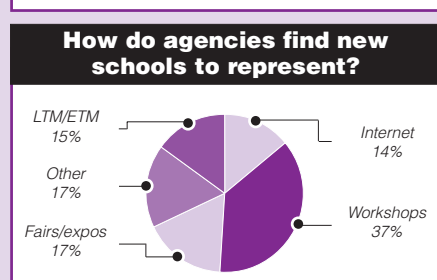
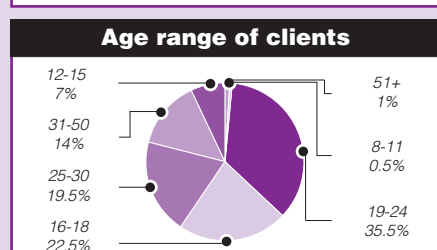
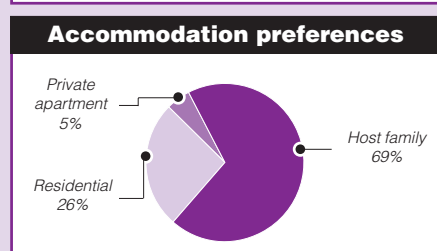
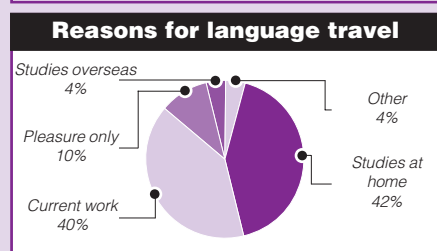
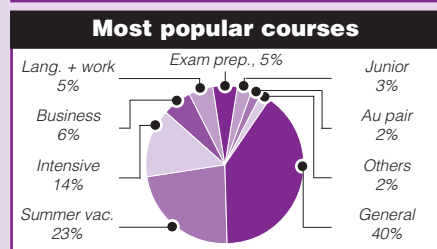
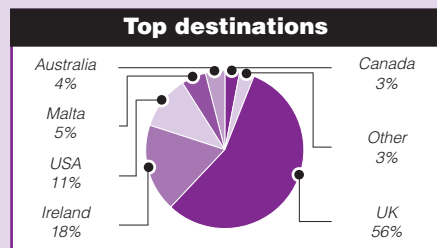


Italy looks to future

This issue's survey of Italian agents yielded mixed results, with individual agents experiencing differing fortunes in 2003. Overall, however, the market showed signs of growth last year and indications are that continued growth is likely in the future.



Key points

- The total number of students placed by the 10 agencies in our survey was 1,655
- Individual agencies placed between 20 and 350 students on language courses in 2003
- Average growth of combined agency business in 2003 was three per cent
- Average length of stay for Italian students was 2.8 weeks
- Commission rates varied from 15 to 22 per cent, averaging out at 18 per cent
- Three agents charged students a handling fee, from €40 (US\$47) to €100 (US\$118)
- The average spend on tuition and accommodation per week was US\$378
- Fifty-four per cent of agency clients found out about their agency by word-of-mouth

Market growth

Although the outgoing student market in Italy experienced muted growth in 2003, this was a more favourable performance than in the previous year when agencies reported an overall decline in business of 5.2 per cent (see *Language Travel Magazine*, April 2003, pages 12-13). In this issue's survey, 60 per cent of our respondents noticed an increase in their business in 2003, while a further 20 per cent said that student numbers remained the same. Reasons given for any decline in business included an increase in direct bookings due to the Internet, increased competition and high airfares.

Student trends

A slightly higher percentage of our agencies' clients were undertaking a language course for further studies overseas last year, with eight per cent of students claiming this as their motivation compared with just four per cent in 2002. The majority of students were studying for current work or further studies at home, in keeping with the results from our previous survey. The average length of stay for Italian students, at just 2.8 weeks, remained short.

Language and destination trends

Many agencies commented that the English language was becoming increasingly important for Italian students, either due to work requirements or because of university study. Therefore, it comes as no surprise to find that 87 per cent of agency clients chose to learn English on their language course abroad. A further six per cent chose to learn Spanish and three per cent each chose French and German. When it came to destination choices, a far larger proportion of agency clients chose to study in the UK last year, with 56 per cent travelling to this country, compared with 40 per cent in 2002. Ireland and the USA were the second and third most popular choices.

Agency business

Agencies relied heavily on word-of-mouth recommendation to reach new clients in 2003, with over half of total agency business coming this way. The Internet was the next most important method of attracting new business, accounting for 22 per cent of new clients, while mailshots and advertising in the press were responsible for attracting 10 per cent and four per cent of clients respectively. The majority – 77 per cent – of overall business in 2003 came from individuals, with 14 per cent of bookings for groups and nine per cent for business clients.

Forecast for 2004

Although combined agency growth was only three per cent in 2003, the majority of agencies were looking to the future with optimism. Sixty per cent of respondents said that they expected their business to grow during the rest of 2004, with a recovery of the economy and more direct European air routes given as factors that will help the market recovery. One agency also forecast that there would be an increase in interest for work experience programmes among Italian students.

Economic overview

- Italy's economy grew by 0.3% last year after experiencing decreases in the first two quarters, growth in the third and stagnation in the fourth. Activity remained particularly weak in the manufacturing sector in 2003 and over the last three years the index of industrial production in Italy has fallen by 3%.

- Central government net borrowing amounted to 2.4% of GDP in 2003, edging upwards from 2.3% in 2002. Interest payments declined from 5.8% to 5.3% of GDP.

- Recent indicators show that the Italian economy has remained weak during the early months of 2004. The latest figures suggest that Italy's GDP will grow by around 1% this year, mainly as a result of an increase in domestic demand.

Source: Banca D'Italia

