

Panel looks at the growth of online booking in language travel

4 Jun 2014

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A fascinating panel at the April 2014 IALC Workshop in Brisbane explored [the future of online booking in study travel](#).

Moderated by Jean-Marc Alberola, President of [Bridge](#), it comprised four industry leaders:

- Mauricio Pucci, CEO of the [Information Planet](#) agency network, who is separately developing a global distribution system for study travel, to be trialed later this year;
- Barbara Jaeschke, managing director of Berlin-based language school and agency [GLS](#);
- Mark Lucas, managing director of [iae GLOBAL](#), the international wing of Korean agency [iae edunet](#);
- Rod Hearps, vice president of [ICEF](#), which launched the language travel search engine and student review site [CourseFinders](#) in 2013.

The audience participated via real-time polling conducted during the panel discussion.

Commoditisation is in progress

Overall, the panel found that short-term, general language courses are in the early stages of commoditisation and that this will not reverse itself. The audience mostly agreed: 70% believed the language travel industry is “somewhat commoditised.”

As a refresher, here is commoditisation [defined](#):

“The process by which a good or service thought to be unique or superior becomes like other, similar goods and services in the eyes of the market. Commoditisation is the movement toward undifferentiated competition between two or more companies offering the same good or service. This leads to lower prices.”

Commoditisation in the language school sector is occurring as a result of:

- A large field of undifferentiated competitors;
- The emergence of online booking/rating services that allow customers to very easily compare language schools according to the features they value most, including location, availability, and price.

That said, ICEF's Rod Hearps told the audience that the situation might be likened to the competition among different milk products at the grocery store:

“Taking milk as an example of a commoditised product, Rod Hearps reassured niche operators that while the big brands compete purely on price, there's still room on the supermarket shelf for Byron Bay organic.”

That is to say, there is room still for differentiation in commoditised service industries, because there will always be consumers who demand an extra or tailored level of service or quality. Consumers are trained in the art of looking for difference, because it helps to make what we eventually buy feel more special and worthwhile. This is why organic milk can compete with normal milk – at double the price. Both sell, but to different customers.

So even if language courses become more and more commoditised – in terms of course length, price, credentials awarded, curriculum structure, etc. – there remains an opportunity for differentiation, often via distinct features, quality, or brand.

As much as the IALC audience agreed that commoditisation is happening, there was pushback against the notion that more standardisation of courses is a good idea or that it will increase in the future. Just over half (54%) of audience members were not in favour of the standardisation of programmes and course formats. Bob Burger of Malaca Instituto said:

“By supporting this trend, we'd be gifting the majority of short-stay courses to the chains, who compete primarily on price and branding.”

Only 48% of the audience expected a trend toward the standardisation of programmes.

There was more consensus regarding the increasing role of pricing in attracting students:

- 85% of them believed the industry is already very much or somewhat in a price war;
- 75% expected increasing price competition.

How do agents factor in?

Course booking/rating sites of course make it easier for students to find and register in courses online, and for this reason the panel agreed that the growth of these sites would cause some disintermediation for agents (i.e., displacement and/or reduction in the use of agents). Still, they did not think agents will disappear as a result. GLS's Barbara Jaeschke said:

“As a school you have to offer your clients the possibility to book online. But a good agent is always worth the money.”

The panel noted the following reasons to book through agents:

- Saving time;
- Access to expertise, especially in the case of those seeking more “complex and high-value” programmes (as Mark Lucas put it: “You don't buy a BMW online”);
- One-stop shop for a package of services;
- Consumer protection legislation being stronger in some markets when booking through an agent.

Bob Burger noted: “There is still a role for the agent who can identify quality and definably different schools and products, and counsel individual clients on which course and school is best for them.”

How to differentiate amidst increasing commoditisation

There are several points of consensus among business leaders about how to compete successfully in commoditised markets, and it starts with branding. Good branding.

One excellent whitepaper we would recommend is Level 5 Strategy Group's [“Brand: The secret to success in commoditised categories.”](#)

In it, various business executives talk about what branding means to them and how it increased the success of their companies. Here are some of our top takeaways from the Level 5 paper:

- Uncover brand characteristics that are the most important to your market (e.g., knowledge, familiarity, and trustworthiness), and communicate these

well.

- Understand the emotional needs of your customers, to better serve them and better align your service with these. Know what they want and what motivates them to spend.
- “Don’t go with your gut.” Research – hard.
- “Find a spot you can own. Be able to say to yourself, ‘We want to own these three things’ – and, by the way, it’s probably not more than three.”
- Make the brand breathe through all employees in the company – top to bottom. Make sure they understand it and can talk about it convincingly and with passion.
- Don’t make branding a theoretical or abstract thing. Talk about then “operationalise” it – make it work in every function and customer touchpoint in the organisation. A great name and vision are only the start of the journey – get that vision into every element of the service.
- See the brand through “the lens of the consumer” – and develop it that way.
- Think of ways you can lessen the stress for consumers of making a big investment (e.g., education).

Another good article is *Forbes*’ “[Driving customer loyalty in a commoditised consumer industry](#),” in which the author, Ryan Frankel, impresses the importance of “contextual relevancy” to customers looking for travel experiences. The context Frankel is referring to is a service provider’s understanding of the individual needs of customers and tailoring the service offering to them. He notes:

“The key to winning in a commodity-based landscape is to offer a contextual experience without increasing marginal overhead or sacrificing brand equity.”

He offers three examples of how one could achieve this:

1. Access and reflect customers’ data in messaging to them: As Mr Frankel says: “Capturing the information needed to know your customer is female, from Beijing, 43 years old, works for a Fortune 500 and enjoys hiking in her spare time isn’t rocket science – API plugins to Facebook, Twitter, LinkedIn and other platforms have made this simple;”
2. Speak their language: Mr Frankel notes, “72% of customers prefer to make a purchase in their own language;
3. Change their perception: Mr Frankel says not to be afraid of trying something new, since the travel industry “is notorious for pushing the same holiday-

centric buttons over and over.” He notes that if service companies don’t assume a little risk and experiment – based on solid research – they will always have to compete on the basis of price.

Of course the travel industry and the study abroad sector have many dynamics in common – increasing commoditisation, for one – so Mr Frankel’s advice might well be adapted and applied to the language school sector.

In his closing remarks, panel moderator Jean-Marc Alberola summed up the discussion and set the stage for further thinking and discussion going forward: “The realisation that language travel is becoming commoditised is an unpleasant one for many, particularly independent schools, which may need to adjust their market positioning. But an awareness of these market forces and dynamics is important, as is an open discussion.”

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