Trends, expectations and concerns of the European language industry

16:00 Welcome, housekeeping rules
16:05 Opening words by Christos Ellinides, acting Director General DG Translation, European Commission
16:15 Presentation of the ELIS 2023 results
17:15 ELIS 2023 discussion panel – what do the results mean for the industry?
18:30 Closing words by Heike Leinhäuser, president of EUATC
ELIS 2023 Results

- ELIS history, structure and caveats
- Global market evolution & industry mood
- Segment-specific results
  - Language service companies
  - Language departments
  - Training institutes and students
  - TEW focus areas: accessibility, young professionals
  - Independent language professionals
- Conclusions

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Initiated in 2013 by EUATC, the European Union of Associations of Translation Companies.

Co-organised with ELIA, FIT Europe, GALA, the EMT university network, the European Commission’s LIND group, and Women in Localization.

Covers market trends, expectations & concerns, challenges and obstacles, as well as changes in business practices and is open to language service companies, independent language professionals, training institutes, language service buyers, as well as private and public translation departments.

ELIS 2023 results:

1164 responses
- 290 language service companies
- 636 independent language professionals
- 175 representatives of training institutions and students
- 63 language departments and language service buyers

See the report for details about the 52 countries represented.
NOTE: percentages do not show actual increase or decrease but the difference between respondents reporting an increase and those reporting a decrease, as a measure of the market sentiment.
Language departments and academia maintain their bullish market activity expectations for 2023.

Language companies and independent professionals however have toned down their expectations for both the global market and their own activity levels, probably as a result of lower than expected levels in 2022.

Actual activity levels hide strong national differences, even within the same European region (ex. -32% for LSCs Germany vs France +36%, Hungary -7% vs Slovenia +67%).

Similar differences are reported regarding profitability. Country-specific details are included in the report.
All segments seem to agree that prices did increase in 2022, although the number of respondents reporting (or estimating) such an increase remains fairly low – between less than 10% (independent professionals) and close to 20% (language departments and academia).

Large companies report continued price decrease. Some 35% of language company respondents, and 20% of language departments, independent professionals and academia expect a further price increase in 2023.
The language company investment mood is back at pre-Covid levels, with a fairly high number of countries with sufficient answers showing a healthy investment sentiment.

In contrast, free text answers from independent professionals reflect a high level of frustration and discomfort. This sentiment is mainly based on price pressure that forces them to accept more but less interesting work and makes it more difficult to achieve a correct work-life balance or invest enough time in life-long learning.
Main trends

- Creative translation
- Audiovisual translation
- Standards
- Inclusion
- Variety of profiles
- Specialisation
- Accessibility
- Technology
- MT
- AI
- Consolidation
- Price pressure
- Inflation
- Lower quality
- Less human translation
- External events

Complete trend charts are included in the ELIS 2023 report
Covid seems to be forgotten. LSCs and language departments in public administrations report a further increase of remote working, while academia and private enterprises state the opposite. Working with remote teams does create additional issue for management and keeping a strong company culture, but does not seem to have an effect on staff retention. A small minority of LSCs and independent professionals link their challenges directly to the war in Ukraine (embargoed clients or resources, lower demand for Russian or shortage in Ukrainian resources, changing services or even relocating) but cost increase driven by war-triggered inflation is a challenge for all segments.
Reported MT use has increased compared to 2022, but remains below popular estimations.

Public agencies report less MT usage in outsourced work, while private companies follow the opposite approach (62% of outsourced work using MT, compared to total average of 44%).

Other technologies used include system connectors, centralized portals, chatbots, OCR and corpus analysis tools, among others.

The use of language technology has also caused an increase in terminology work, in particular in the international public agencies.
The average revenue per participating LSC continues to increase. Additional participants from the highest size segment more than compensate for lower participation from the mid-size segments.

This change and the substantially higher percentage of international companies (28% compared to 20% in last year’s data) may reflect the impact of mergers and acquisitions in the sector. 3% of respondents have venture capital backing, and 1% are publicly listed.

The gender distribution has not changed significantly, with a 62% female dominance. This dominance is strong in project management, as well as sales, language and functional management roles, but not in the owner category where male and female owners are almost evenly represented.
Performance and challenges

Especially the smaller LSC size segments report lower than expected performance in 2022, both in terms of sales and profitability.

Results show optimal gross margins at a company size between 1 and 10 M€. Note however that conclusions about the size segments with lower response rates remain less reliable.

For interpreting, reported gross margin increases with increased focus on the service.

In the list of LSC challenges, the top 3 (pricing, cost levels and sales) remain virtually at the same level as last year.

Talent recruitment and time pressure seem to be better under control.
Company culture remains firmly focused on client satisfaction, while relatively new areas such as diversity, inclusion and ESG are starting to make their way into company culture.

Interestingly, results show a significant correlation between a weaker company culture profile and weaker sales performance in 2022, but not the opposite. Company culture focus translates only partly into performance measurement: Client satisfaction is measured by 78% of respondents, followed by revenue (72%) and sales performance (57%). Employee satisfaction – #2 in company culture focus – is measured by less than half of the participants.

As in 2022, recruitment plans remain mainly focused on language, project management and sales profiles and do not match ambitions for areas such as audiovisual (the 9% consists of 6% of multimedia and only 3% voice) and language data. The presence of dedicated managers is not surprisingly linked to the size of the companies: language managers in all but the smallest segment, sales managers above 1M€ revenue, etc.
Services, domains and origin of business

Service and domain origins respect the 2021 ranking but show a more even spread. Compared to previous year participants report less tendency to focus their growth on specific domains, with the modest exception of fashion.

Focus on specific services or domains improves performance but is not a guarantee for success (detailed information in the full report).

On average 26% of respondents’ business is outsourced to them by other language companies. Approx. 48% expect this to remain constant in 2023, but we do see a tendency to further develop this source of business.
Subcontracting practices

60% of LSCs outsource majority of their work. 75% do so primarily to freelance resources, with remarkably small variations between size segments. The peaks and valleys above €10M need to be taken with caution due to the small number of entries from these segments.

The use of framework agreements and NDAs is fairly well generalized, although one third of LSCs are still referring exclusively to their general conditions.

Discussions about alternative rate systems do not seem to convince LSCs. Only 17% of respondents believe that current unit-based systems will be replaced. If anything, a time- or effort-based system is deemed most likely.
LANGUAGE DEPARTMENTS
The reported number of languages handled has increased dramatically compared to last year. 51% handle more than 10 languages, compared to 38% last year.

The focus in organization culture depends strongly on the type of organization, and is fairly comparable with what we see in language companies.

Not surprisingly the main activities of language departments are directly related to translation.

Data and MT related activities are already quite well represented in approx. 30% of the participants' units, to comparable levels in the different types of organizations.
In ELIS 2022 workload stood out as the biggest challenge. This is still the case when looking at 2023 expectations, but in the list of challenges, virtually all aspects score approximately at the same level due to higher levels for technology, budget restrictions and quality control.

These remarkably even scores however hide strong differences between the various organisation types, especially regarding technology and quality control.

National public agencies report considerably higher challenge levels than international agencies and private companies.
Outsourcing practices depend largely on the type of organization. Private enterprises report up to 68% outsourcing, while public agencies limit themselves to less than 50%.

The same goes for outsourcing models, where public agencies show a higher tendency towards freelance outsourcing than private companies.

Outsourcing remains largely limited to the direct execution of translation-related tasks. Terminology and language asset management are explicitly not outsourced.

Contrary to the previous edition, which showed a tendency towards freelance and single language vendor outsourcing, ELIS 2023 does not show any clear preference for a specific vendor type. The data do however suggest a small consolidation trend.
The use of framework agreements and NDA’s is linked to the type of organisation (though not to the size of the private companies). It also depends on the size of the language department, which is understandable given the amount of administrative work involved.

Although still limited, the provision of raw MT by private companies has made a dramatic jump (from 0% to 31% entries). The participating national agencies have not yet started to provide raw MT to their service providers.
TRAINING INSTITUTES
Respondents report even worse budget restrictions and administrative constraints than expected in 2022. Expectations regarding student numbers remain virtually unchanged.

Academic staff see a solid increase in specialisation in the industry as well as in the variety of job profiles (students disagree and not confirmed by industry data) and expect this to continue.

The challenge ranking is virtually unchanged. The two top academic challenges are scored even higher than in 2022, while students are slightly less worried about their professional future (though this remains their top concern).
Specialisations show some clear changes, with subtitling and postediting moving up while medical moved down. The language distribution is merely a trend indicator, because the data cannot be matched to specific programmes.

Overall, the 2023 data show a more even coverage of the European landscape than the 2022 set. Even so, it is felt that the training landscape cannot be correctly described through an association-led and anonymized survey like ELIS.

An official survey covering all European training institutes would be required to provide unbiased coverage of programme levels and countries. The EMT label seems to continue to struggle with visibility, but the small number of replies from language departments makes it impossible to draw reliable conclusions.
Professionalisation activities have increased significantly since last year across all types of activities.

In the company simulations, we notice a clear decrease in acceptance of commercial assignments, which indicates an increased awareness about potential conflicts with professionals.

Internships – both domestic and international - are increasingly becoming compulsory rather than optional.
Training institutes show an average to high technology implementation level, except regarding quality assurance tools (which applies also to LSCs). Training and cost of ownership continue to be the main concerns regarding technology usage in the training programmes. Academic (both teachers and students) opinions and expectations regarding actual MT use continue to differ from the actual data provided by language providers and language departments, but expectations about future use seem realistic.
WORKING IN THE LANGUAGE INDUSTRY?
More recent industry entrants report more often an entry with a permanent contract, whereas freelance used to be the norm up to 5 years ago.

Creating one’s own company went ‘out of fashion’ for a while, but could be making a re-entry if the small sample of young professionals is anything to go by.

Internships have become a strong recruitment channel for young professionals, although other seniority segments do not necessarily consider them a strong career success factor.

Self-training is ranked higher than all other training-related success factors. In the ‘other’ category, respondents mention networking, attitude and experience.

A translation- or language-related education led 64% of the respondents to the industry. These programmes are also important for non-linguistic roles.
Skill gap variations

The results show considerable differences between LSCs and language departments, but also in comparison with previous year.

LSC answers reveal encouraging improvements, in particular in translation technology, while academia still sees major opportunity for improvement in that area. Project management skills are another area that requires attention.

Language department data show a few drastic differences compared to ELIS 2022 results (ex. interpersonal skills and cultural awareness), which may be linked to the small number of answers.
Participants report improved work-life balance, except independent professionals who give lower marks, mainly due to unbalanced workloads and the need to accept more work to compensate for lower rates.

Between language companies and different types of language department organisations ratings are fairly comparable.

One third of independent professionals report that they have another activity on top of their freelance work.
Women account for 80% of the participating independent professionals.

There is no significant gender difference in terms of main activity, with 71% of male and 74% of female participants acting mainly as translators. Only 6-7% work exclusively as interpreters.

14% of this year’s participants reported less than 5 years of activity, which is considerably more than in 2022.

83% have a degree in translation or interpreting and 21% (also) one in another language-related discipline. 18% have a degree in another discipline such as biology, art, politics, chemistry or marketing, among others. 36% have more than one degree.
Independent professionals report more modest growth of their activity in 2022 and a lower than expected growth of global activity combined with substantially higher competition. This leads them to tone down their own growth expectations. Pricing expectations however are slightly bolder than in previous years, boosted by the – although still modest – increase in 2022.

Despite these pricing expectations, rates continue to top the list of stress factors, and the global economic situation does not help to reduce insecurity. The MT-related stress factor does not increase. This seems to indicate that the freelance community is finding ways to cope with the technology although quite a few respondents are still struggling with it.
2022 data show a lower direct client ratio (41% compared to 45% in 2021).

This is surprising, since respondents expected it to increase (and continue to expect this for 2023).

Relationship and project management practice opinions have only changed marginally, both with regard to LSCs and to clients in general.

In open questions respondents often point to a lack of flexibility in terms of rate negotiations, which is not reflected in the data.
The tendency towards post-editing and automation continues to increase at a constant pace.

The reported client domain distribution in 2022 is surprisingly more homogeneous than last year (the same applies to language companies).
Training-related results are largely comparable to those of last year. Young professionals see CPD as important as their colleagues, but report a lower CPD frequency and seem to have some difficulty to assess the training ROI. They show lower than average interest in sales training, but more than average in soft skills and technology.

Independent language professionals seem to be marginally less satisfied with technology training than last year, but a clear majority is still satisfied or neutral. Among the young professionals a higher percentage expresses either disagreement or strong agreement, but the small absolute numbers do not allow for firm conclusions.
Financial results do not show strong changes compared to previous years, with the possible exception of private insurance, which seems to be getting some traction.

A majority of the participating independent professionals state that they are not able to negotiate a fair remuneration level for their work, due to client pricing pressure, lack of recognition and the rise of machine translation.

Not surprisingly, young professionals with less than 2 years of activity are among those who do not earn enough as a freelancer (less than 30% report to earn enough). This does not prevent 62% of these young professionals from considering freelancing as a sustainable activity, which is comparable to other levels of seniority.

Financial challenges

- Earnings
- Isolation
- Uneven workload
- Time management
- Lack of interesting and rewarding projects
Steady growth in main technology areas, with solid further investment plans.
CONCLUSIONS
What do the ELIS 2023 answers tell us?

- The language industry players continue to expect the sector to grow in 2023, but language companies and independent professionals have lowered their expectations in line with the less than expected growth in 2022. Language departments and training institutes maintain their high growth expectations.

- Career data for independent professionals are comparable and sometimes even better than 2022 results, but free-text questions express a more negative sentiment that needs to be recognized and addressed.

- Machine translation heads both the positive and negative trend lists. MT continues its rise and is now confirmed to be used in more than 30% of projects. This is still below popular estimations, including those from academia.

- Artificial Intelligence has gone (partly) to the dark side, from being considered mainly an opportunity in 2022 to ranking solidly 3rd in the list of negative trends.

- The start of an independent language professional is financially difficult, but young professionals continue to see freelancing as a sustainable and rewarding activity.

- Skill gaps show strong variations, and self-training is declared the most important factor in a professional career.

To close, an answer from a German translator that gives food for thought:

“I think we need to overcome the sense of doom and gloom flooding our professional forums and find ways to give greater visibility to those in the industry who are leading by example! It would be good to see best practices praised instead of worst practices flagged.”
ELIS survey partner websites

euatc.org       EUATC (European Union of Association of Translation Companies)
elia-association.org   Elia (European Language Industry Association)
gala-global.org   GALA (Globalization And Localization Association)
fit-europe-rc.org  European regional centre of the International Federation of Translators
ec.europa.eu/info/resources-partners/european-masters-translation-emt_en  EMT (European Master’s in Translation) network
ec.europa.eu/info/departments/translation_en  European Commission - DG Translation (Lind group)
womeninlocalization.com  Women in Localization
Thank you

This presentation and the 57 page ELIS 2023 report can be downloaded from the elis-survey.org repository (registration required)

Comments and suggestions are welcome at research@elis-survey.org
ELIS 2023 discussion panel – what do the results mean for the industry?

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A Translating Europe Workshop