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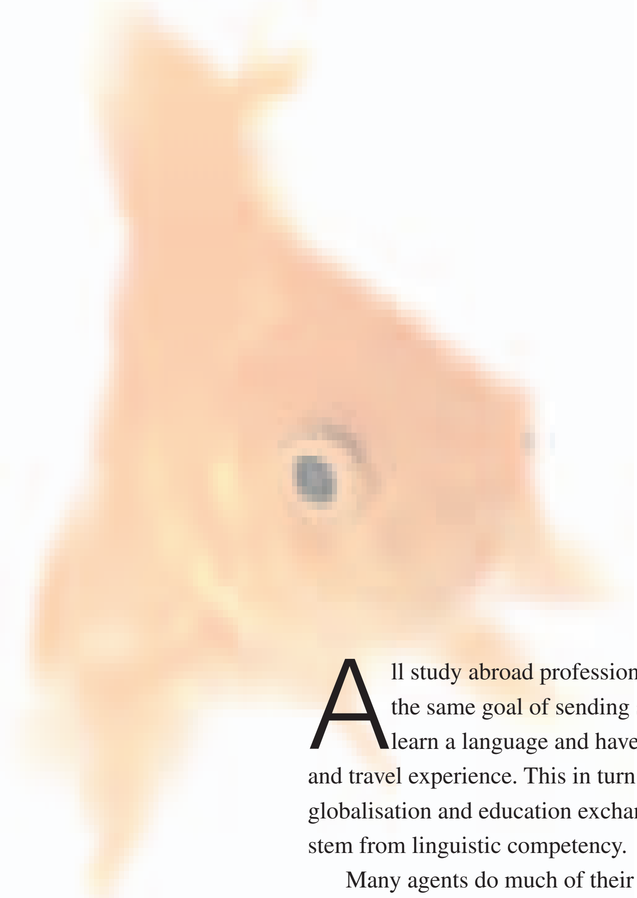
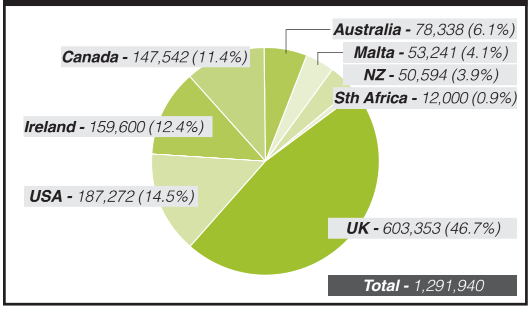
Language Travel M

Size and scale

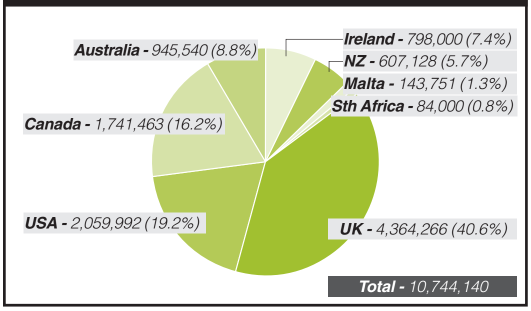
language teaching (ELT) market is increasingly recognised by
nd the world as a profitable industry, which often acts as a springboard
ducation for international students. However, global studies about trends
ed by the sector are scarce. Using data sources from around the world,
lagazine estimates trends for the ELT market in 2003.



1. Global English language market by student numbers 2003



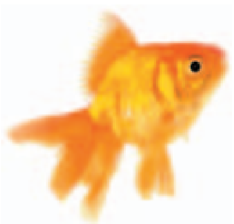
2. Global English language market by student weeks 2003



All study abroad professionals work towards the same goal of sending students overseas to learn a language and have an enriching study and travel experience. This in turn contributes to the globalisation and education exchange possibilities that stem from linguistic competency.

Many agents do much of their business with the English language teaching sector, yet agents and schools alike often do not have a clear idea of the bigger picture: the size and scale of the market they are operating in. For the second time, *Language Travel Magazine* has worked with industry commentators around the world to try and build up a picture of the global English language teaching market, to allow you to see how the efforts of each country to attract market share are pitted against current trends as to where students study.

Our methods of calculating market share, explained in detail on our website alongside this feature (www.hothousemedia.com), have varied for some countries depending on the most up-to-date information available. Therefore, the results of this year's analysis, compared with our picture of the global ELT market in 2002 (see *Language Travel Magazine*, August 2003, page 26), are not always directly comparable. In particular, we believe our estimation for the UK's market share by student numbers was conservative last year.

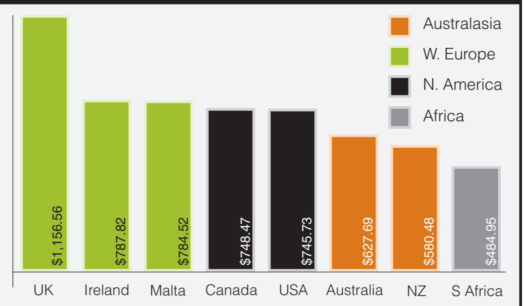


However, our results nevertheless offer a fascinating insight into how countries operate alongside each other. It seems clear that the UK remains the most dominant market within the global ELT industry, attracting well over one-third of all English language students who choose to study in an English-speaking country. Its market share has in fact increased on our estimations for last year, accounting for 40 per cent of all total student weeks.

Market share

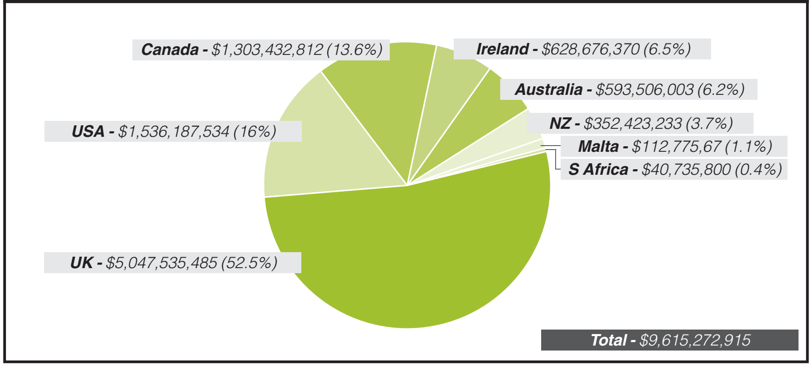
In terms of market share, the most accurate way of analysing student volume is to assess total student weeks in each market. This measure reflects both the number of students arriving in a country to study English, and the length of time that each student studies at a school while in the country.

3. Average spend per week per ELT student, by country, 2003*



* spend includes money spent on tuition, accommodation and other, including shopping, entertainment, food, travel, etc.

4. Estimated total revenue for the ELT industry by country, 2003



The average length of stay per student is certainly influenced by the host country's geographical location and its main student provider countries. If a long-haul flight is the normal mode of travel for the majority of a country's English language student population, then there will be a tendency to stay for a longer period of study once in the country.

Other factors affecting average length of stay include the age of ELT students in a country and the tendency to continue into mainstream academic studies. For example, in Malta, the preponderance of junior, vacation-oriented ELT students is reflected in the average length of stay of 2.7 weeks per student. In the UK, a lower average stay than in the USA or Canada, for example, is explained by the short-haul European market that accounts for a significant number of students at UK schools, especially in the summer season.

Because the number of students arriving in the UK to study English last year is estimated to be so much higher than in other countries, the UK remains the leader in terms of market share of student weeks, despite an overall average stay of 7.2 weeks.

The USA, Canada, Australia and New Zealand all have a higher average stay per student (see fig. 5, page 25) with the USA claiming second position in terms of total student weeks, just ahead of Canada, with 19.2 per cent market share compared with Canada's

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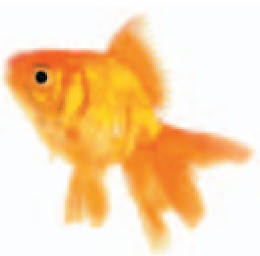
16.2 per cent. Australia is in fourth position, followed by Ireland, then Malta and finally South Africa, which has just 0.8 per cent of the global ELT market share by student weeks.

Changes year on year



The USA retained second position in terms of volume of ELT students taught in 2003, but our analysis indicates that Canada maintained a more consistent student volume, year on year. Our processes for coming up with a figure for the Canadian market differed on last year's methodology, however, so again direct comparisons are not really possible. Data for the Canadian market is notoriously difficult to obtain, although we are grateful to Simon Williams at the Department of Foreign Affairs and International Trade, among others, for input this year.

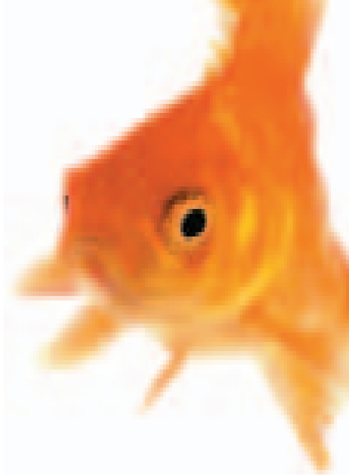
Certainly, both the USA and Canada experienced difficulties in the operating environment last year, such as a fallout in student numbers in Canada due to Sars and a drop-off in student visitors to the USA because of stricter visa rules (see *Language Travel Magazine,* September 2004, page 17 and July 2004, page 19), so it is difficult to estimate if one market has suffered more than the other.

Australia's market share, at 8.8 per cent, has also declined narrowly on 2002, according to our data. Australia's own analysis indicates a slight increase in average length of stay for English language students year on year, according to the Environmetrics study produced for English Australia, although a minor reduction in overall numbers. Our analysis confirms that Australia remains in fourth position in terms of overall student weeks taught.

Next up is Ireland, which actually accepts more individual ELT students per year than Australia and Canada, although the short five-week average length of stay means that the total student weeks figure is lower. Our latest market information indicates the proportion of business accounted for by the junior sector in Ireland is higher than our estimate last year. This means our estimate for the entire market has increased, pushing up overall figures for student numbers in Ireland. It follows that the market share by weeks has increased slightly on last year.

New Zealand, in sixth position, had a very difficult year in 2003, with one school representative labelling it "the year from hell for the private English language teaching industry" (see *Language Travel Magazine*, March 2004, pages 22-23). Our figures for student numbers in New Zealand come from a good source and are comprehensive. The national data available indicates that student numbers dropped year on year. Our student weeks total has dropped too.

Malta and South Africa also decreased in terms of market share by student weeks. In terms of actual student weeks, however, South Africa remained on an even keel when compared with our calculations for total student weeks in the country last year, while



Malta's student weeks – influenced by a much lower (and more accurate) average stay figure this year – decreased more significantly.

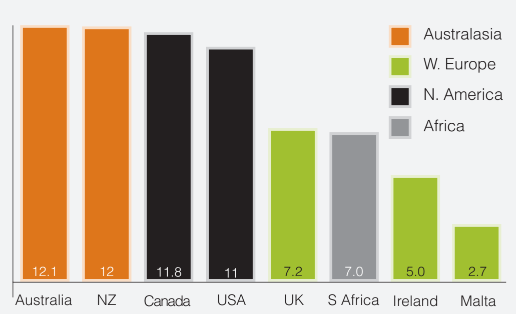
Share and value by revenue

Revenue is another way of looking at market share by country. The prices charged to students for tuition and accommodation will differ according to country, although we believe student spending patterns to be similar across all markets, in terms of the additional spend on top of tuition and accommodation. It is useful to look at the global ELT market in terms of overall revenue generated to give an indication of what the industry is worth. It also reveals which destinations are most expensive for international students.

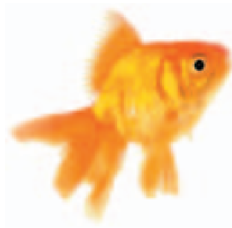
The entire ELT industry is valued at just over US$9.6 billion. The formula used to calculate the financial value of English language students is the same as last year (see website) and indicates that the value of the industry increased in 2003, from US$7.5 billion in 2002 to around US$9.6 billion.

Looking at a country's market share by revenue, the UK increased its lead on its competitors (see fig. 4). All prices used to calculate this table were in US$ and converted on the same day, but the UK's result reflects the strength of the pound sterling against other currencies, to some extent, in that the UK charges students a higher comparable price for tuition and accommodation, which leads to a higher overall spend per student.

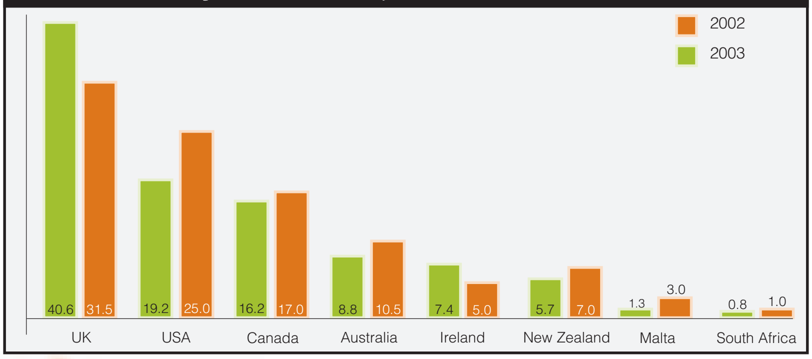
5. Average length of stay in weeks per country*



* figures adjusted to reflect junior/adult and state/private sector weightings where possible



6. Market share by student weeks, 2002 and 2003



Because Australia is slightly cheaper than other destinations and, therefore, overall spend is lower, its market share by revenue dropped, taking it just below Ireland in terms of the most significant ELT providers by revenue share.

Apart from in the UK, it is interesting to see that typical student spending in a country is similar in a number of countries, notably in the USA and Canada, Ireland and Malta (see fig.3). The lowest average spend per student is in South Africa, with New Zealand and then Australia the next seemingly cheaper destinations, in that average spend is lower.

Industry opinions

While Australia's price advantage may indeed be a lure for ELT students, Sue Blundell at English Australia notes that the strengthening Australian dollar is believed to have contributed to a slowdown in growth in student numbers in 2003. She adds that among the ELT student population, student visa holders – that is,

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those studying for more than three months – increased in number in 2003, while the number of short-term ELT students on visitor visas dropped by 25 per cent.

"This pattern could be interpreted as a reluctance to travel where the reason is not necessary as part of a long-term study plan," says Blundell. "I believe the global environment of the last two years has acted as a deterrent to large numbers of this profile of student for whom English language study is discretionary." Restrictive factors in the last two years include the Sars outbreak, dwindling economies – particularly in Latin America – the rising value of currency in certain ELT teaching markets, and global uncertainty or unrest due to terrorism concerns.

Blundell points to a further issue hindering student growth for Australia: visa issuance. "For a number of markets, the student visa regime remains a significant hurdle for students to jump," she says. Her concern is echoed by industry sources in other ELT countries. In the USA, Past-President of the American Association of Intensive English Programs (AAIEP), Kelly Franklin, says that the two key issues facing US ELT providers are "the tense world situation, followed by the continued stringent policies of the US government towards visa issuance". And Linda Auzins at the Canadian Association of Private Language Schools (Capls) observes, "immigration barriers to access are restricting the growth of the ELT industry in Canada".

The ELT industry is changing rapidly, and trends within the overall market have already evolved quite considerably in the last 10 years, as new countries have entered the marketplace and aggressively marketed for students. Stuart Boag at Education New Zealand is keenly aware of global competition. "Our products and institutions are first class, but New Zealand is not always top of mind for many potential students," he says. "A key challenge for New Zealand as a whole is to 'get on the radar', especially in newer markets [for us]."

Visa issuance seems certain to shape trends in years to come. In Korea, Yong-Nae Kim, President of the Korea Overseas Study Association (Kosa), observes that price and ease of visa issuance influence students. He adds that student motivation for study abroad is moving from ELT to undergraduate degree. "The decline in demand for general English will continue," he suggests. "We need to develop more special programmes to allow students to have more diverse experiences." Kim also reveals competition from new quarters. "China has become very popular, because it is not expensive to study there compared with English-speaking countries, while the demand for Chinese has increased," he says. "This phenomenon will continue for a while. For the North American countries, they will continue to lose their popularity if they stick to their demanding visa procedures."

In Brazil and in Thailand, agency associations also testify that price, visa issuance and, importantly, the ability to work in a country, will be key factors in shaping future trends. And Tongchit Lawvinitnun of the Thai International Education Consultants Association (Tieca) adds, "Students are increasingly more interested in second and third languages in countries such as China, Germany and France." □