MARKET RESEARCH

TRANSLATION AND INTERPRETING COMPANY

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CONTENTS

Introduction 3

Industry Overview 3

Industry Trends and Forecast 5

Europe Market 6

Potential Markets 7

Legal 7

Global Companies 9

Medical 10

Finance 12

Travel 13

Technology 13

Other Markets 14

Competition 14

Direct Competition 14

Indirect Competition 17

Executive Summary 18

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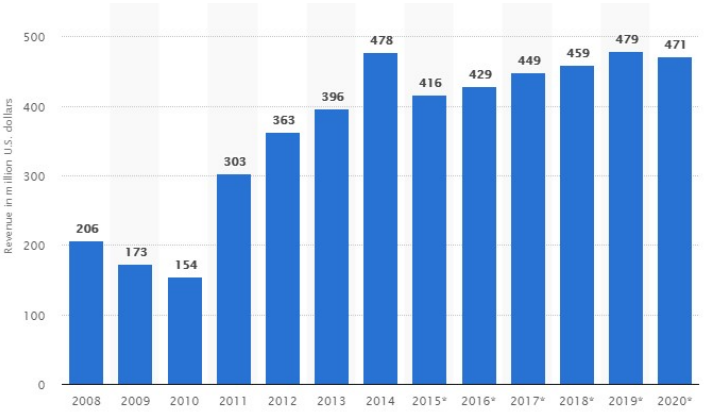
INTRODUCTION

ABC is translation and interpreting company based in London. They provide outstanding translation service for the clients in the legal sector. The aim of this research is to understand the market and explore other industries where a translation service is required in order to expand their market. The research is contained in five main chapters. The first part Industry Overview gives an outlook of the translation industry in the United Kingdom and what the industry trends and forecast are. The second chapter is about the translation market in Europe. In the Potential Market chapter is given an overview of the potential markets for expanding the business. The competition part contains a detailed comparison of 6 direct competitors and the last part summarizes all the provided information.

INDUSTRY OVERVIEW

Translation Services is a wide term for the industry that has in scope translation services, interpreting services (including sign language services), localization and other similar services. According to the CSA Research, the global market for outsourced language services and technology reached **$43.08 billion in 2017**, which is an **increase** over last year's rate of **5.52%**. The demand for language services and supporting technologies continues to **grow** at an annual rate of **6.97%** and is forecast to reach **$47.46 billion by 2021**. Factors driving this demand include mobile, wearables, and the internet of things (IoT); on-demand offerings to support live chat, texts, tweets, and other short-shelf content bits; and legislation requiring access to language services. United Kingdom's share of this industry is estimated by Statista's analysis and forecast:

As shown in the graph, the country's revenue of translation and interpretation services is estimated to almost half a million. Considering that the revenue presented for the years 2015 to 2020 is a **forecast**, the results should not be taken as definitive.



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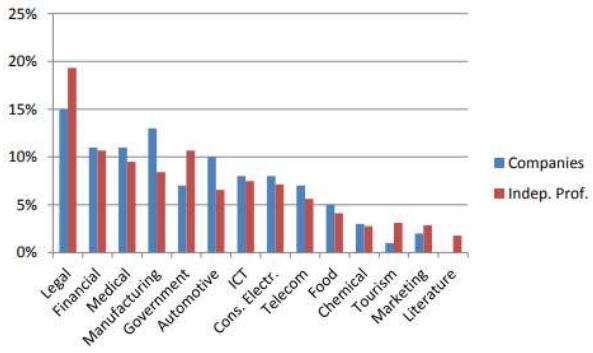
A 2017 European Language Industry survey which received 866 valid responses from 49 different countries determines the mood in the language industry while answering questions about the current market situation and trends. According to the survey results, most European language companies can be considered small, with **legal services** being the most widely served type of customer:



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.

Additionally, this survey presents European companies' **satisfaction** regarding the market:

	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%	☺	☺	☺

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.

According to the results of this survey, **UK companies showed the highest level of satisfaction**, with hopes for international expansion. Other markets that may be considered for expansion are Germany, Netherlands, France and Hungary.

When asked about the **challenges** they are facing, most respondents expressed their concerns regarding **Machine Translation**:

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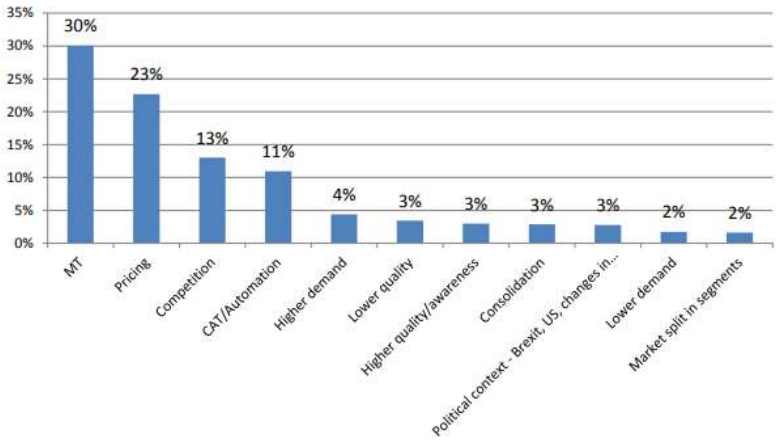
Language service companies give the trend as many positive as negative marks. **Price pressure** (23%), which in 2016 was at the same level as MT, is the second obvious trend. Needless to say that not many respondents have marked this trend as positive. Out of the 13%, only 8% of the companies indicated **Competition** as a major concern, which can be considered as a remarkable sign of confidence. The left 5% are responses from individual professionals.



INDUSTRY TRENDS AND FORECAST

With positive forecasts for the next few years, the language industry is gaining more and more interest from experts. There are a number of expectations regarding future trends and market demand, but the following 8 are widely accepted as the key trends for 2018:

- **Translation Technologies to Get Better** - The need of being more integrated, customizable, and more automated processes will soar. It is also important that the systems have faster response rates and are highly efficient.
- **New Service Lines to Emerge** - Companies will look to acquire other companies to diversify their portfolios to meet the customer demands. They will also look to providing new services such as legal e-discovery, interpretation, etc. E-learning courses in different languages are considered as one of the emerging markets in 2018.
- **More Focus on Improving Customer Journey** - Companies will be looking to focus more on customer interactions in the coming year. This will help in bringing value to the company and simplifying the client's buying journey.
- **Business Intelligence to be an Important Tool** - Companies will rely more on the impact of translation metrics to evaluate the growth of the customer base, customer satisfaction, and customer retention rate.

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- **Video Translations to Boom** - About 70% of the YouTube visitors come from outside the US and are non-English speakers. This will certainly increase the demand for video translations and localizations on a large-scale. Subtitling, Dubbing and Voice-Over along with Captioning will be in high demand in the marketing and advertising industry.
- **Mobile App Translations to Grow Exponentially** - It is estimated that there are about 5.7 million apps available for download from the five major app stores. App developing companies and developers are continuously trying to reach out to a maximum number of people to increase their profits by developing apps in multiple languages.
- **Neural Machine Translation to Progress by Leaps & Bounds** - Machine translation technologies will take another great leap in the coming year. Instead of completely relying on the phrase-based statistical method, machine translations will stimulate the networks of the brain to process the translations.
- **Newer Business Models Will Emerge** - Paying by word may not be the best way to pay for services like multimedia and trans-creation. Trans-creating 5 words for a TV show will take days of research. Also for multimedia, the efforts of people like audio engineers, graphic designers, voice artists, etc. are involved which cannot be calculated on merely the word count.

A tip plus is not to forget about the exotic languages; another tendency expected in 2018 is a **higher demand for translation in less common languages**. This is based on the information about the continued growth of internet usage by countries from the African continent and in the Middle East. While the demand for the most common languages is not expected to dive, there are indicators that the more exotic languages will make its way to the market this year.

EUROPE MARKET

In order to define the opportunity for ABC expansion, several reports and articles regarding the translations services industry in Europe are analysed.

According to One Hour Translation – a company that offers many services along with translation, Europe is the world's best market for language services for two main reasons: Europe's **strong economy** and the **variety of spoken languages**.

An LTC report – "The size of the language industry in the EU" revealed the following results:

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	Total turnover (million €)							
	2008	2009	2010	2011	2012	2013	2014	2015
Translation and interpreting, software localisation and website globalisation	5 675	6 243	6 867	7 554	8 309	9 140	10 054	11 059
Language technology tools	568	624	687	755	831	914	1 005	1 106
Subtitling and dubbing	633	696	765	842	926	1 019	1 121	1 233
Language teaching	1 579	1 737	1 911	2 102	2 312	2 543	2 797	3 077
Conference organisation	143	157	172	190	209	229	252	278
Total	8 454	9 300	10 230	11 252	12 378	13 616	14 977	16 475

Since there is no more recent information available regarding translation services in Europe, but the global report mentioned before forecasts a stable industry growth, it safe to assume that this growth rate is expected for Europe as well. Additionally, global trends predict an increase in the demand for subtitling and dubbing, language and technology tools and the most of all – website localization.

POTENTIAL MARKETS

To determine which markets have the highest potential, several sources were reviewed. The US Company STI offers services for 13 markets; another US-based company Tomedes states that industry needs vary in different regions. An article on another website blog suggests 5 markets that will need translation services in 2018, while Pangeanic defines 6 key industries.

After careful consideration, the following 6 markets were chosen for more detailed analysis since many sources predict high demand for translation services in these industries:

LEGAL

One of the industries that rely the most on translation services is the legal industry. All types of legal and especially law firms rely a lot on language translation service providers to be able to provide their clients with accurate documents and services. Legal translation can be extremely beneficial to lawyers and companies who are struggling to meet their global caseload demands.

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Legal matters are complex and multilingual cases involving several foreign-language documents make them even more challenging. To achieve fast turnaround time, precision and desired results, it's important for law firms to partner with a reliable language service provider.

According to this article, language translation plays a big role in the legal industry for:

- Immigration documents
- Contracts for overseas transactions
- Financial documents involving overseas banks
- Copyright, patents and trademark
- International claims

According to an article about managing the rising need for translation services in legal firms, the **demand for multilingual translation** in legal departments and law firms **is on the rise**. It is often the case that a legal document submitted by a foreign national in the UK in support of an application requires a translation into English. The increase of multilingual forms, contracts, tenders and other legal documents is rising rapidly.

According to the Solicitors Regulation Authority's report, the total number of solicitors firms in the United Kingdom in February 2018 is **10,411**.

Date(s)	Sole Practitioner	Partnership	Incorporated Company	Limited Liability Partnership	Other	Total
February 2018	2,433 (23%)	1,763 (17%)	4,626 (44%)	1,551 (15%)	38 (0%)	10411

The European market has a high potential for offering legal translation services. As presented in the table below and according to the Statistics from CCBE, the total number of registered lawyers across Europe is **rising**. That means that the number of potential clients for legal translation services in Europe is higher in the recent years. **Top five countries** in Europe with the highest potential for offering legal translation services were chosen and analysed over the years. In all five countries, the number of lawyers is rising, with **Spain** being the country with the highest number of registered lawyers:

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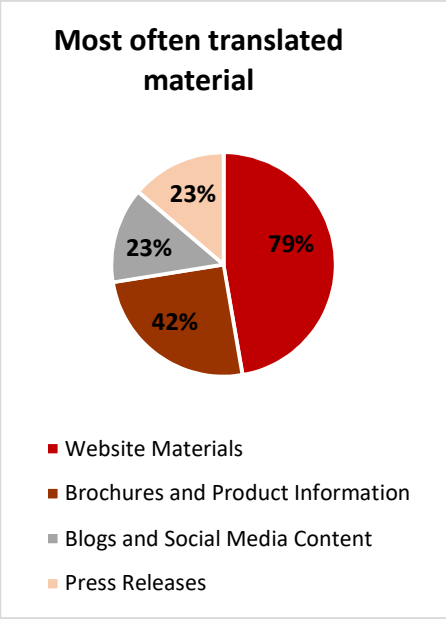
Total number of registered lawyers by country

Country/Year	**2016**	**2015**	**2014**
Spain	**256,117**	253,190	245,874
Italy	N/A	246,786	N/A
United Kingdom	N/A	168,303	N/A
Germany	163,772	N/A	163.690
France	62,073	60,223	58,224

GLOBAL COMPANIES

The importance of translation services for marketing purposes is fuelled by globalization. As companies expand into international markets, their marketing efforts must be translated into relevant promotion messages in order to reach the local audience. A recent survey conducted by surveying 500 marketers that attended Content Marketing World revealed that only **8% of all companies in the global market do not translate any of their content**. If they do use translation, companies do so in an **average of eight languages**.



Regarding the nature of translated materials, documents that are most often translated are **website materials** (79%), **brochures and product information** (42%), blogs and content found on social media (23%) and press releases (23%).

30% of the participants considered the **high costs involved in localization** and the **slow turnaround times** to be the biggest challenges that come with translating. Many respondents also mentioned the **difficulties in keeping a company's message consistent on a global level**; this appears to be a problem for 20% of the surveyed companies.

According to a post on Venga's blog, these are the **key translation services** required by global companies:

- Global Brand Strategy & Audit
- Transcreation/Creative Adaptation
- Digital Asset Localization
- Video Translation

MEDICAL

A 2017 article on Clear Word Translations' website explains the importance of the **100% accuracy demanded** in Medical Translation. Considering that Medicine and Pharmaceutical are both very important industries that people's lives depend on, there is no room for errors. The text must be translated into the target language in a way which is not only technically correct in terms of content, but also in terms of **medical and technical knowledge**.

Knowing the specific terminology and understanding medical concepts is extremely important, especially when it comes to translating the side effects of a drug in patient leaflets. **Chemical terminology** is also required when it comes to translating the composition of a drug for instance. Those who specialize in the field of medical translation also need to have at least a **basic knowledge of Latin**, as many medical terms descend from Latin. Most countries need medical translation for things like labelling associated with medical devices, documents necessary to conduct clinical trials or regulatory approval submissions.

Another post on Day Translations reveals the **key areas where medical translation is needed**, along with the **type of translation:**

Key areas where medical translation is needed:	***Key types of medical translation required:***
• *Website/marketing materials*	• *Academic*
• *Signage*	• *Patient brochures and websites*
• *Patient information and intake forms*	• *Market research*
• *Documents about clinical trials*	• *Medical devices*

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• *Informed consent forms*	• *Patents*
• *Prescription labels*	• *Clinical trial documentation*

More specifically, other top medical translations requests are for the following medical content:

Top medical translations requests

• *Case Report Forms (CRF)*	• *Medical reports, for development agencies working in various emerging countries*
• *Mental health evaluations*	• *Contracts*
• *Training manuals and e-learning materials*	• *Reproductive health literature*
• *Autopsies*	• *Bio-chemistry (vaccine) reports*
• *Drug registration documentation*	• *Instructions for Use (IFU)*
• *Marketing Collateral*	• *Package Inserts and Labels*

Regarding service pricing, the following factors play a big role:

- **Language pair combination** - Languages of a high difficulty, with different alphabets, cost more than European languages. European medical translation rates will normally be between €0.12 and €0.20, while those for Asian and Middle Eastern languages will stand between €0.15 and €0.25.
- **Complexity** - The difficulty of the text that requires translation is another factor that influences the medical translation rates. When it comes to complicated articles, manuals or even books, the translator must understand all the terminology because mistakes can have serious effects on the work of a doctor.
- **Number of words** - According to the translation industry standard, every translation is priced per source word where feasible. Considering that every language has a different number of words, many agencies have a standard fee for a particular language pair.

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- **Time Frame** - Medicine is a demanding field, so translations can take more time. So the shorter is the deadline, the higher are the rates.
- **Additional Services** – Additional services like formatting and proofreading may be charged extra.

FINANCE

Finance and Banking sector plays a vital role in the global trading environment. In order to attain new customers in foreign countries and achieve a high level of consistency, banking and financial service use translation services to make their communication clear and effective. This helps them to strengthen relationships and trust with the potential clients. Accurate translation of financial documents, forms and transactions help them to meet the expectations of their clients and customers easily.

The financial information is very complex and requires **specialized translation**, therefore the industry is dependent on competent language service providers. There is a difference in the banking and insurance concepts across the globe, and formatting, numbering and terminology can be different from country to country.

According to this article financial documents requiring language translation include:

- **Annual audit reports**
- **Income statements and balance sheets**
- **Tax statement**
- **Cash flow statements**
- **Insurance documents**
- **Shareholder communication**

The translation of Banking/Financial documents may be time-consuming and demanding because there are often several hundreds of pages for translation.

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TRAVEL

According to the previously mentioned post by Pangeanic, Travel & Tourism have seen a good rise in their revenue generation with the help of translation services, which allow them to provide services in several different languages. Businesses operating in this sector translate their travel **documents, leaflets, brochures** and **terms and condition documents** in many languages to offer exceptional services to their foreign customers.

The main opportunities for travel translation services are seen in:

- Translating social media content
- Localizing ASO and SEO
- Multilingual mobile applications

TECHNOLOGY

Telecommunications, software, hardware, mobile devices and consumer electronics companies are rapidly tapping into foreign markets in search of a wider client base. To succeed in these global markets, technology translation services are needed in order for companies to ensure that their product or service information is translated seamlessly so that it resonates as intended with the target audience.

According to a post from Global Voices technology translations can be divided in:

- **Translations for Consumer Electronics** - translation of user guides, manuals and other materials to help them enter and capture new markets.
- **Translations for Mobile Devices** - consumers want more information on the go across more platforms and the technology exists translation services are needed so network service, mobile devices and mobile apps work and look great.
- **Hardware Translation Services** - translate user manuals, instructions and related documents that allow them to reach new markets across the globe.
- **Software Translation Services** - the look and feel of the software content must closely reflect the original while the locale, support documentation and interface must be transformed to match the target languages.

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- **Telecommunication Translation** - wireless protocols and networking protocols, telecommunication translation that suits global communication needs.

OTHER MARKETS

Since there is not enough information to do a detailed research how often these industries need translation services and what are the most often translated materials, a list of the industries that can be found on many competitors' websites is presented below.

- Manufacturing
- Oil & Gas
- Aerospace & Defence
- Retail
- Life Science
- Games & Apps
- Agriculture
- Market Research
- Scientific
- Textiles and Flooring
- Chemicals & Plastics
- Environmental
- Fashion.

COMPETITION

When entering a new market, it is very important to understand who the key players in the market are and what they are offering. The competition is divided into the direct competition– companies that offer similar translation services as ABC and indirect competition – companies that offer machine translation services.

DIRECT COMPETITION

When researching for translation companies in the United Kingdom that offer similar services like ABC, 6 companies appeared relevant as direct competition. From the chosen 6 competitors three

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are international translation companies that work internationally and have a large share in the market, and three are smaller translation companies that work in the United Kingdom only and have similar characteristics as ABC. A detailed comparison is presented in the table below:

Company	Language Reach				
Services	**Price**	**Industries**	**Social Media**	**USP/Positioning**	**Market**
Translation Interpreting Transcription Localisation Subtitling Transcreation DTP	N/A	Legal Medical Marketing Financial Technical Website	They have a page on Facebook and Twitter. Very active especially on Twitter.	Their clients are some of the world's best-known companies and organisations.	Present in 16 locations worldwide
Company	Global Voices				
Services	**Price**	**Industries**	**Social Media**	**USP/Positioning**	**Market**
Translation Interpreting Transcription Intellectual Property	N/A	Life Science Translations Manufacturing Translation Consumer Product Translation Legal Translation Games & Apps Financial Technology Oil & Gas	They are active on Facebook and Twitter. Post regularly.	Translation services in many industries that are not available in the competition offer.	They have offices in: United Kingdom France Italy Germany Switzerland Denmark United States
Company	GlobaLexicon				

Services	Price	Industries	Social Media	USP/Positioning	Market
Translation & Localisation Proofreading & Editing Transcreation & Copywriting Coding Transcription Content Analysis Interpreting Voice-over	N/A	Market Research Healthcare & Pharma Consumer & Retail Marketing & Advertising Manufacturing & Engineering Training & Learning Financial Services Media & Entertainment	They are active on Facebook and Twitter. Very active on the social media.	Offer copywriting and content analysis.	They have offices in United Kingdom United States Germany Belgium Spain
Company	ROMO TRANSLATIONS Romo Translations				
Services	**Price**	**Industries**	**Social Media**	**USP/Positioning**	**Market**
Translations Interpreting	N/A	Legal Medical Financial Technical Scientific	They have a page on Facebook and Twitter.	Offers translation equipment.	They have offices in United Kingdom
Company	LanguageLine Solutions® LanguageLine Solutions				
Services	**Price**	**Industries**	**Social Media**	**USP/Positioning**	**Market**

Translation Interpretation	N/A	Manufacturing Insurance Services Marketing and Public Relations Agencies Customer Goods Financial Services Legal Services Import and Export Services Travel and Tourism	They have pages on Twitter and Facebook.	Offer telephone interpreting support and translation services.	They have offices in United Kingdom
Company	Nova Translations				
Services	**Price**	**Industries**	**Social Media Campaign**	**USP/Positioning**	**Market**
Translation Interpreting Transcription Editing/Proof reading Desktop Publishing	N/A	Life Sciences Legal Medical Technical/Manufacturing Marketing	They have pages on Facebook and Twitter. Not very active	N/A	They have offices in United Kingdom

INDIRECT COMPETITION

Indirect competition for companies that offer translation services are companies that offer machine translation services. Machine translation (MT) is a translation service that uses machines to translate from one language to another. Today, machine translation is not considered accurate enough to be used instead of a human. A translator must still incorporate an editing and correction. This service is very good for clients who require very quick low-cost informational translations for internal purposes. For quick translations of internal documentation for information purposes, MT is a highly effective service, but for market purposes, a human translation is recommended in

order to ensure any serious translation project has the quality that international businesses demand from their consumer-facing collateral.

Some companies that are offering this service in the United Kingdom are:

- Pangeanic
- Wolfestone Translation Ltd
- Brightlines Translation Ltd

EXECUTIVE SUMMARY

From the conducted research, it can be concluded that the expansion of ABCis highly recommended, considering the many opportunities presented in the research. With the global language industry forecast to grow at an annual growth rate of **6.97%** and expected to reach **$47.46 billion by 2021**, the industry forecast is extremely positive. European countries are a good choice for expansion with their strong economies and variety of spoken languages. Considering the potential industries that could be served, the choice is wide and demand is forecast to grow, fuelled by globalization. **International companies** are a big market segment with a **growing demand** for translation and localization services that help them succeed in foreign markets and bring their promotional message closer to foreign customers. As stated before, the most often translated material are websites, brochures, product information and social media content.

The **legal industry** has the highest potential, with the number of legal enterprises in Europe increasing each day. According to Statistics from CCBE, **Spain** is the best European market for serving the legal industry.

Medicine and Pharmaceutical are both strong industries in need of translation services but may be challenging due to the **technical knowledge** required and the pressure of **100% accuracy**.

The growth of the **Travel industry** in the past years has made this segment the **key emerging market**, with the accessibility and fast adoption of the internet globally being the main reasons for many travel agencies going online. Every company's attempt to make it on an international market is an opportunity for companies like ABC.

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Finance and Technology both require **specialized translation services** of various translational materials.

Considering the positive business climate, it is only logical for the market to be a highly competitive landscape, with many UK and global companies entering the market each day. However, the market's absorption power allows enough market share for every company to succeed. **Differentiation** is the key to attract customers and gain customer loyalty. Although many companies offer services for a number of industries, **specialization** may be a good choice for entering a new market. For example, if Spain is the best market for legal services, the company can position themselves as the experts in legal services in Spain. That way, every market's demand can be appropriately answered, the company's more likely to succeed in a very fast time and eventually expand to more industries on the same market.

Since globalization is the biggest trend these days, almost every industry is influenced by it and the number of companies that expand internationally is increasing every day. Although the previously mentioned industries are recommended by several sources as the ones with the highest potential, if the company chooses to serve a niche industry where no competition is present, the success could be guaranteed.

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