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## Translation in transition: A comparison of Western and Chinese language markets

**After decades of helping international companies adjust their products to local requirements, the language industry itself might be in for some adapting. An emerging Chinese industry challenges translation companies in the US and Europe.**

Less than ten years ago, if you were a multinational company, a small boutique firm or an independent consultant seeking translation assistance, you would likely seek services provided in the US or Europe. For years, the West has been the leading provider of language services, known for attention to detail, quality control, education and expertise.

In October 2014, however, news outlets published the long-anticipated headlines that China had surpassed the United States GDP in purchasing power parity (Bird, 2014; *China surpasses US*). To the majority of economists and citizens alike, this news came as no surprise, yet the incredible rate at which the Chinese economy had been able to maneuver such gains has created a ripple effect in industries around the globe.

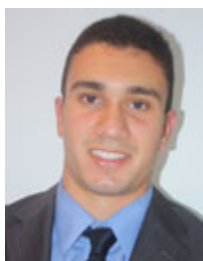
Of course, our particular interest is the language services industry, which has experienced a significant disruption as translation services have emerged and expanded in China. China's presence in the market has brought many new elements to the industry: lower prices, the outsourcing of translation projects originally sourced in-country, a focus on machine translation, and an increased speed in project turnover. As with any major shift in any given industry, this period of transition has posed both opportunities and challenges to the translation services sector and has led us to ask the question: what are our translation needs and how is the industry evolving?

With globalization and an increased need for the translation industry (expected to grow to \$47 billion by 2018, Common Sense Advisory), China's emerging market is forcing the translation industry to adapt global standards and reevaluate that fine balance between quality and speed. A closer look at



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language service industries in emerging China, compared to those historically provided in the US and Europe, allows us to distinguish both the differences between the services and the clues regarding the future of this ever-diversifying industry.

## The roots of the translation industry in Europe and the US

Ask anyone in the field of translation and they will tell you that the largest slice of the language industry pie has historically belonged to the US and Europe. With language diversity, deeply varied cultural knowledge, strong customer service and a strong demand for English translation, both locations have been well-primed to lead the industry. Historically, translation services in Europe have also been advantageous for translating into the commonly sought-out "FIGS" (French, Italian, German and Spanish) (*The Economist*, 2015).

According to Common Sense Advisory's 2015 report on the Language Services Industry, over half of the \$38.16 billion industry was dominated by Europe alone in 2015. An independent consulting and research firm founded in 2001, the Common Sense Advisory (CSA) has tactically maneuvered to fill the niche void of the language services market at the cusp of the globalization movement. At its genesis, the global language market was only a third of its size, at around \$11 billion in value. Only a few other companies such as Allied Business Intelligence published documented analysis on the market (*Daelmans*, 2008).

While Europe has dominated the market this year, the top Language Services Provider for 2015, Lionbridge Technologies, Inc., is based in the United States. Lionbridge has been in the top ten for the past eleven years. Throughout the history of CSA's reporting, the US and Europe have led the industry. Europe is also known for having developed key measures for quality control, including the EN 15038 standard developed in Europe for service providers (*Wikipedia*). A peek at industry trends of the past five years shows North America owning a consistently large percentage of market control, almost matched with the whole of Europe (North, South, East and West, as indicated in the chart below).

As of 2011, Common Sense Advisory calculates that the language services market is growing at an annual rate of 7.41 percent.

Region	Market share (%)	2010 (US\$ M)	2011 (US\$ M)	2012 (US\$ M)	2013 (US\$ M)	2014 (US\$ M)
North America	49.25	14,415	15,483	16,631	17,864	19,188
Western Europe	21.13	6,186	6,644	7,137	7,666	8,234
Northern Europe	12.71	3,720	3,995	4,292	4,610	4,951
Asia	7.43	2,175	2,336	2,509	2,695	2,895
Southern Europe	5.39	1,577	1,694	1,820	1,955	2,100
Eastern Europe	2.84	832	894	960	1,031	1,107
Oceania	0.66	192	207	222	238	256
Latin America	0.32	95	102	110	118	126
Africa	0.26	77	83	89	96	103
Growth totals	100	29,268	31,438	33,768	36,271	38,960

Table 1: Projected language services revenues and regional distribution

Source: Common Sense Advisory, Inc.

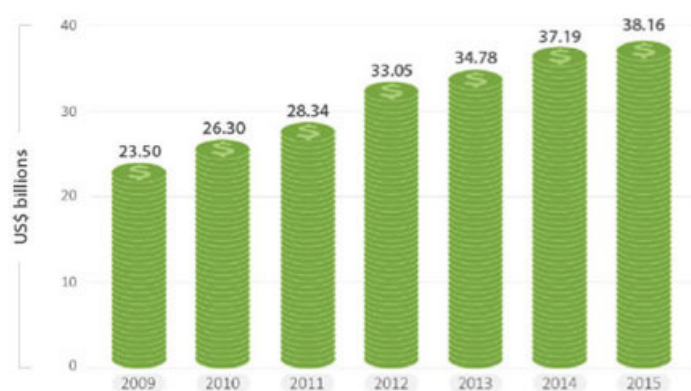
A closer look at the translation industry in the US and Europe reveals just how far it has come over the years. The US Bureau of Labor Statistics shows that the number of jobs for translators and interpreters in 2010 was 58,400, a number that is expected to increase by 42 percent between 2010 and 2020. The American Translators Association, founded in 1959, is now the leading professional organization of translators and interpreters in the US and boasts over 10,000 members in over 90 countries. In addition, there are a handful of national associations as well as regional state and local organizations. The European Union is reported by the Commission as comprising over 103 associations of translators and interpreters, and the Union is extremely invested in examining and developing this sector, as evidenced by the 2012 report released by the European Commission titled "The Status of the Translation Profession in the European Union".

While the trends clearly point to increased growth in the US and Europe, the global industry as a whole is expected to grow by 6.46 percent (Common Sense Advisory), and attention is focused on Asian industry growth, particularly in China. What was once an industry dominated by two major players is now beginning to shift and both clientele and market analysts are taking notice.

## China emerges

China's rise to economic prominence came quite easily: all the country had to do is offer foreign access to capital and allow the labor market to maintain cheap costs (*China's Production Costs*, 2015). This mechanism became incredibly lucrative and was cloned and implemented across all industries at various scales including the language services market. According to the Translators Association of China (TAC), market-oriented translation services started appearing in the country in the late 1990's. Although TAC was established in 1982, it served more as an academic membership institution in its early years rather than a translation hub for Chinese professionals. In the early 1990's, translation rates were less than half of those of European and North American competitors, and the turnover rate for projects was extremely timely.

Language Market Growth, 2009 to 2015



*Figure 1: Language Market Growth from 2009-2015 as reported by Common Sense Advisory.*

Tracking the size and the growth of the Chinese language service industry has been a challenge. While the industry growth as a whole has been continuously followed and studied by CSA (see chart below), variance in reports by the Chinese language service industry have made it difficult to pinpoint the exact rate at which the sector is growing. The *Report on China's Translation Industry* by TAC reported that from 2012 to 2013, China had 18,778 new companies providing language-based services, with an average annual increase of up to 25 percent. The 2012 report by TAC on revenue generated by the language services sector for the previous year estimated the industry at \$11 billion. Others in the industry have disputed this claim, estimating the figure to be lower. However, the growth of the industry is indisputable.

## **Interpreting the patterns: East vs. West**

In examining the industries in the East and the West, two major differences point to interesting indicators for the future of the industry. First, the industries vary greatly in age and quality control. The US and Europe have clearly paved a path for the industry based on quality, standard-setting and information sharing. China, whose industry emerged just recently in the late 1990's, is in the midst of creating its own standards, industry history and building its own associations for information sharing, which will inevitably intersect with those standards already set by the West.

Although China's industry is emerging, it is clear that the quality control and customer service offered in the US and Europe is currently unparalleled and highly valued by language service clients. Quick response rates, 24/7 support and convenient time zones keep the West highly competitive as they continue to dominate the industry. As China's language services sector grows, it will be important for the country to focus on strengthening its translator associations, methods of communication, translator development programs, reporting on quality control, and customer services.

Second, China's emergence in the industry has highlighted both the importance and the risks of focusing on project turnaround time and price in an industry historically focused on quality. This attention to price and speed of translation services, which concerns clients at all levels, has led to invigorated efforts to bring down costs in addition to a market-wide increased attentiveness to quality at various price points. However, it has also led to important industry discussions around quality standards across the sector. China's focus has been primarily on machine translation and post-editing, a less costly and more efficient process. That being said, the process also allows for far higher human error in the final product. The US and Europe primarily apply the traditional process of human translation and CAT (computer-assisted translation) tools to achieve a more

accurate, more finely tuned translation. Growth in the sector continues to recognize the importance of quality and human translation traditionally offered in the US and Europe; however, China brings business into the conversation as well. China's language service industry certainly fills an important role in a rapidly globalizing world with its ability to accommodate quick project turnaround and an attention to varied language service budgets. It is important, however, to recognize the continued demand for the historical quality that the industry is known for, a key element that is unlikely to fade despite other less costly options.

As the world changes and new technologies create an increasingly high-speed and connected world, translation needs have become more multifaceted than ever. No one can predict what the future will hold, but it will likely be a combination of techniques and strategies used both in the East and the West, incorporating the need for speed and budget and the importance of quality, customer service and localization. Which is all to say that the translation industry is doing quite a bit of translating itself to fit and adapt to the modernized world – one more in need of translation services than ever.