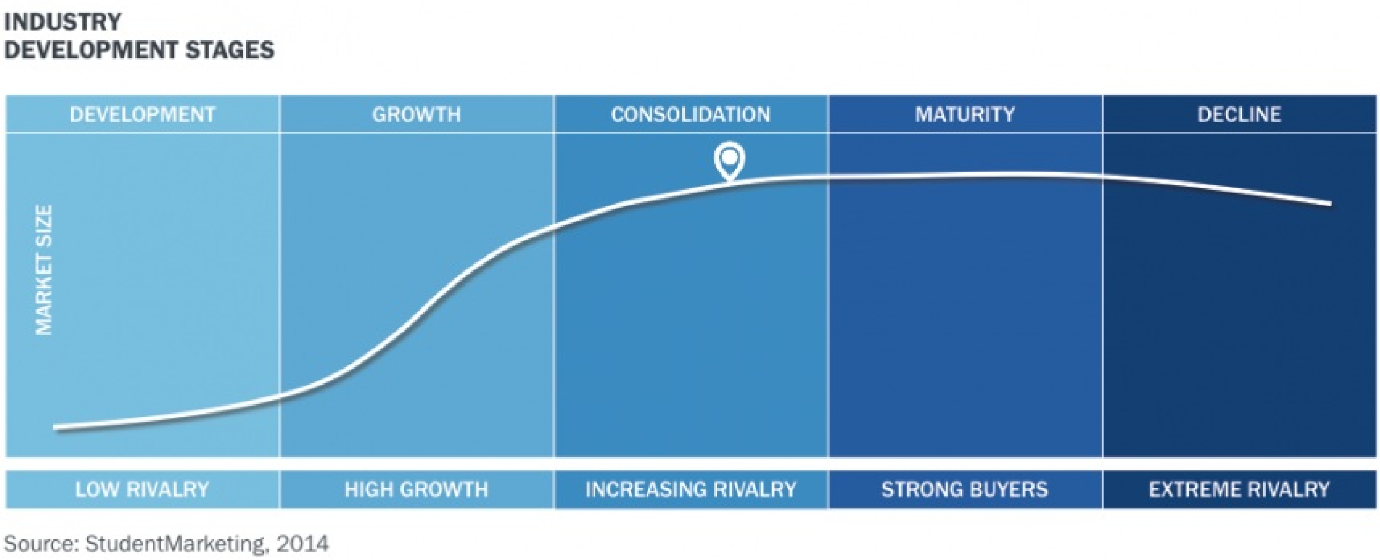
# Consolidation, price pressure: new hallmarks of study travel business

Posted on May 18, 2015 by Beckie Smith

Posted in Agencies, Associations, News, Research, under .
Tagged with agents, IALC, independent schools.
Bookmark the permalink.

The US has overtaken the UK as the top receiving country for English language travel as global growth slows and the study travel industry enters a period of market consolidation, research commissioned by the International Association of Language Centres has shown. The industry is also experiencing price pressure amid consolidation of operators and products.




The report highlights the consolidation and standardisation currently taking place as the industry matures, resulting in pressure on price

Share this:

About Beckie Smith
Beckie graduated from the University of Leeds with a degree in Japanese, during which she lived in Kyoto for a year. She loves travelling to report on different areas of the world as it enables her to fulfil both her childhood dreams of being either an explorer or a writer. Beckie can be engaged in discussion about feminism, politics and the media and is very fond of brunch food.

"There is increasing rivalry and there is consolidation and pressure on price"

English language has experienced the highest increase in demand over the last three years, followed by German and Spanish, and accounts for two-thirds of students in the study travel market, according to the report.

The language travel landscape was assessed as part of a wider research study by StudentMarketing into opportunity for independent operators that are typical of the IALC membership.

Saudi Arabia was the biggest source country, reaching nearly two million student weeks, but student weeks among Chinese students dropped

Industry consolidation and the evolving business dynamics between language schools and education agencies was also dissected for the language travel business, which is thought to cater to 2 million students.

The growth in student weeks in US ELT, which overtook the UK in 2012, is being driven by an overall increase of international post-secondary students in the country who might also need English language tuition, the report notes.

Meanwhile, Australia overtook Canada as the third receiving country in 2013 for students studying English in a native English country.

Saudi Arabia was the biggest source country in 2013, reaching nearly two million student weeks after two years of growth as a result of the generous King Abdullah Scholarship Programme.

All the agents surveyed agreed that they have seen a narrowing of programme portfolios in recent years

However, student weeks among Chinese students, the second largest cohort, dropped to around 1.25 million because of a drop in students travelling to Canada and a decline in the average length of stay for Chinese students in the US.

Japan and Brazil are up 28% and 21% respectively year-on-year, both gaining on South Korea, where the drop in student weeks corresponds with falling outbound student numbers overall.

The report also highlights the consolidation and standardisation of product offerings taking place as the industry matures and growth rates slow.

All the agents surveyed agreed that they have seen a narrowing of programme portfolios in recent years.

Although this standardisation can push up quality as schools seek to distinguish themselves, the increased competition can also create downward pressure on prices, the report notes.

And there is also pressure on schools to increase agent commission, Jan Capper, executive director of IALC, told *The PIE News*, with the survey showing little difference in the commission offered by different types of schools.

Capper suggested this could be down to increases over the last three to four years as independent schools have been forced to match the higher rates of commission offered by chains.

“That would fit with the conclusion that the industry as a whole is well into the consolidation stage of the industry lifecycle and there is increasing rivalry and there is consolidation and pressure on price,” she explained.

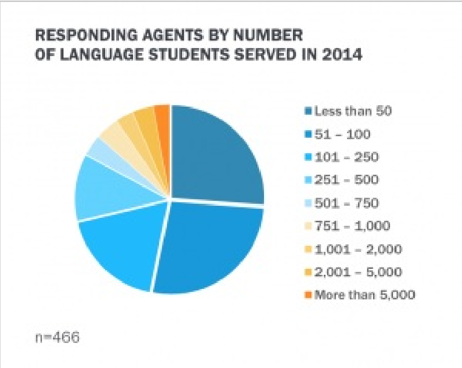
Another impact of standardisation is that it could create favourable conditions for developing language-specific global distribution systems, which a third of the agents surveyed said they would be interested in using.

> "The industry as a whole is well into the consolidation stage of the industry lifecycle and there is increasing rivalry and consolidation"

And market consolidation is speeding up the process of school acquisitions, creating chains and consortia.

The report estimates that at least 200 mergers and acquisitions will happen over the next five years.

However, the agent market remains fragmented, with an estimated 16,000 agencies worldwide, and the effects of market consolidation are "less present at the agents' end of the market", the report states.




Each agency represents an average of 45 schools, sending 11 students to each, which makes the environment highly competitive.

In fact, 20% of agents said the need to keep their business afloat drives them to negotiate higher commission.

Agents' preference for boutique language schools was another major trend highlighted in the research, as reported previously on *The PIE News*.

It showed that 56% of the agents surveyed believe independent and boutique chain schools to be higher quality than larger chains, but that only 13% of students could distinguish between the two based on their own prior knowledge.

"For me, the most significant thing to come out of it was the opportunity that independents – we as an association and perhaps some of our members – are missing, in promoting ourselves more effectively for what we do well," Capper told *The PIE News*.

Still looking? Find by category: Uncategorized (4)

## Add your comment

Profile

Sign in with Twitter Sign in with Facebook

or

Name

Email

*Not published*

Website

Comment

Post It

4 Replies — 0 Comments — 3 Tweets — 0 Facebook — 0 Pingbacks

*last reply was 1 week ago*

**@THEPIENEWS** 1 week ago

Consolidation, price pressure new hallmarks of study travel, @ialc_languages/@StudentMarktng research shows:http://t.co/7oQlIoGY8b #intled

reply

**@THEEAIE** 1 week ago

RT @ThePIENews Consolidation, price pressure: new hallmarks of study travel, @ialc_languages research showshttp://t.co/VuiqtX62AZ

reply

**@LANGCANADA** 1 week ago

Consolidation, price pressure: new hallmarks of study travel business:http://t.co/LAyhhPpCaB via @thepienews #intled

reply



## Recent Articles


- Finland: non-EU student tuition fees back on table
- 35,000 IIE participants in 2014; new scholarship launched
- Aberdeen to open first UK campus in South Korea
- Ireland introduces new reforms to tackle sector immigration abuse
- NS: new express entry stream for int'l students
- Chinese consumers choose agents mostly based on reputation, says survey
- UAE: DIAC aims to recruit beyond the Gulf with BMI deal
- Habla Español: what's next for the world's second language?
- Eurovision star sings praises of London ELT
- Future of study travel: streamlined, with agents on top?

Recent Jobs | Movers & Shakers

JOBS

## Recent Jobs

- Centre Director - EC Los Angeles
- Marketing and Admissions Director
- Lecturer or Senior Lecturer - Flinders Business School
- International Marketing Officer
- Business Development Pioneer - LanguageLearningPortal
- Regional Manager (East & Central China)
- Recruitment Manager - Europe

Latest Tweets

Tweets Follow

The PIE News 2h
@ThePIENews
35,000 @IIEglobal participants in 2014; new scholarship launched: thepienews.com/news/35000 #intled #globaled

agints.com 3h

Tweet to @ThePIENews



THE PIE