

What next for language travel?

Language travel is on the increase in many student source countries worldwide, while destination choice and the variety of products available is growing. JAN CAPPER takes a look at the industry as a whole and gauges recent trends.

A healthy global economy and restored confidence in international travel have made 2007 a good year for most of the language travel industry. The World Tourism Organisation (UNWTO) expects worldwide tourism growth to exceed the four per cent forecast in 2007, with "increasing disposable income and factors such as the continued development of low-cost airlines making travel available for larger shares of population". Demand for overseas language education is unabated. "Young people realise they need to be fluent in at least one, if not two or three, foreign languages in order to be competitive in the international job market," says Mats Ulenius, Vice President of EF Academic Programs at global school chain, EF, which has seen student numbers "soar" at its schools around the world in the last five years.

Optimism among schools

This optimism is echoed throughout the language travel industry. In the fourth annual member survey conducted in 2007 by the Association of Language Travel Organisations (Alto), whose members include agents and schools, respondents expect seven-to-eight per cent year-on-year growth over the next three years. Their confidence is supported by figures and anecdotal evidence from many national school associations. "The overall health of the Australian industry is very good," says Sue Blundell, Executive Director of English Australia, which posted a 21 per cent increase in student numbers and 17 per cent increase in student weeks in 2006. The Canadian Association of Private Language Schools (Capls) reports steady growth since 2003, while the Asociacion Mexicana de Institutos de Espanol (AMIE) claims 10 per cent growth from 2005 to 2006.

The market for Spanish in Spain is also growing "slowly", according to the Federacion de Escuelas de Espanol como Lengua Extranjera (Fedele), while the Association of Schools of Italian as a Second Language (Asils) expects numbers travelling to Italy for Italian language study to rise. "Other European languages are getting more important besides English," confirms Barbara Jaeschke, Managing Director of the German agency GLS Sprachreisen. Meanwhile, the US inbound market continues its recovery, aided by a weak dollar, faster visa processing times and higher visa approval rates. After several hard years, Kim Renner, Secretary of English New Zealand, reports "steady demand" for

English in New Zealand. Of those surveyed, only Souffle, the French language school association, is witnessing a gradual decline in numbers learning French in France.

The agents' view

In the outbound markets, the effect of falling outbound study travel from Japan has been tempered by burgeoning economies elsewhere in Asia, notably South Korea and China. Japan looks set to remain an important market – despite its decline. But a falling population and the introduction of English at primary school level are reducing demand for language study abroad. Speaking at a seminar on the Japanese market at the World Youth and Student Travel Conference in October 2006, Sonoe Mifune, General Manager of Wish International, noted that Japanese agencies were increasingly targeting baby boomers or "new seniors".

In Europe, the number of Spanish students travelling overseas to learn a language surged in 2007, as parents took advantage of newly introduced government grants for short-term English language study within the European Union, with Ireland one of the main beneficiaries. The German economic recovery is on track, while Italy appears consistently in the Alto survey's top seven source markets. Werner Metzenbauer, Sales Director of Metzenbauer & Co in Switzerland, reports steady demand from clients and expects the market in Switzerland to stay "positive for the next five years". Other student provider markets and regions tipped for growth in the near future are Russia and the new members of the European Union, Brazil and Latin America, Saudi Arabia and the Middle East. Greater agent confidence in these regions is reflected in an increased focus on forging partnerships with new schools.

Destination trends

Among the up-and-coming destination countries, Malta's rise continues. John Dimech, President of the Federation of English Language Teaching



A bright future for agencies?

"We see the agents as our most important sales channel, and also the most rapidly growing channel," says Mats Ulenius of international school chain, EF. Agents add value through services and counselling, while the Internet is increasingly cluttered. "Schools that have learned to use [the Internet] effectively would probably go against the trend, but a good number of agents are investing heavily and controlling the online channels," says Andrew Mangion of EC. Figures suggest that the Internet is now the main

source of recruitment for agents, accounting for over 30 per cent of bookings, while around 60 per cent of school bookings come through agents.

But agents still miss out on long-term bookings. In the 2007 Alto survey, just nine per cent of agent course bookings were for one to three months, compared with 42 per cent of course bookings for schools. By contrast, teenage bookings, both group and individual, are more likely to be made through agencies. "We have seen a large increase in the number of bookings for teen programmes," says Leo Rodriguez of Lingua Service Worldwide in the USA. "I

think it is a question of parents feeling more secure [booking] through an agent."

Nevertheless, Rodriguez is pessimistic about the future, predicting that US agencies will go the way of travel agencies and slowly disappear. "US customers don't hesitate to use the Internet for purchases, and this is no exception," he says. Rodriguez thinks competition from "discount Internet agencies" contributes to the problem and that schools take a risk in dealing with them. "They are probably losing direct bookings and revenue, and in the long run they will also lose regular agents," he says.

Organisations of Malta (Feltom), says Maltese ELT "has constantly increased by an average of nine per cent for the past 10 years." With the opening of several schools in Cape Town by school chains, a favourable currency, climate and tourist attractions, South Africa is also thriving. "We expect continued growth, especially with the focus on the country for the 2010 World Cup," says Jane Diesel of Inlingua in Cape Town.


China, which hosts the 2008 Olympic Games, is tipped as the destination country likely to see the greatest increase in student numbers in the immediate future. "The Chinese training business has developed very rapidly over the last three years, more than 50 per cent increase each year. We expect a 30 per cent increase each year in 2008-2010," says Jasmine Bian, Managing Director of Mandarin House, which has schools in Shanghai and Beijing.

Figures provided by the associations, suggest that close to 70 per cent of language travel customers are aged between 18 and 30 years. Despite a solid niche market for executive language training and some success at packaging programmes for seniors, young people under the age of 30 are likely to remain the core market for language and educational study abroad for the foreseeable future.

The relative importance of individual outbound markets and destination countries to each other will continue to be determined by a mix of factors including proximity, exchange rates, flight availability, trade relations and the destination country's education system among others. While some factors lie outside the control of the language travel industry, there is broad consensus that more pressure could be exerted on governments to relax visa regulations and boost the number of students able to study abroad.

Forces for change

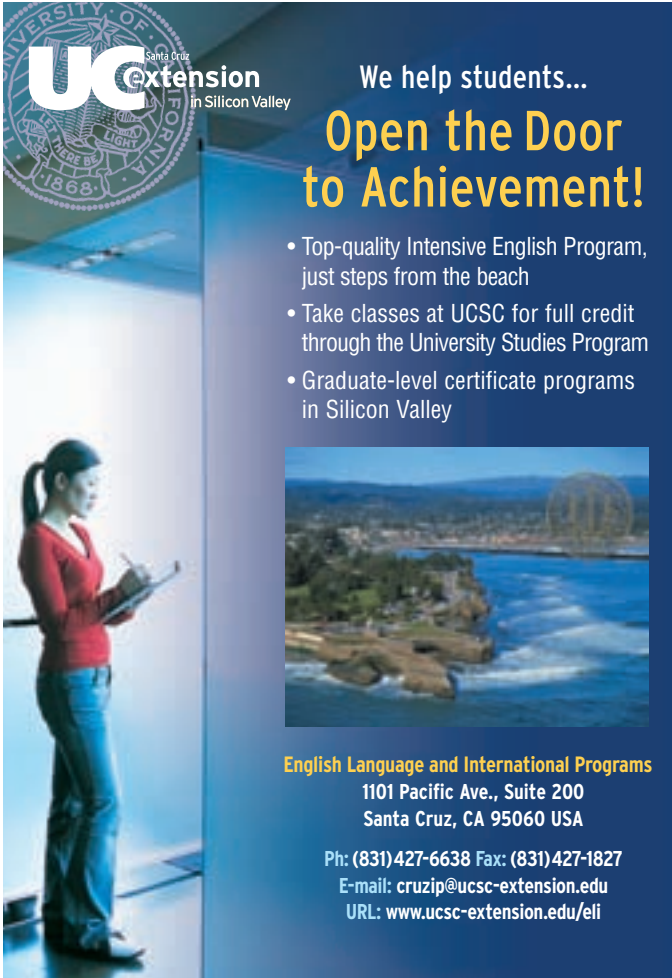
"The visa issue is one of the biggest problems and opportunities," says Andrew Mangion, Chief Executive Officer of international language school chain EC. "It is difficult to invest in a country where you don't know if students will be let through. We need a strong, unified lobby internationally."



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Diversifying into other educational and travel products is one way of surviving. Up to 52 per cent of the turnover of the survey respondents already comes from products other than language travel. Chris Pringle at Kingslanguage.com thinks agents could do more with online courses. "My understanding is that for every 10 students who enquire to an agent about a language travel course, only one actually makes a purchase. An agent could sell those other nine an online course, keep them 'in play' and offer them a travel course when they were ready."

agents and schools. In countries where growth has stalled, such as France, schools can only increase their turnover by winning share from other schools – a trend likely to lead to closures.

Mangion detects a shift in customer expectations of their study abroad experience: "People want quality, value-for-money and value across the board – in buildings, facilities, location, broadband access and computers," he says. EC's installation of an air conditioning system for a six-week summer junior programme at a cost of UK£25,000 (US\$50,792) reflects the trend towards more investment in the industry.

A maturing industry can expect to see product diversification, so the growth of language plus programmes aimed at particular age groups is likely to continue. But these products will remain a small part of the market. "In the end, people are looking to strengthen their skills in the language. General courses remain our bread-and-butter products," confirms Mangion.

But work experience is different. It has reached a genuinely new market segment, while also offering an attractive alternative to the traditional long-term course in mature markets. It is the biggest growth product in the Japanese market, according to Mifune, while Metzenbauer confirms that demand has risen in Switzerland too,

There may be other threats to a prosperous language travel industry. In more mature markets, price discounting shows little sign of abating. A growing number of Internet agencies are selling below the school price, putting pressure on other

particularly for language study with paid work and internship programmes in Australia.

Fears that online language learning will cut into the market for study abroad appear to be unfounded. "Online learning develops a community of learners who may one day buy a language travel product," counters Chris Pringle, Director of Kingslanguage.com, the online product of the Frances King School of English in London, UK.

The future

Ulenius expects the big brands to win further market share, a view endorsed by Leo Rodriguez, President of the independent agency Lingua Service Worldwide in the USA. When the US agencies were hit by a combination of terrorism, war and economic downturn, companies with a strong European customer base were able to invest heavily in Internet development and advertising in the US market. "We simply were not able to compete," Rodriguez says.

In the coming decade, Ulenius predicts the rise of instant booking confirmation via the Internet through booking systems such as Amadeus Vista and extranets run by large language school organisations. Global distribution systems have been a feature of the travel industry for many years, but have as yet failed to catch on in the language travel industry, perhaps due to their complex nature. Could this be the next major step for study abroad?



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