge about market requirements and the planning and quality process score lowest for all respondent types.
- EMT quality label lacks market impact.

GOING FORWARD

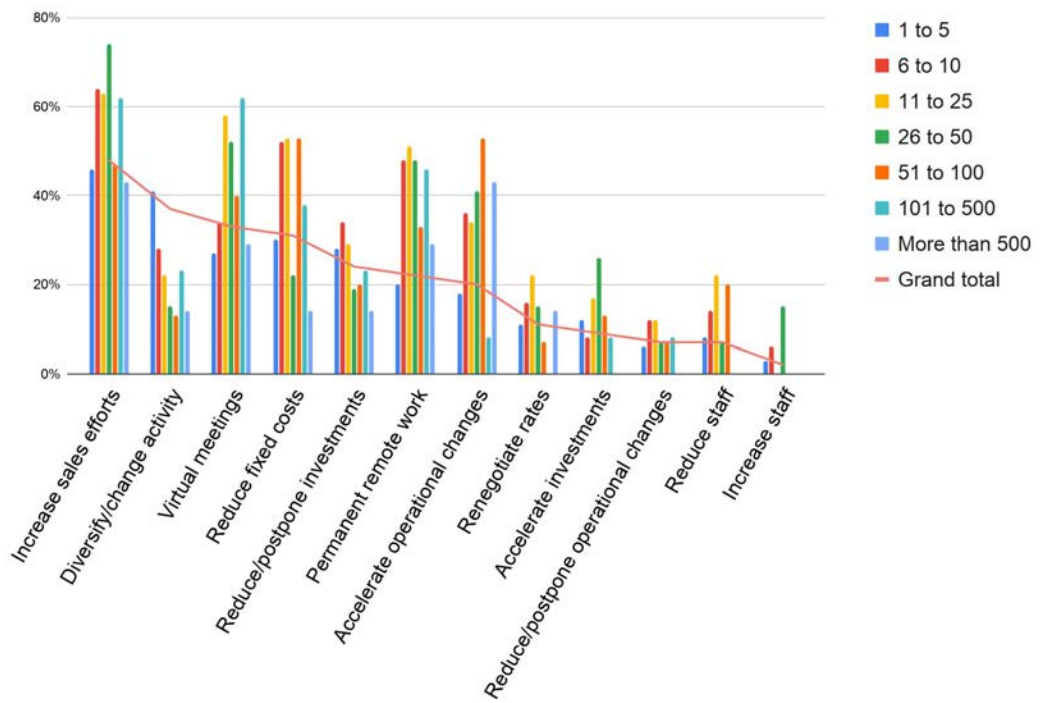
What are companies doing today? Fewer than 12% plan layoffs



- Focus of current measures is on employee protection and following government rules.
- Approx. 25% of LSC respondents were already seeking government support.
- Only 50% of smallest companies went remote.
- Less than 50% were applying special Covid conditions.
- A minority - mainly in the mid size segment - had started to implement cost control measures (outsourcing, reduce working hours).

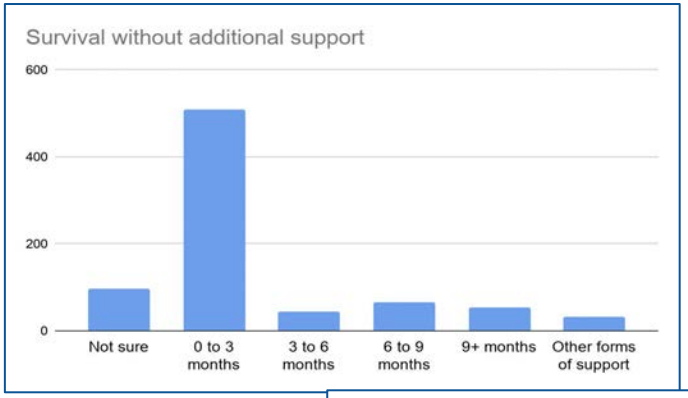
Layoffs were not - yet - on the companies' agenda

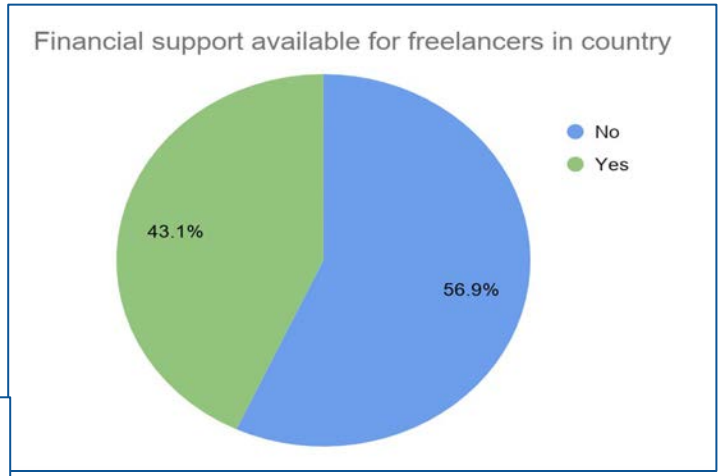
What do the language service companies intend to do ?

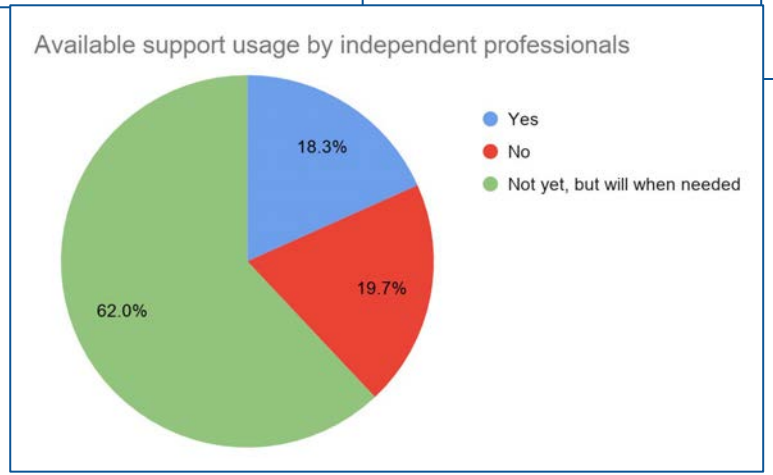


- All size segments plan to increase sales and marketing efforts to boost revenue after Covid-19
- Smallest segments want to reduce risk by diversifying activities or even moving into a different activity
- Mid-segment plans to increase use of virtual meetings and remote work
- Companies are more likely to accelerate planned operational changes than to postpone them
- Reducing fixed cost will be high on the agenda of medium-sized companies
- Renegotiating rates and reducing staff are low on the priority list

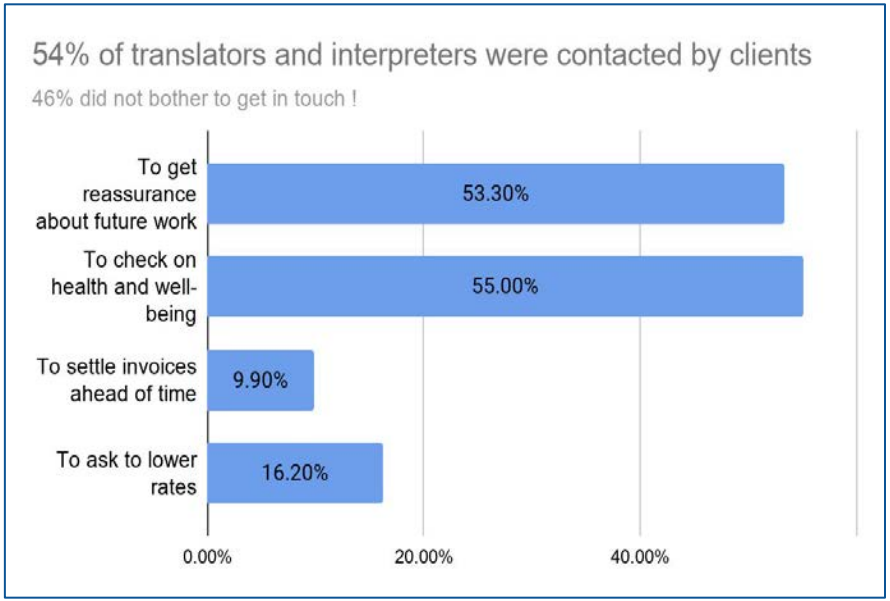
Surviving Covid-19: finances - independent professionals







Plan B - Independent professionals (1 of 2)

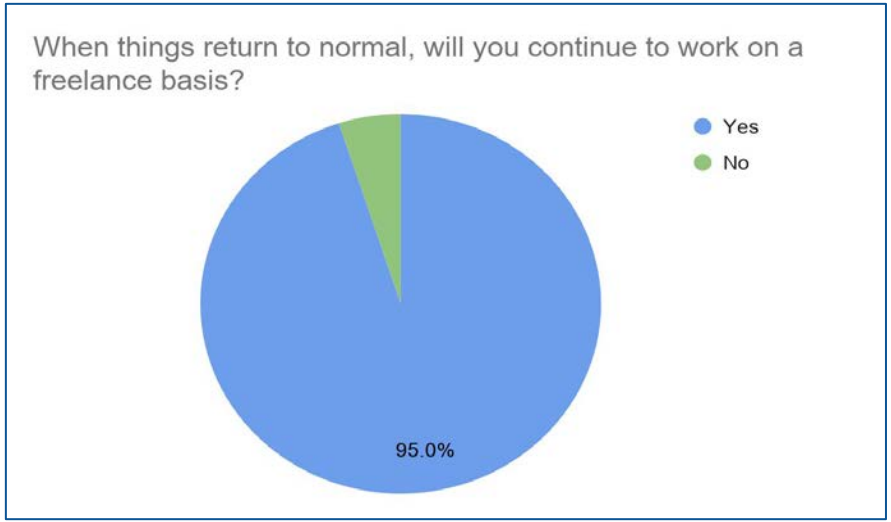


Addressing the situation:

- Interpreters -> translation/remote or telephone int.
- Keep on marketing yourself
- Keep up CPD online
- Build on existing expertise
- Increase rates when things improve

- Taking on other work - online teaching
- Real impact will come further down the line
- Protecting standards (influx of non-T&Is to the market)

Plan B - Independent professionals (2 of 2)



COVID-19 - Not the same for everyone

Language industry as a whole somewhat less impacted than other sectors with high numbers of SMEs - with the exception of Interpreting which has been devastated. Independent professionals and small translation companies significantly harder hit than larger companies.

- Many LSCs are already equipped for remote working.
- Activity spans all sectors of economy & and focuses on compliance. Therefore less vulnerable.
- Crisis situations generate modest amounts of additional work

The new norm:

- Urgent & Agile
- More competition in less impacted client segment > price pressure > MTPE
- Everything can be done remotely
- Cloud-based management, remote interpreting
- Diversified services

Relief measures and support available and required

EU and national support

- Direct government support for LSCs and independent professionals comes from national government agencies, supported by EU measures

  Communication-coordinated-economic-response-covid19-march-2020_en.pdf
  available on https://ec.europa.eu/info/live-work-travel-eu/health/coronavirus-response_en

- Different measures in different countries (e.g. furlough, guaranteed income, mortgage/rent holidays, wider net of measures)
- Be proactive - Information about measures constantly being updated - Stay on the ball!!!

Association support

- Regularly check for information on association websites (both international and national)
- Close cooperation between LSCs and professional translator and interpreter associations

This slide deck will be sent to your email address

More detailed survey analysis results
will be made available in a separate deck

and now

the floor is yours

elia. EMT EUATC europe GALA LIND