



## EXPECTATIONS AND CONCERNS OF THE EUROPEAN LANGUAGE INDUSTRY

2017

### PREAMBLE

With the support of FIT Europe, the International Federation of Translators, this edition of the European Language Industry survey broadens its scope to the audience of individual language professionals, which explains the significant increase of responses compared to the 2016 edition.

The survey received 866 valid responses from 49 different countries, including many outside Europe.

The table below shows between square brackets the minimum number of responses from companies and individual professionals that has been considered as a reliability threshold for each country. Countries that exceed the threshold are highlighted in green. Countries that are highlighted in yellow are close to the threshold or miss it while still delivering a considerable number of responses. Data from these countries have to be analysed with caution.

|                          | Companies | Individuals | Translation<br>Departments | Training<br>institutes | Other |
|--------------------------|-----------|-------------|----------------------------|------------------------|-------|
| Europe                   |           |             |                            |                        |       |
| Central & Eastern Europe |           |             |                            |                        |       |
| Albania                  | 1 [5]     | 1 [10]      |                            |                        |       |
| Armenia                  |           | 1 [10]      |                            |                        |       |
| Bulgaria                 | 4 [5]     | 3 [10]      | 3                          | 2                      |       |
| Croatia                  | 9 [5]     | 21 [10]     | 1                          | 1                      |       |
| Czech Republic           | 5 [5]     | 2 [10]      | 1                          |                        |       |
| Hungary                  | 11 [5]    | 38 [10]     | 1                          | 2                      |       |
| Kosovo                   | 1 [5]     |             |                            |                        |       |
| Montenegro               |           | 1 [10]      |                            |                        |       |
| Poland                   | 1 [5]     | 3 [10]      | 1                          |                        |       |
| Romania                  | 8 [5]     | 7 [10]      | 1                          | 8                      |       |
| Russia                   | 3 [5]     | 1 [10]      |                            |                        |       |
| Serbia                   | 6 [5]     | 3 [10]      |                            | 1                      |       |
| Slovakia                 | 9 [5]     | 30 [10]     |                            | 1                      |       |
| Slovenia                 | 14 [5]    | 19 [10]     | 3                          | 1                      | 2     |
| Turkey                   | 12 [5]    | 1 [10]      | 3                          | 1                      |       |
| Ukraine                  | 2 [5]     |             |                            | 1                      |       |

## 2017 Language Industry Survey – Expectations and Concerns of the European Language Industry

|                           | Companies | Individuals | Translation<br>Departments | Training<br>institutes | Other |
|---------------------------|-----------|-------------|----------------------------|------------------------|-------|
| Northern Europe & Baltics |           |             |                            |                        |       |
| Denmark                   | 2 [5]     | 17 [10]     | 3                          |                        |       |
| Estonia                   | 6 [5]     | 15 [10]     |                            |                        |       |
| Finland                   | 6 [5]     | 4 [10]      |                            |                        |       |
| Latvia                    | 2 [5]     |             | 1                          |                        |       |
| Lithuania                 | 3 [5]     | 6 [10]      | 1                          |                        |       |
| Norway                    |           | 1 [10]      |                            |                        |       |
| Sweden                    | 1 [5]     | 8 [10]      |                            | 2                      |       |
| Western & Southern Europe |           |             |                            |                        |       |
| Austria                   | 19 [10]   | 67 [20]     | 3                          | 1                      | 2     |
| Belgium                   | 13 [10]   | 10 [20]     | 1                          |                        |       |
| Cyprus                    | 2 [5]     | 2 [10]      | 1                          |                        |       |
| France                    | 10 [10]   | 15 [20]     |                            |                        |       |
| Germany                   | 12 [10]   | 11 [20]     | 5                          |                        | 1     |
| Greece                    | 7 [5]     | 29 [10]     | 2                          |                        | 2     |
| Ireland                   | 3 [5]     | 1 [10]      | 2                          |                        |       |
| Italy                     | 13 [10]   | 42 [20]     | 4                          | 1                      |       |
| Luxembourg                | 1 [5]     | 2 [10]      | 3                          |                        |       |
| Netherlands               | 14 [10]   | 8 [20]      | 2                          |                        |       |
| Portugal                  | 14 [5]    | 28 [10]     | 7                          | 5                      | 1     |
| Spain                     | 30 [10]   | 77 [20]     | 3                          | 1                      |       |
| Switzerland               | 2 [5]     |             | 2                          |                        |       |
| United Kingdom            | 20 [10]   | 14 [20]     |                            | 2                      |       |
| Americas                  |           |             |                            |                        |       |
| Brazil                    |           | 3 [10]      |                            |                        |       |
| Canada                    |           | 1 [10]      | 1                          |                        |       |
| Colombia                  |           | 1 [10]      |                            |                        |       |
| Peru                      |           | 1 [10]      |                            |                        |       |
| United States of America  |           | 6 [20]      |                            |                        |       |
| Africa, Asia & Oceania    |           |             |                            |                        |       |
| Australia                 |           | 1 [10]      |                            |                        |       |
| Hong Kong                 |           |             |                            | 1                      |       |
| India                     | 1 [5]     | 1 [10]      |                            |                        |       |
| Indonesia                 |           | 1 [10]      |                            |                        |       |
| Japan                     |           |             |                            |                        | 1     |
| South Africa              | 1 [5]     |             |                            |                        |       |
| TOTAL                     | 268       | 503         | 55                         | 31                     | 9     |

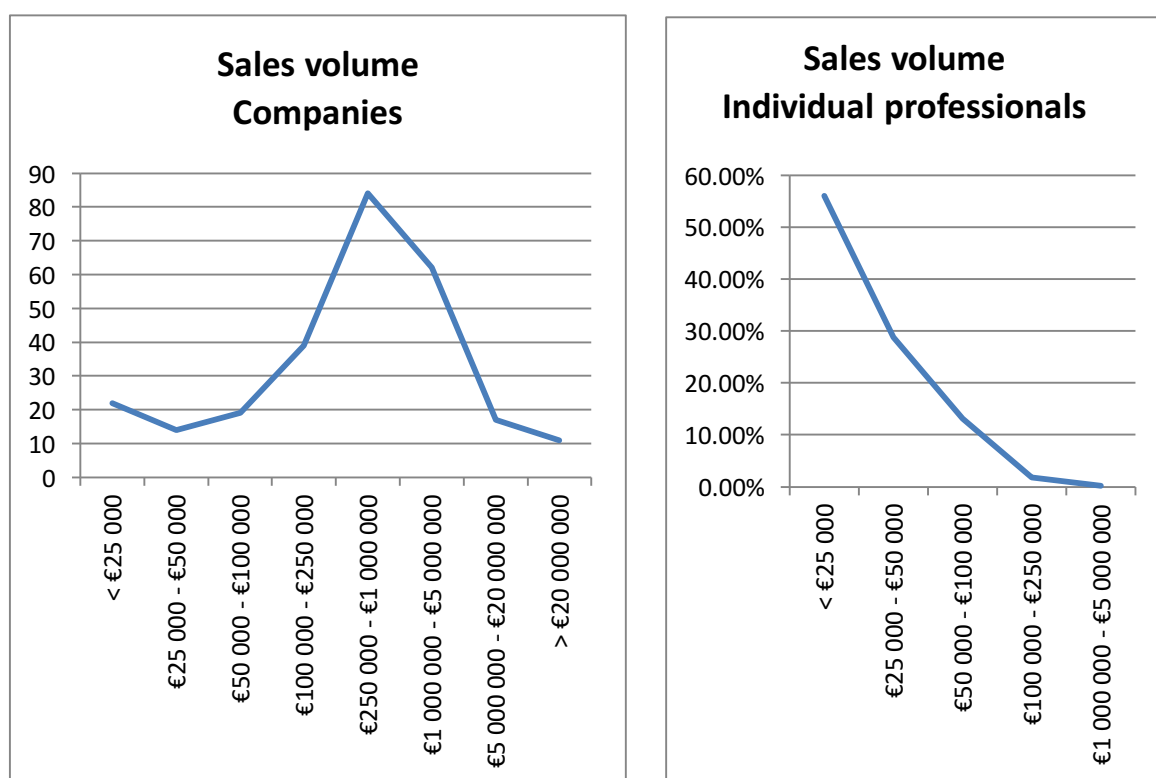
Table 1 – Responses per respondent type and country

## OBJECTIVES

The objectives of the survey have not changed compared to previous editions. It was not set up to gather exact quantitative data but to establish the mood of the industry. As such it does not replace other local, regional or global surveys of the language industry but adds the important dimensions of perception and trust, which determine to a great extent the actions of industry stakeholders.

The questions concerning the market as well as the open questions regarding trends and concerns are identical to those in the previous editions in order to detect changes in prevailing opinions.

## STRUCTURE OF THE INDUSTRY



Based on the responses received, most European language service companies (LSCs) can be considered small. Compared to 2016, the average size is even slightly shrinking. 35% report a sales figure of less than € 250k, which is considerably more than the 23% in 2016. The segment € 250k – € 1m, while individually still the strongest, represents 31% which is 6% less than in 2016, and also the combined segments over € 1m lose 6%, representing 34% compared to 40% in 2016.

A majority of the independent language professionals report an annual revenue of less than € 25k. While this is strongly related to the country from which they operate, this category is still 39% strong in Western European countries that are considered to have average rate levels. Whether this implies that some are not active full-time or whether these figures reflect actual revenue figures could not be established.

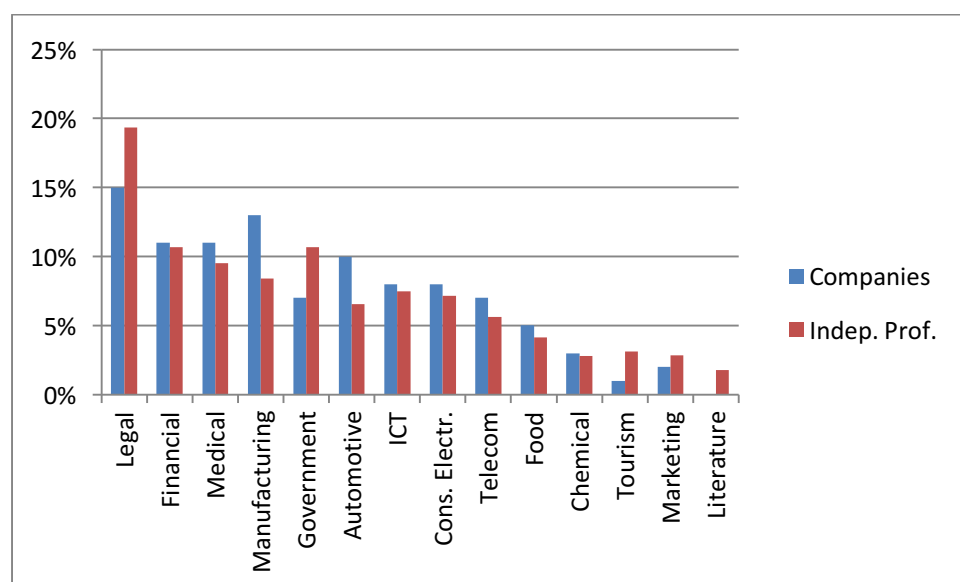
Based on the survey results, the participating language service companies and independent language professionals tend to be long-established. 81% of the responding companies and 48% of the independent language professionals have been in business more than 10 years.

## VERTICALS

Based on the results of the survey, as in 2016, legal services are the most widely served type of customer. This is the case for both language service companies and independent professionals but the results do show significant differences between the two types of respondents.

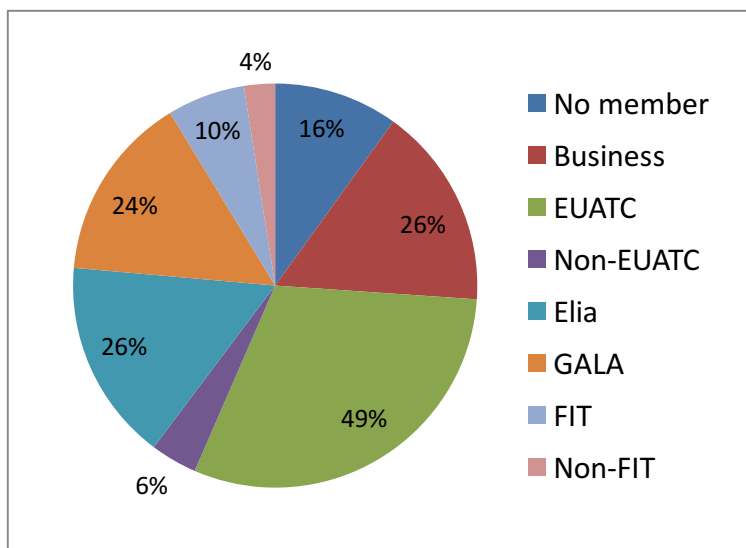
The traditional engineering industries such as manufacturing and automotive attract more companies than independent professionals, while human science oriented domains such as legal, government and tourism show the opposite tendency.

Domains that are often considered 'advanced' such as ICT, telecom and medical show much smaller differences between companies and independent professionals.



For language service companies, the focus on specific verticals seems to be largely dependent on size. This is particularly visible in the high volume verticals manufacturing and automotive, where the larger companies seem to be more active, while legal and financial services are more often served by the smaller segments. For the other domains, the tendency is less clear.

## ASSOCIATION MEMBERSHIP



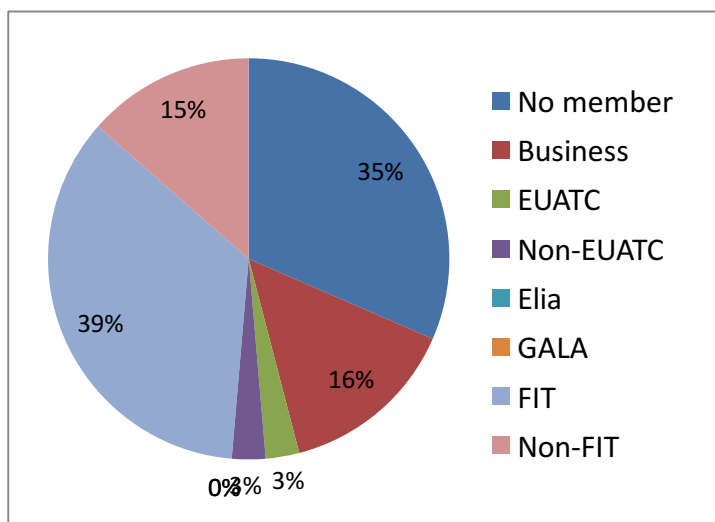
Among language service companies, membership of industry associations is clearly determined by size. In the segments below € 100k, a large number of respondents is not member of any industry association, in the € 50k-€ 100k segment this is more than 50%. How long the company has been in business does not seem to play a significant role.

Overall, 16% of the company respondents are not member of any industry association, which is significantly higher than in 2016 (only 10%). 26% are member of a generic business association, which again is lower than in 2016 (30%). Membership of national associations of language service companies (members of EUATC), Elia and GALA remains stable compared to 2016.

Below € 100k, we also note a significant membership of translators associations (both members and non-members of FIT, depending on the country).

The independent professional respondents show a significantly lower membership profile: 35% are not member of any industry association and only 16% of them are member of a generic business association.

The translator associations that are members of FIT have a 39% penetration, against 15% for those that are not members of FIT.



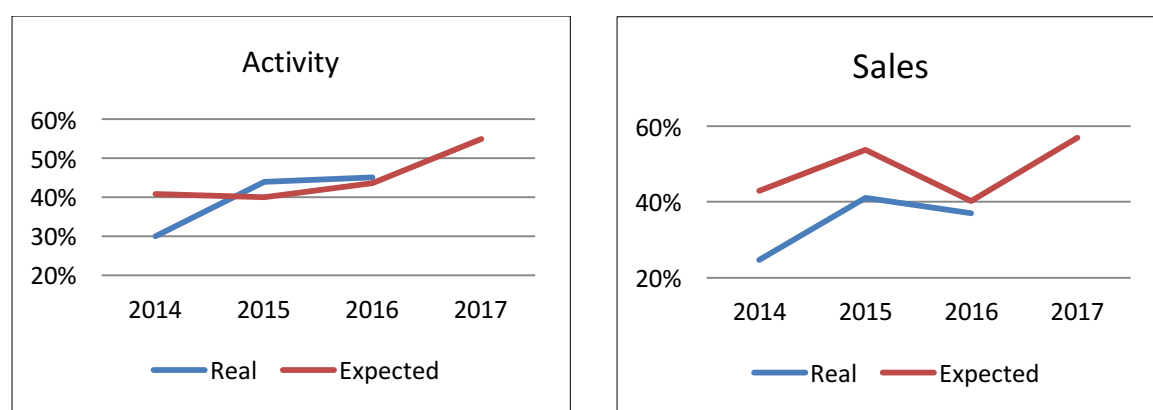
Not surprisingly, only very few independent professionals are member of a national association of language service companies, Elia or GALA (both 0% in the graph).

## MARKET AND DEVELOPMENT

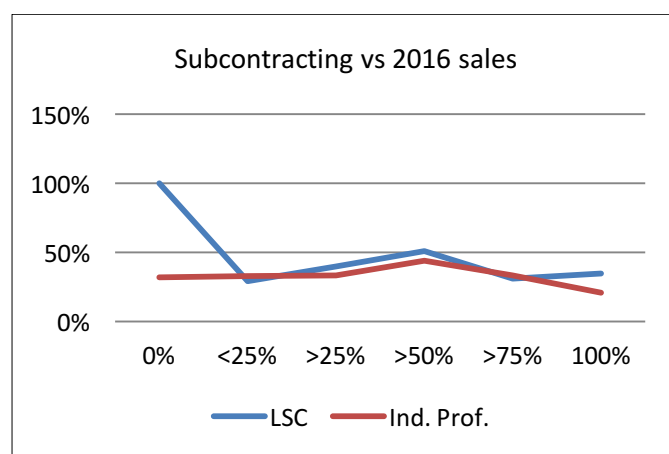
### ACTIVITY AND SALES

After a year of realism in expectations, we see that optimism takes over again, in particular regarding activity and sales.

Companies report that 2016 delivered the generic activity growth that was expected, and that they missed their company growth only by a few percent. This apparently motivates them to set their activity and sales expectations for 2017 even higher.



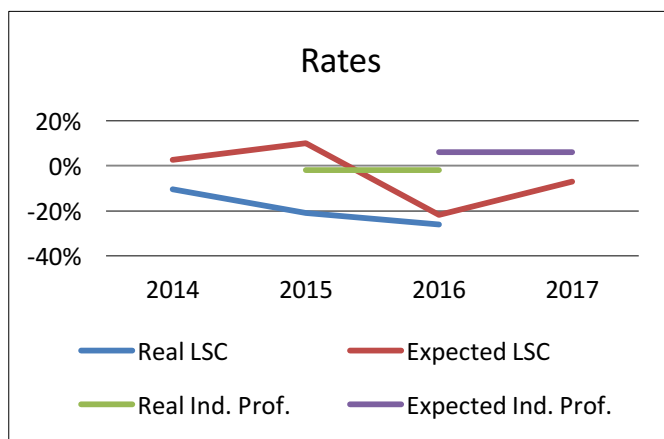
An interesting observation is that there seems to be a correlation between the percentage of direct vs subcontracting business and the respondent's growth in 2016. Interestingly enough, we see roughly the same correlation in language service companies and independent professionals, with the best results for those who get 50%-75% of their business from direct customers.



Independent professionals that work only for direct customers (the 100% category) saw their growth decrease in 2016.

Note that all percentage figures represent the difference between the number of respondents that saw an increase and those that saw a decrease. Those that saw little or no change – often a high percentage – were not taken into account.

## RATES

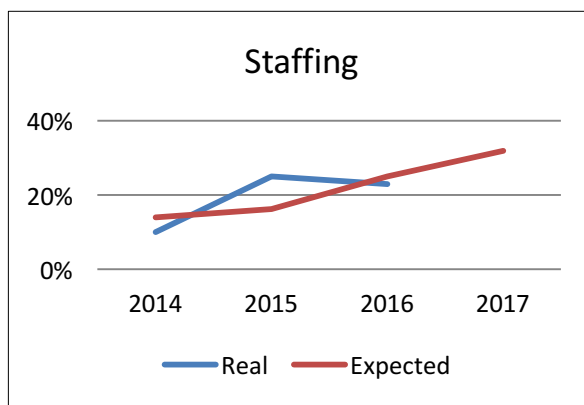


In terms of pricing, the strong pessimistic view that we saw in the 2016 results is replaced by a milder one, although the 2016 actuals confirm the negative 2016 expectations.

Independent language professionals, while reporting a small drop in pricing in 2016, expect to be out of the red in 2017, which is surprising given the strong feelings about price pressure expressed in the open question about trends.

## STAFFING

Expected new hirings, possibly the most significant indicator for business optimism, continues its positive trend, encouraged by the fact that the employment growth – though slowing down a bit compared to 2015 – continued in 2016.



## EXPANSION

At first glance, the replies concerning expansion and development do not seem to match the optimistic results from other responses. While the short-term expansion plans are as active as in 2016, the longer-term seems much less dynamic.

Also, the expansion-to-sell ratio dropped from 2.5 in 2016 to 1.84.

Closer examination of the results however tells a somewhat different story.

|                         | Not planned | 2017 | Later |
|-------------------------|-------------|------|-------|
| Local expansion         | 173         | 34   | 10    |
| International expansion | 171         | 27   | 21    |
| Sell and stay           | 173         | 29   | 17    |
| Sell and leave          | 209         | 2    | 2     |



While the Sell and Stay category has increased considerably, from 26 in 2016 to 46, this category may have attracted the respondents that chose the more 'neutral' Merge category, which was chosen by 23 respondents in the 2016 survey. Whether the increase in the Sell and Stay category can also be linked to an increase in M&A activity in the industry could not be confirmed.

The most compelling confirmation for an overall optimistic view however is the drastic drop in the Sell and Leave category from 16 to a mere 4.

Looking at the country-specific results, we notice more green than yellow, which seems to indicate that the turn for a more positive sentiment is not an isolated phenomenon in a few countries. Only the results from Austria, and to a much lesser degree Portugal, show a less positive sentiment than last year. For Austria, this is the third year in a row that the results are showing a deteriorating sentiment. Closer analysis would be required to examine the reasons for this evolution.

In France, Hungary, Italy and the Netherlands the results of this survey indicate a clear improvement in sentiment compared to 2016. Especially encouraging is the recovery in Italy, from a -15% negative sentiment in 2016 to 21% in 2017.

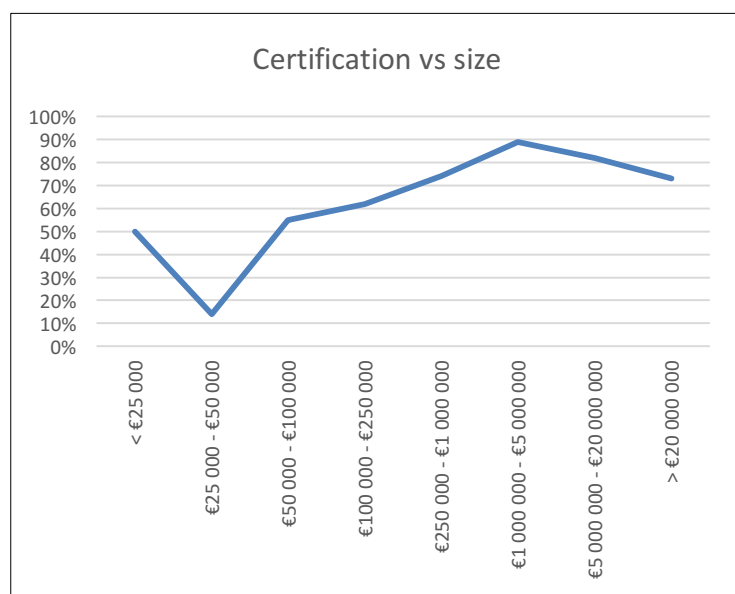
|                | Local | Abroad | Stay | Leave | Sentiment | 2015 | 2016 | 2017 |
|----------------|-------|--------|------|-------|-----------|------|------|------|
| Austria        | 16%   | 5%     | 21%  | 11%   | -17%      |      |      |      |
| Belgium        | 8%    | 23%    | 8%   | 15%   | 16%       |      |      |      |
| France         | 20%   | 30%    | 0%   | 0%    | 80%       |      |      |      |
| Germany        | 17%   | 25%    | 25%  | 0%    | 42%       |      |      |      |
| Hungary        | 27%   | 18%    | 18%  | 9%    | 27%       |      |      |      |
| Italy          | 15%   | 15%    | 24%  | 0%    | 21%       |      |      |      |
| Netherlands    | 21%   | 21%    | 21%  | 7%    | 28%       |      |      |      |
| Portugal       | 7%    | 7%     | 7%   | 0%    | 14%       |      |      |      |
| Slovenia       | 36%   | 43%    | 14%  | 7%    | 94%       |      |      |      |
| Spain          | 7%    | 13%    | 10%  | 3%    | 17%       |      |      |      |
| Turkey         | 42%   | 33%    | 50%  | 17%   | 24%       |      |      |      |
| United Kingdom | 18%   | 29%    | 7%   | 11%   | 46%       |      |      |      |

*Note:* the sentiment indicator is determined as [local expansion] + [international expansion \* 2] – [sell and stay] – [sell and leave \* 2]. Red indicates a negative sentiment, yellow a positive sentiment below 25% and green 25% and higher.

## PRACTICES

### CERTIFICATION

The reported level of certification (42%) is comparable to the 2016 result (44%). This may indicate that the additional certification plans that 29% of the 2016 respondents announced (of which 18% were scheduled for 2016) were not implemented.



The 2017 survey confirms the strong correlation between certification and company size.

This is not surprising given the investment and effort it requires.

*Note:* the percentages in the graph combine existing and planned certifications.

### DATA SECURITY

In 2016, 45% of the respondents saw an increase in their customers' data security requirements and 41% expect this increase to continue in 2017. As this is the first year that the survey contains this question, comparison with previous years is not possible yet.

### OPERATIONAL PRACTICES

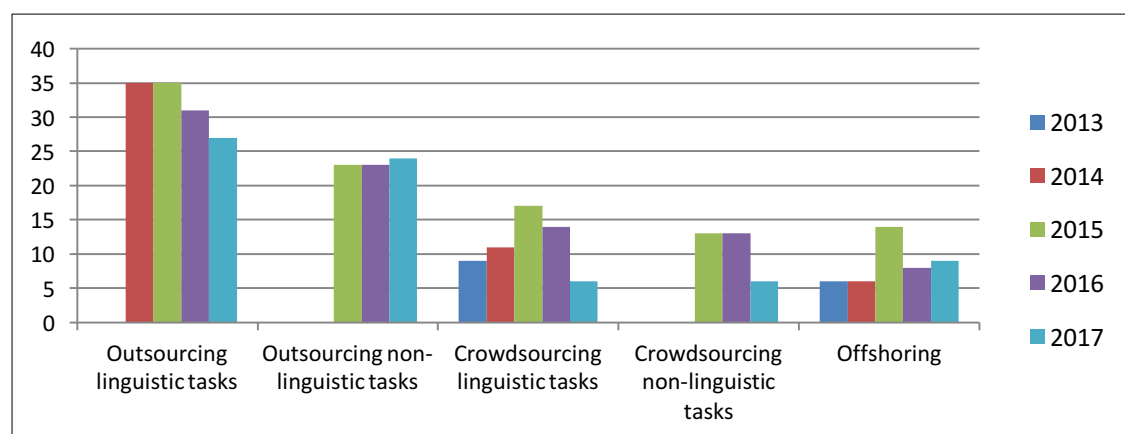
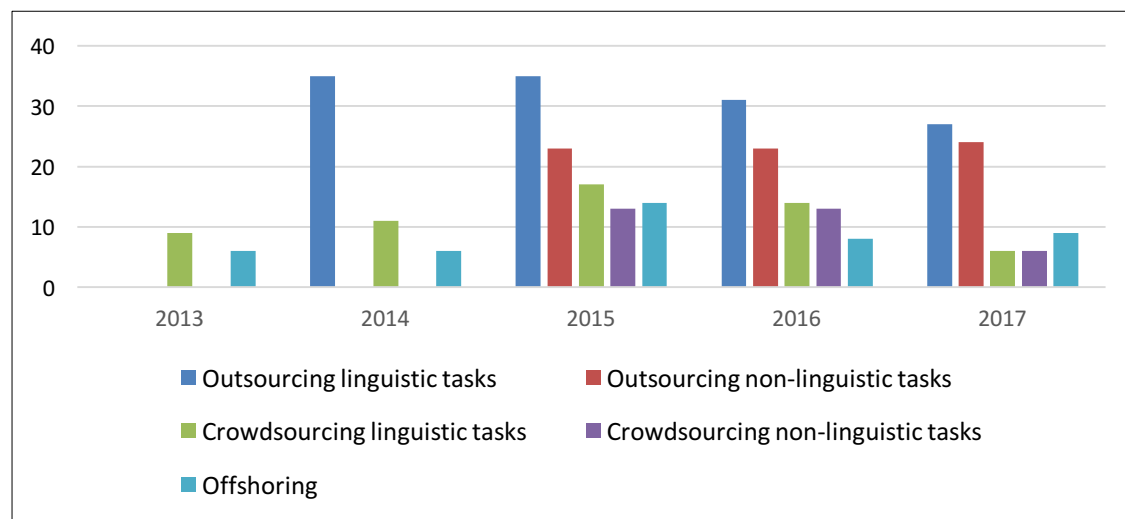
As both graphs below illustrate, the much hyped practices of crowdsourcing and offshoring are not widely embraced in the industry.

Crowdsourcing in particular, both for linguistic and non-linguistic tasks, is not developing. Only 6% of language service companies indicate that they want to increase the use of crowdsourcing and none indicated that they want to start with it.

Offshoring is not faring much better, with only 5% indicating an increase and 3% that they want to start, but also 1% that they want to stop the practice.

These results are similar to the ones recorded in the 2016 edition of the survey. The assumption stated in the 2016 report that this may be partially linked to the generally less optimistic sentiment expressed in 2016 cannot be confirmed given the general upturn of the sentiment shown in the 2017 results.

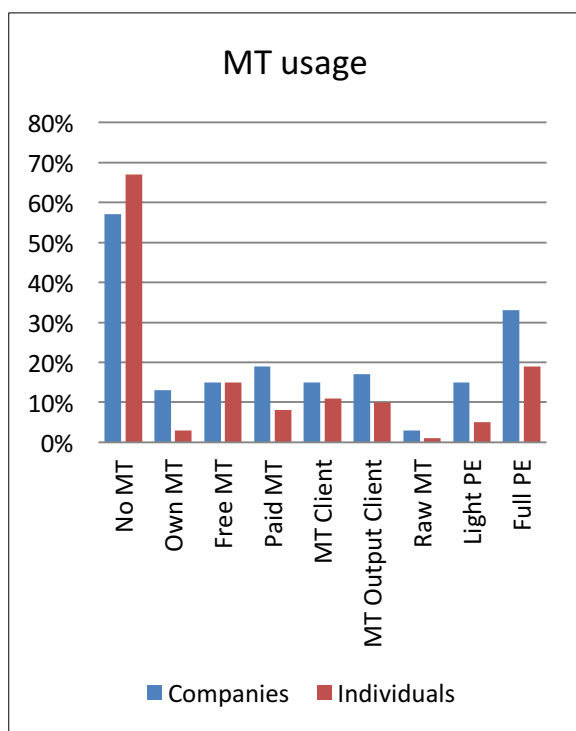
The well-established practice of outsourcing linguistic (+29%) or non-linguistic tasks (+26%) continues to show a strong increase. The fact that the growth slows down can be considered as expected, given that outsourcing is already the dominant operational model.



*Note:* the graphs above do not represent actual usage of the practices, but the level of their expected growth, determined as follows:  $[\text{start} * 2] + [\text{increase}] - [\text{stop} * 2] - [\text{decrease}]$ .

## TECHNOLOGY

## MACHINE TRANSLATION



Both companies (43%, which is only a marginal increase compared to 41% in 2016) and individual language professionals (33%) are using MT to some degree. In general, the final output is the traditional human quality after full editing.

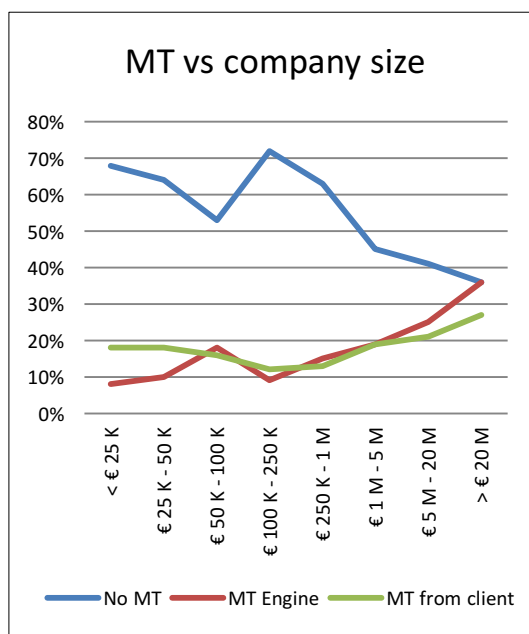
Contrary to popular belief, which associates the use of free MT engines more with individuals, language service companies mention free MT engines as often as individual language professionals, and considerably more often than in 2016.

Based on the results however, companies are more active in using MT on their own initiative, either by deploying their own MT system or by using a paid system. The number of company respondents reporting the use of

MT engines or MT output provided by their customers also increased significantly: the use of MT engines provided by the customer went from 10% to 15% and the use of MT output went from 13% to 17%.

This year's results confirm that the use of machine translation is strongly dependent on the size of the company, ranging from only 30% in the smallest segment up to 64% in the largest size segment.

Note that the data underlying the MT engine and MT from client lines in the graph represent averages of the various options (different types of engines, or engine/output from the client).



## CAT TOOLS

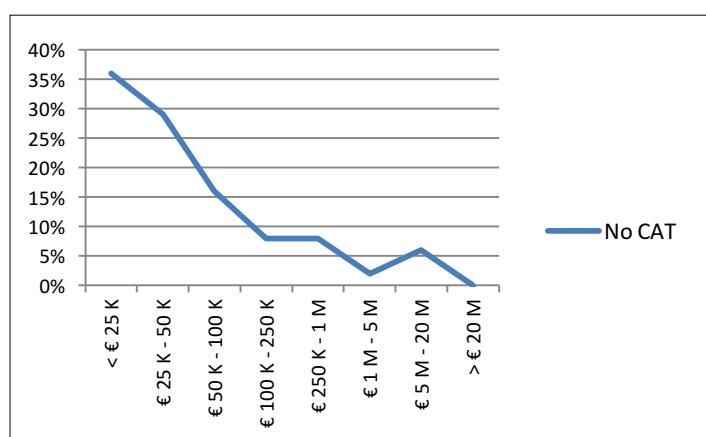
The use of CAT tools is clearly more widespread in language service companies than in the individual professionals community, but although most companies see CAT tools as a given, the answers show that 10% are operating without them.

The results indicate that the companies are clearly, but not drastically, increasing the use of online, mainly paid, CAT tools which are now used by 55% of the company respondents. They do not, however, replace the paid offline solutions, which continue to be the dominant category and have grown marginally to 71%.

Individual language professionals seem more reluctant to adopt the cloud approach. Only 22% report using a paid online CAT tool, but 21% is also using a free one, against only 17% of companies (which is still 5% more than in 2016).

| Companies | No CAT tools | Paid online | Paid offline | Free online | Free offline | Own online | Own offline |
|-----------|--------------|-------------|--------------|-------------|--------------|------------|-------------|
| 2017      | 10%          | 55%         | 71%          | 17%         | 10%          | 4%         | 5%          |
| 2016      | 7%           | 49%         | 69%          | 12%         | 9%           | 9%         | 8%          |

| 2017        | No CAT tools | Paid online | Paid offline | Free online | Free offline | Own online | Own offline |
|-------------|--------------|-------------|--------------|-------------|--------------|------------|-------------|
| Companies   | 10%          | 55%         | 71%          | 17%         | 10%          | 4%         | 5%          |
| Individuals | 23%          | 22%         | 58%          | 21%         | 12%          | 2%         | 2%          |



Among the companies, the results clearly show a strong correlation between size and the use of CAT tools, even in the smallest size categories. The small (6%) bump in the € 5m-€ 20m category represents just one company,

## CAT USER RIGHTS AND OWNERSHIP

The transfer of user rights and ownership of language assets such as translation memories is a hotly debated subject in the language industry. For language service companies and individual professionals alike, this is a sensitive area.

Today's global business relationships give rise to conflicts between European and Anglo-Saxon intellectual property rules.

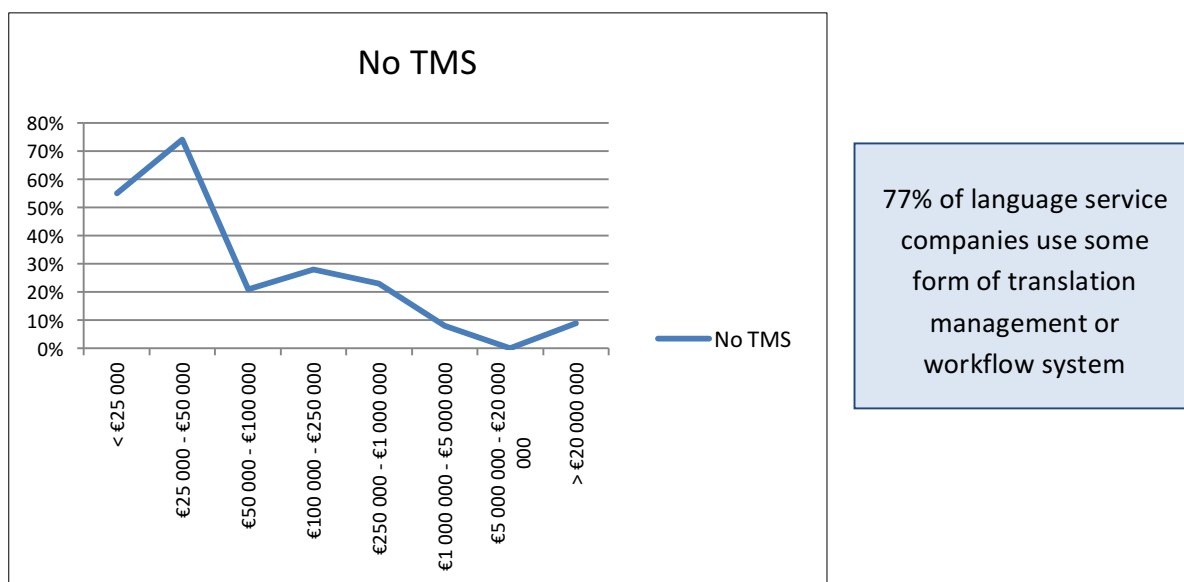
The results of the survey reflect this reality. While approximately half of the respondents (including those that work only as a subcontractor) indicate that they never transfer user rights or ownership, the other half reports that they do transfer these rights sometimes, often or always.

| Always      | User rights | Ownership |
|-------------|-------------|-----------|
| Companies   | 20%         | 20%       |
| Individuals | 17%         | 12%       |

| No          | User rights | Ownership |
|-------------|-------------|-----------|
| Companies   | 44%         | 46%       |
| Individuals | 49%         | 55%       |

Companies also seem more likely to transfer ownership than user rights (contrary to the individual professionals), which may result from contractual requirements of the end clients.

## TRANSLATION MANAGEMENT SYSTEMS

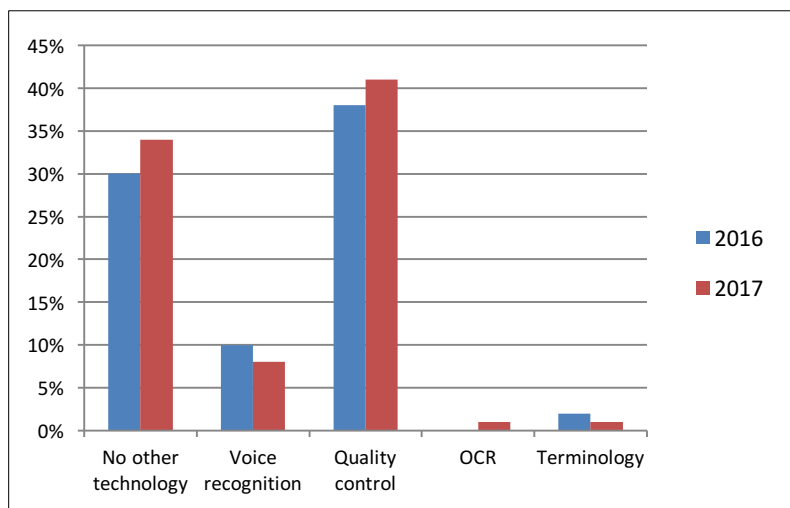


Not surprisingly, the 23% of language service companies not using any form of TMS (which is considerably more than the 2016 results showed) are mainly found in the smallest sized segments.

This year's results seem to indicate that companies are moving away from off-the-shelf packages and replacing them with proprietary ones. Whether this interpretation is correct needs to be investigated further.

| TMS  | None | Own online | Own offline | Paid online | Paid offline |
|------|------|------------|-------------|-------------|--------------|
| 2017 | 23%  | 28%        | 19%         | 23%         | 16%          |
| 2016 | 16%  | 23%        | 13%         | 31%         | 24%          |

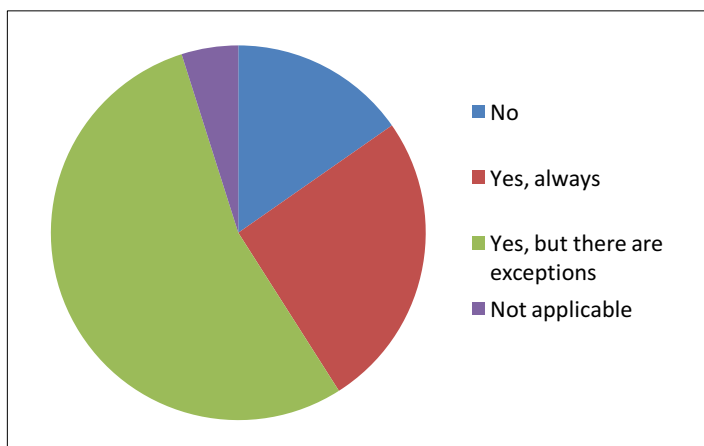
## OTHER TECHNOLOGIES



As in 2016, apart from quality control automation and to a much lesser extent voice recognition, no other technology seems to have made any meaningful inroads in the European language services industry.

## RECRUITMENT AND TRAINING

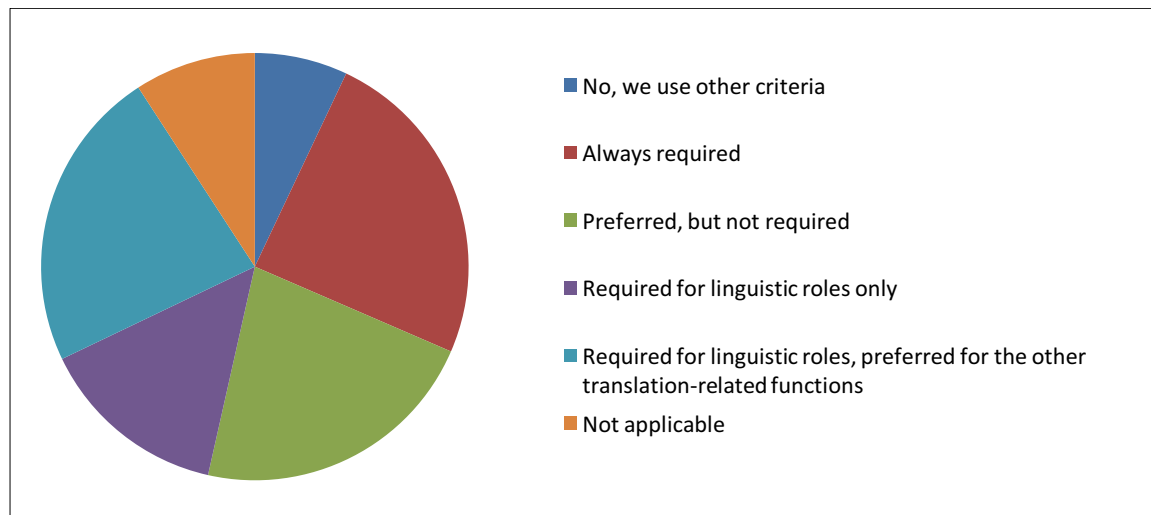
### VALUE OF UNIVERSITY DEGREES



Like last year, a majority of the language service companies (80%) indicate that they require a university degree in translation and/or interpreting when employing external translators. 26% always require a degree but the remaining 56% state that there are exceptions.

Contrary to 2016, the 2017 results do not show significant differences between small and large companies, nor between older and younger ones.

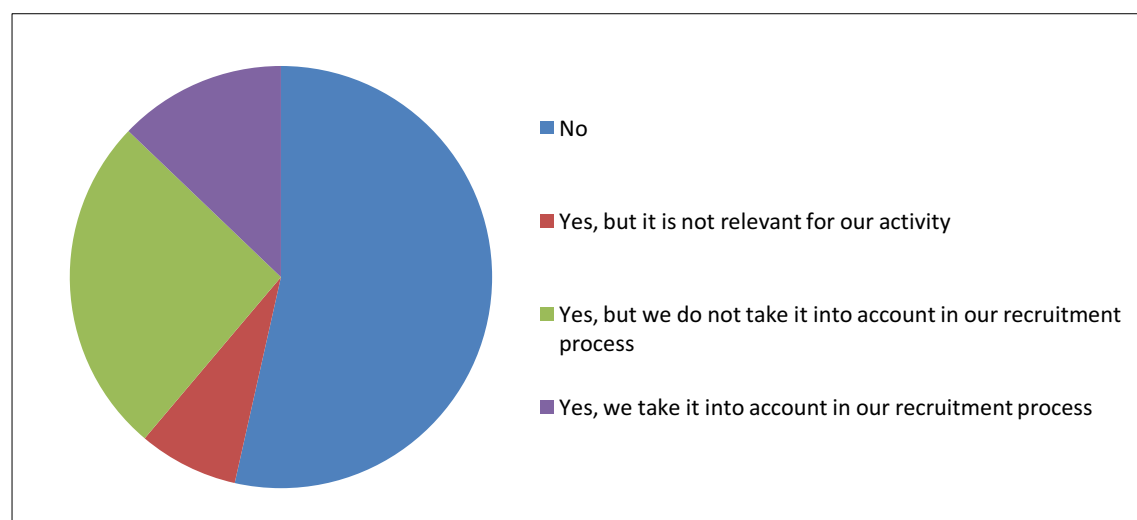
For in-house positions, 16% of the respondents use other criteria instead of BA or MA or state that a degree is not applicable. 22% indicate that a degree is preferred but not required. The remaining 61% do require a degree, of which 24% always require a BA or MA, while the other 37% only do so for linguistic roles.



### EUROPEAN MASTER'S IN TRANSLATION (EMT)

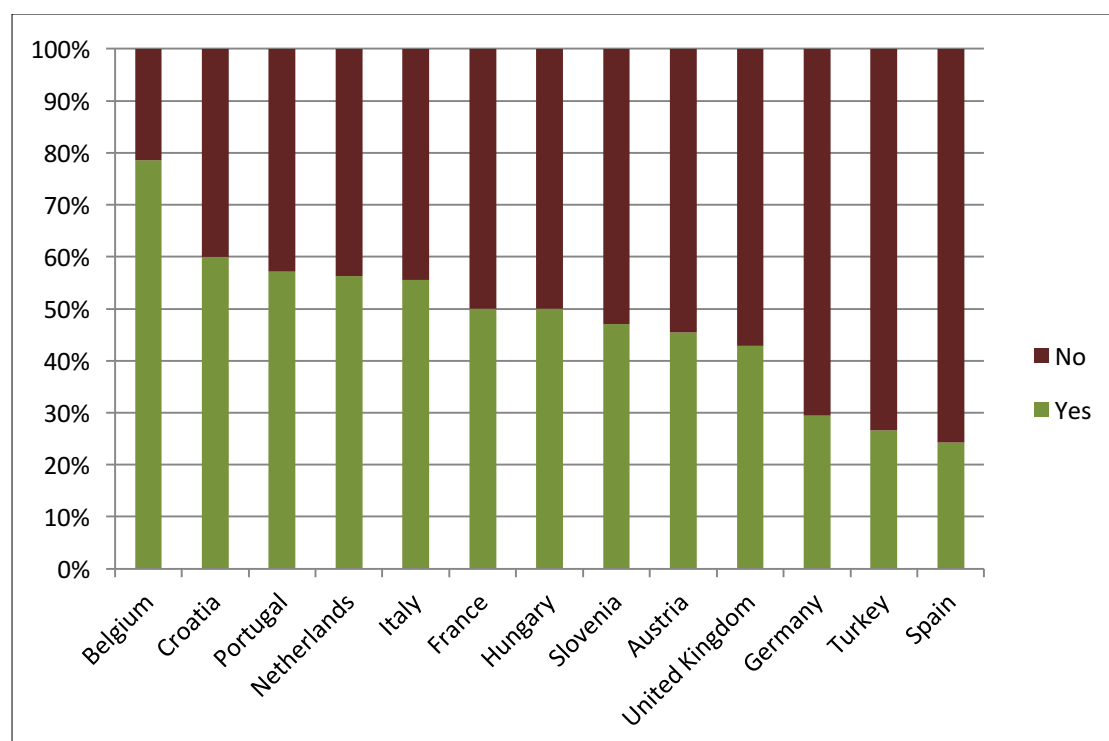
Less than half of the responding language service companies is aware of the EMT university network label. From the 46% that are aware of the quality label less than 13% take it into account for their recruitment process. From the remaining part, 8% state it is not relevant and 26% do not take EMT into account for unknown reasons.





It could be added that compared to 2016 the awareness of the EMT label has slightly decreased (49% to 46%), and its application in the recruitment process has diminished from 20% to 13%.

Within the countries with a sufficient level of response the EMT awareness varies from almost 80% in Belgium to 24% in Spain. Croatia is the country with the second highest awareness (60%).



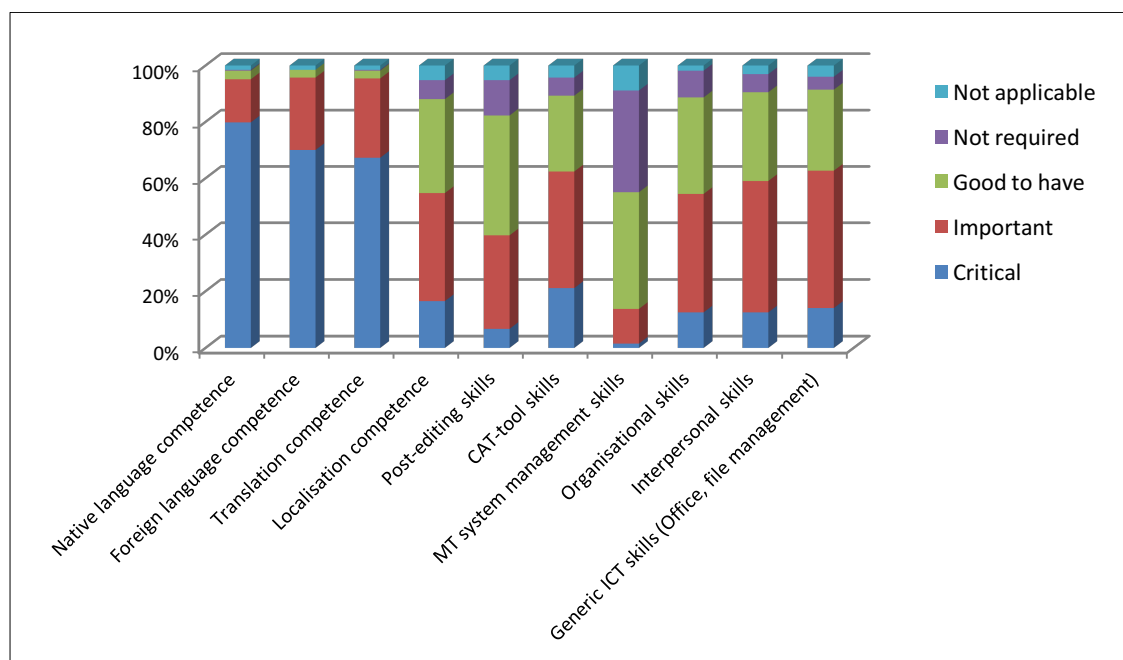
## RECRUITMENT CRITERIA

### LANGUAGE POSITIONS

Language service companies have high demands regarding recruitment for positions that would require actual language work (e.g. translation and editing). The most important criteria is native language competence, which 80% of the respondents report as critical. For another 15% it is

seen as important. Foreign language competence and translation competence are equally important. Almost 70% of the respondents consider these competences critical and for more than 25% they are important. Other criteria are to a lesser extent critical. Taking critical and important together, all other criteria, with the exception of post-editing skills and MT system management skills, score well over 50%. Post-editing skills and MT system management skills are indicated as good to have by more than 40% of the language service companies.

MT system management skills seems to be the least important competence. More than one third of the respondents has judged it to be not required, although for over 40% it is still good to have.



## OTHER TRANSLATION-RELATED POSITIONS

Recruitment criteria for other future translation-related positions, such as project management, language engineering and account management that would not necessarily include actual linguistic work, focus a bit less on language competences and instead on more generic skills.

Native language skills, however, are still important. For 40% of the language service companies they are critical and for 36% important (compared to 80% critical for linguistic positions such as translator or editor).

A similar shift in requirements can be seen regarding foreign language competence: 31% of the respondents believe it is critical and 43% consider it important.

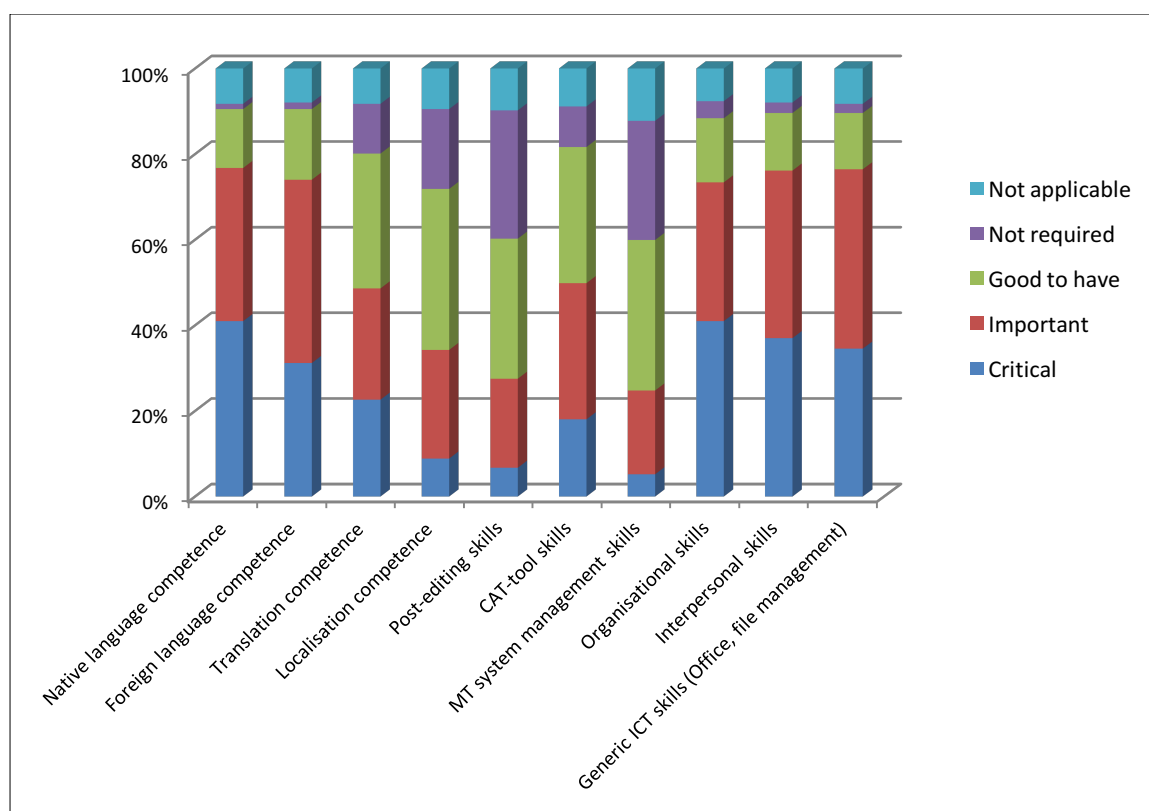
Not surprisingly translation competence is considerably less important for non-linguistic translation-related positions. For only 23% it is critical and for 26% important. But another 31% state that it is good to have.

Localisation competence and post-editing skills again are less critical: 20-25% of the companies do believe them important, and about 35% mark them as good to have. Almost one third of the respondents indicate post-editing skills as not required.

CAT-tool skills appear to be slightly more important, with 18% of the participating companies stating that it is critical. The categories important and good to have each score 32%.

As for language positions MT system management skills are considered relatively unimportant for translation-related positions. The scores are more or less the same as for language positions.

For translation-related positions the requirements organisational skills, interpersonal skills and generic ICT skills score significantly more often on critical than for language positions. Between 35% and 41% of the respondents consider these skills critical. Taking into account that 30% to 40% of the companies think these skills are important, altogether around 80% have marked them either critical or important. For language positions this share was only around 60%.



## INVESTMENT IN TRAINING OR PROFESSIONAL DEVELOPMENT

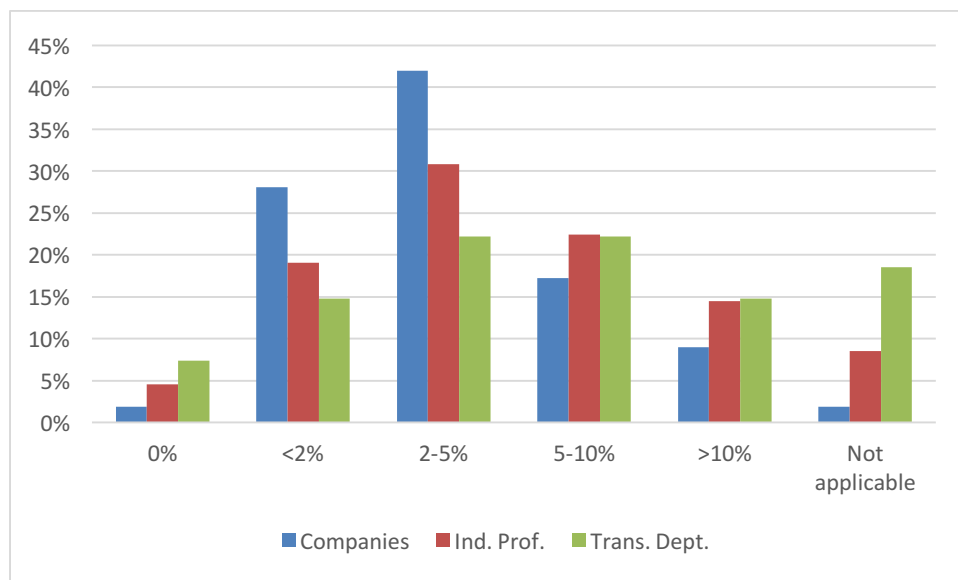
### INVESTMENT

The 2017 version of the survey included questions on investment in training or professional development for the first time. Respondents were asked to express their efforts in this area as a percentage share of either turnover or the time invested.

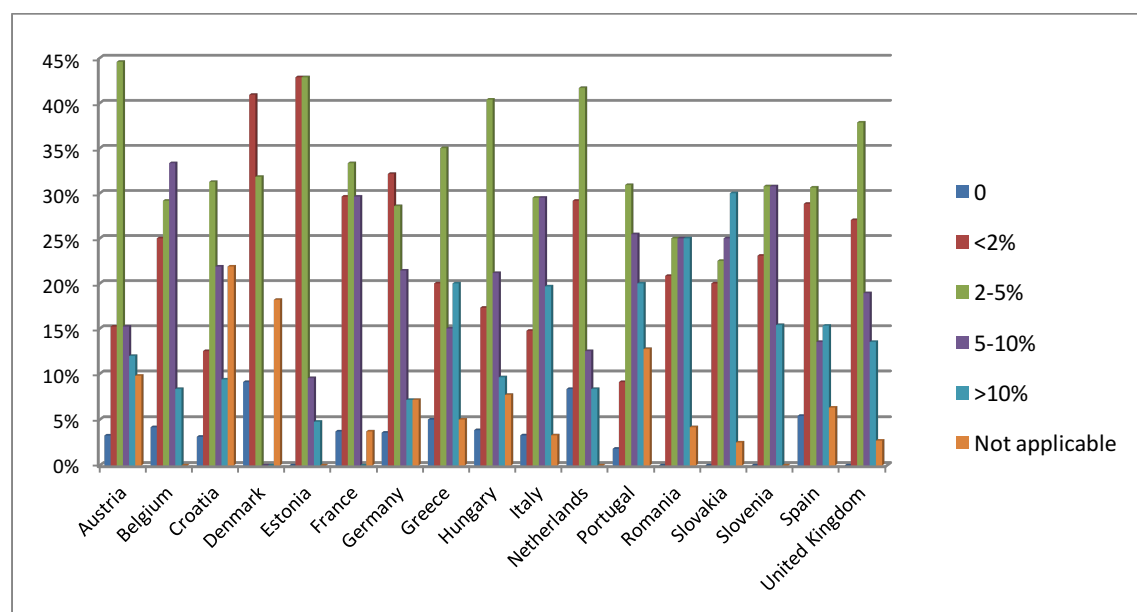
From the answers it can be concluded that all types of respondents consider training and professional development as important. As would be expected, the majority of respondents from training and academic institutions report efforts above 10%.

About two-thirds of the responding language service companies and individual professionals (both independent professionals and those working in translation departments) invest more than 2% of turnover or time in training and the largest part of them between 2% and 5%.

While all respondent types follow largely the same distribution curve, we see a slightly stronger representation of individuals (again both the independent professionals and those in translation departments) in the categories above 5%, compared to the companies. Conversely, respondents from translation departments report a total absence of investment in training more often than companies or independent professionals.



In most countries we can see the same pattern. Only in Denmark and Germany does the number of respondents investing less than 2% exceeds the number of those that invest 2%-5%. This is a surprising result particularly for Denmark, since most Danish respondents were independent language professionals, which on average report higher percentages than in the other countries.

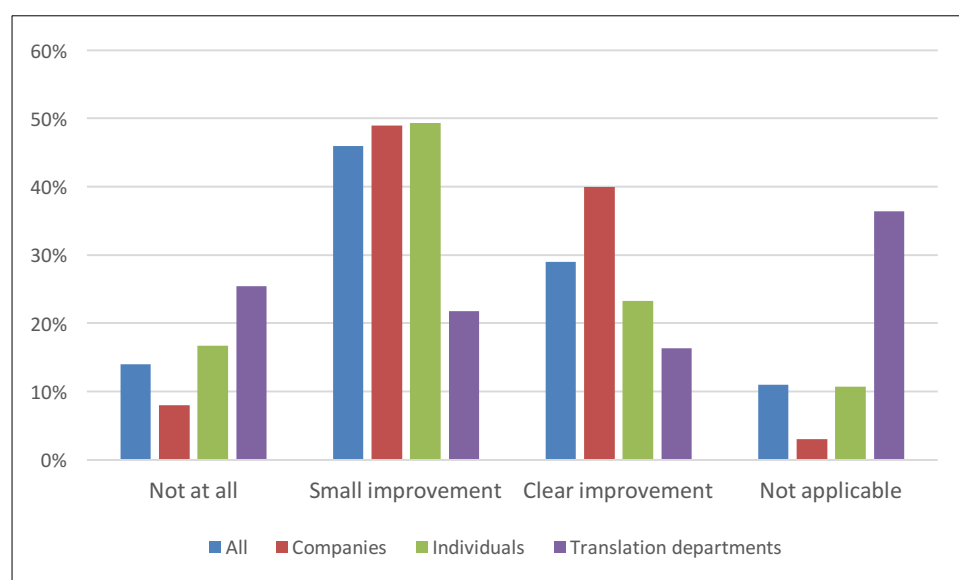


## RETURN ON INVESTMENT

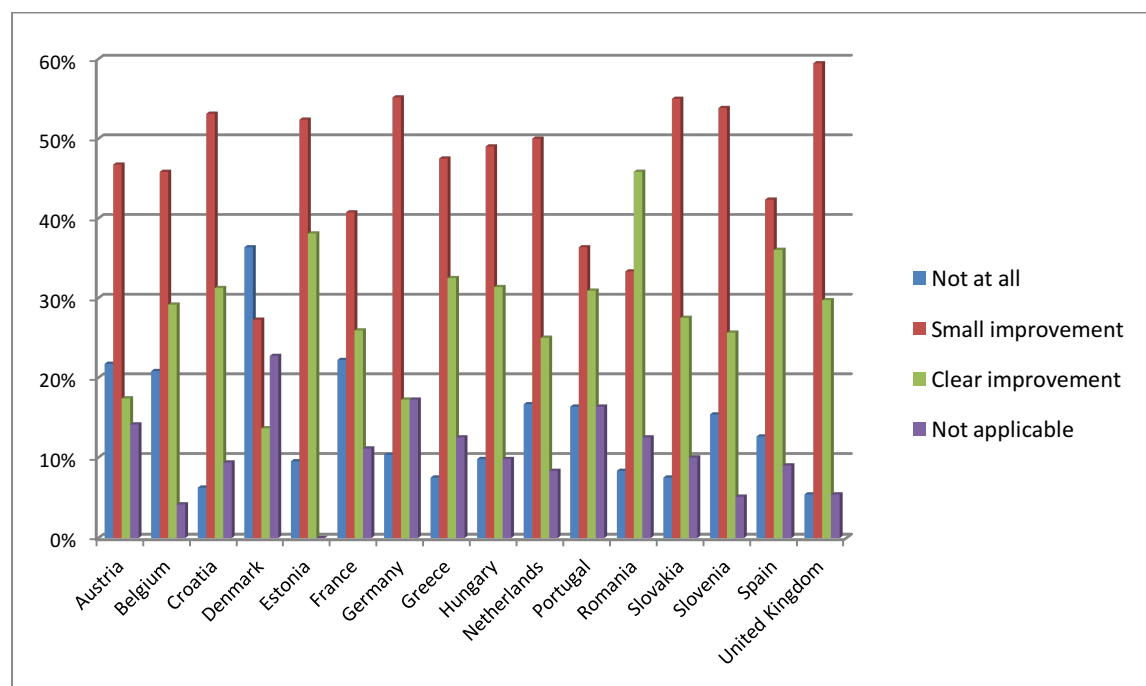
A large majority of the respondents, both companies and individuals, state that Investments in training or professional development improve their financial position. Approximately 45% indicate a small improvement and about one third indicate a clear improvement.

There is a significant difference between companies and individuals. Independent language professionals, and to an even stronger degree those working in translation departments, report less return from their training efforts than companies.

The high percentage of *Not Applicable* answers from translation departments also seems to indicate that these departments have difficulty in estimating the return of investment of their efforts.

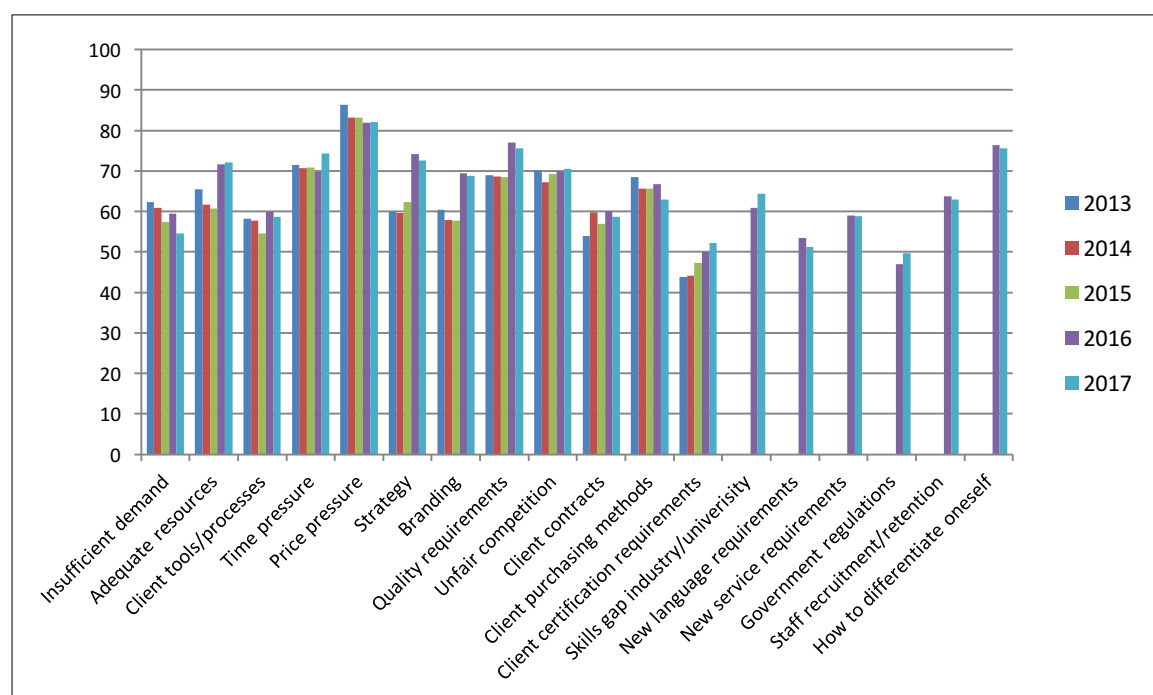


The same picture can be seen in the breakdown by country with the exception of Denmark where 36% of the respondents believe that investment in training and personal development do not result in an improvement.



## CHALLENGES

### CHALLENGES AND TRENDS FOR THE COMPANY



Price pressure remains challenge number one, as it has always been since the start of the survey in 2013.

The aspects related to strategy and positioning, which saw a significant higher score in 2016 than in previous years, maintain that momentum.

The same can be said of availability of resources and quality requirements.

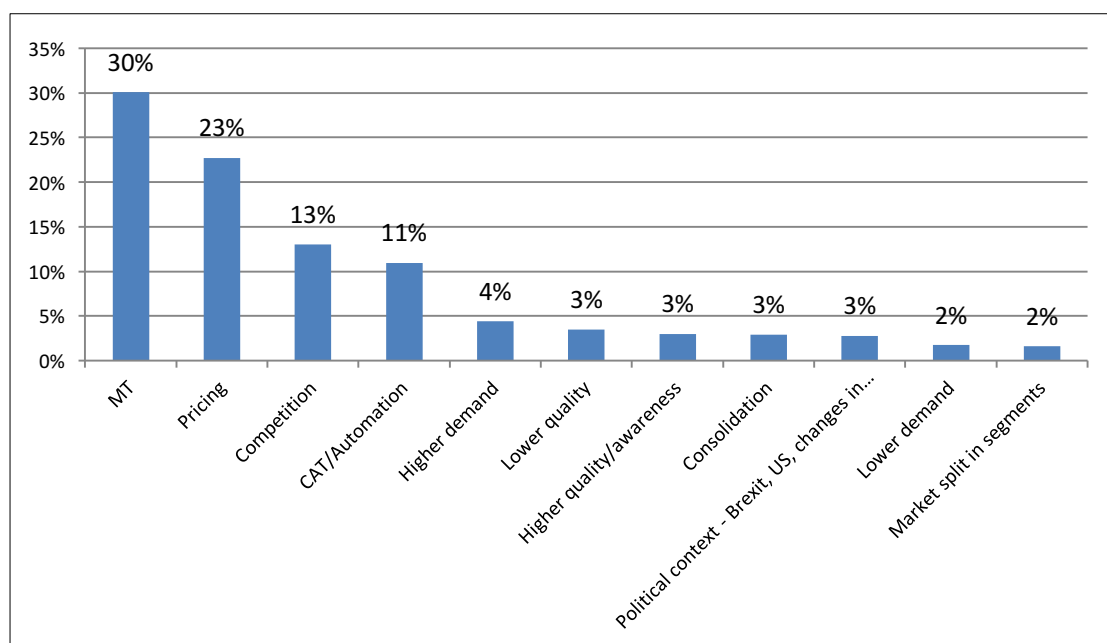
Client certification requirements continue to increase, but are still far behind.

While independent language professionals are as concerned as companies about price and time pressure, they see fewer issues relating to strategy and branding and are — as could be expected — much less concerned about finding adequate resources or recruiting staff.

Interesting to note is that independent language professionals are significantly less negative about the skills gap between universities and industry than the companies.

### TRENDS AND CONCERNS FOR THE INDUSTRY

77% of the respondents have answered the open question about trends, concerns and expectations. As always, the answers range from very positive to extremely negative, depending on the respondent's activity, situation and location and quite a number of respondents see a combination of positive and negative developments.



Based on these results, we can draw the following conclusions:

- Language service companies report positive trends more often than individual professionals (21% compared to 15%). The opposite is true as well: individuals report more often than companies that a particular trend is negative (33% against 22% of the companies).
- Professionals working in a translation department are slightly milder in their opinions than the independent language workers, but the difference is small (2%-3%).
- As in 2016, machine translation is perceived as the dominant trend. While all major categories are unanimous about its importance (in all of them, MT is ticked by 30% of the respondents), the attitude towards the trend varies significantly. Language service companies give the trend as many positive as negative marks (similar to the results of the 2016 survey, though somewhat less positive), but individual language professionals mark it three times more often as negative than as positive, regardless whether they work as independent professionals or in a translation department.
- Price pressure (23%), which in 2016 was at the same level as MT, is the second obvious trend, but with 7% less votes than the number one. Needless to say that not many respondents have marked this trend as positive.
- Competition (13%) completes the top three, just as last year, but is ticked mainly by independent language professionals. Only 8% of the companies indicated Competition as a major concern, which can be considered as a remarkable sign of confidence.
- CAT tools and other automation technologies (11%) are next in line, with quite a few respondents explicitly mentioning an increased use of the cloud.
- After this follows a long tail of often contradictory trends:
  - 4% expect an increase in demand whereas 2% feel that demand will decrease.
  - Both lower quality and higher quality (or expectation of higher quality) have scored 3%.
  - Consolidation is showing at 3% and a market split in high volume vs. boutique segments is at 2%.
- And finally, the economic and political context, including government regulations, changes in taxation and the expected changes as a result of Brexit and change of government in the US were ticked by 3% of the respondents.



## CHALLENGES FOR INDUSTRY ASSOCIATIONS

Overall, our respondents' main expectations regarding the work of industry associations continue to be focused on building and improving awareness about the value of what their members are offering.

This expectation is common to all types of respondents, but there are clear differences in how far the respondents want associations to go in this matter. Quite a high percentage of the independent professionals that answered the question – 28% – are asking their associations to work towards a more regulated market in terms of pricing and access to the profession, referring to the threat of non-professional new competitors.

17% of the translation companies that answered the question expressed the same expectation.

|                             | Inform/<br>educate<br>market | Regulate/<br>Standards | Inform/<br>educate<br>industry | Lobby | Best<br>practices | Business<br>support | Provide<br>training | Work with<br>academia | Visibility -<br>networking |
|-----------------------------|------------------------------|------------------------|--------------------------------|-------|-------------------|---------------------|---------------------|-----------------------|----------------------------|
| Training institute          | 1                            | 0                      | 0                              | 1     | 0                 | 0                   | 0                   | 3                     | 0                          |
| Translation<br>company      | 18                           | 14                     | 21                             | 8     | 7                 | 9                   | 3                   | 6                     | 6                          |
| Translation<br>department   | 4                            | 5                      | 2                              | 1     | 3                 | 0                   | 2                   | 2                     | 0                          |
| Independent<br>professional | 48                           | 39                     | 13                             | 18    | 15                | 15                  | 17                  | 6                     | 8                          |
|                             | 71                           | 58                     | 36                             | 28    | 25                | 24                  | 22                  | 17                    | 14                         |

|                             |     |     |     |     |     |     |     |    |    |
|-----------------------------|-----|-----|-----|-----|-----|-----|-----|----|----|
| Translation<br>company      | 22% | 17% | 26% | 10% | 9%  | 11% | 4%  | 7% | 7% |
| Independent<br>professional | 35% | 28% | 9%  | 13% | 11% | 11% | 12% | 4% | 6% |

Companies are significantly more interested in the associations' role as a provider of information to the industry itself, while independent professionals also expect the associations to provide training, something that only a few companies have mentioned.

Offering direct business support is requested by companies and independent professionals alike. This aspect merits closer investigation since the types of support mentioned vary widely, from discounts to mediation and helping in getting access to new markets.

Finally, companies expect the associations to improve the cooperation with universities. Fortunately, we see the same request from the training institutes, which means that this is a common concern. Independent professionals give this activity a lower priority.

## CONCLUSION

The 2017 edition of the European Language Industry survey confirms a number of trends that were already visible in previous editions. It shows how the market sentiment is changing again, strengthening optimism after a dip in 2016, and reveals differences between individual countries, both in generic sentiment and in individual aspects.

The additional support of FIT Europe has attracted more individual language professionals, which allowed for a more in-depth analysis of their opinions and expectations, compared to those of the language service companies. In most aspects, the answers received from both segments follow similar trends, but significant differences can be seen in specific areas.

Overall, the answers indicate that the industry expects further growth and an ever-increasing role of technology and automation – which is not always confirmed by an increased implementation of that same technology by the respondents.

Perceived threats from lower-cost geographies or new categories of competition (usually marked as 'non-professional'), though expressed widely in the open answers, are not clearly reflected in the expectations of the respondents' business development or even their expectations regarding price development, which are less pessimistic than in 2016.

Training, a subject that has been added to this year's edition of the survey, is considered important by all types of respondents but there are significant differences between the various segments – in particular when considering their opinion about the return on investment of the training efforts. This is clearly an aspect that deserves further attention in future editions of the survey.

Finally, the respondents have clearly indicated which issues they expect the language industry associations to address: increasing the market's awareness of the value that language service companies and individual language professionals offer, providing information, training and networking opportunities to the industry actors, promoting cooperation with universities, and supporting their members in all possible ways in developing a viable activity or business.

The organising associations wish to thank all respondents for their participation in this survey. Their input, including the candid opinions expressed in the open questions, is vital to get an accurate insight into the state of the language industry: its current status, but also its future.