

Trends & Challenges in the Language School Industry

I was very flattered when Andrew asked me to say a few words on the trends & challenges in our industry.

I was also a little worried. After all, what could I say that would be of interest to such a sophisticated & knowledgeable audience? No bull***, that's for sure.

But I was keen to participate, & on reflection, thought that having spent almost 40 years in the field, my views might be of interest to fellow participants in this fascinating business of language schools.

In some ways our core product- teaching a language in a classroom with a teacher standing in front of a board-hasn't changed much in 40 years. But I think that would be a very superficial view.

In my own experience those 40 years have seen significant changes, both in the programmes we offer & our customer profiles.

When I started out in 1970, the school I took over had been based on the idea that the then new technology of the tape recorder based language laboratory would sweep away the need for teachers –but the business model wasn't working.

The previous owners had invested in a 100 seat language lab & installed it in what had been the ballroom of the former Thai Embassy in South Kensington. The ceiling was decorated with white elephants, & a white elephant was quite a good description of the language lab

That's not to say that language labs don't have their place in language learning. Of course they do, as do computers &

electronic boards, & online language courses. Indeed the trend is to more application of technology to the language learning process but up to now, I see them as useful tools to complement a good teacher, not replace him, or her.

This means that the technology is an additional cost, not a cost saver. As costs are a major issue for language schools - we all know that language courses are a very price sensitive product- the challenge is how to introduce & use the latest technology in the most cost effective manner.

Back then, in 1970/71 I had to urgently restructure the school, if it was to survive. As a newly qualified accountant, I did my thing. I went along to Companies House in London & had a look at the accounts of some well known schools of the time. I remember being impressed with Berlitz's profitability & on the basis of that I re-launched Language Studies Ltd – the International was added later-offering intensive one to one foreign language courses to locally based companies in London. We had some considerable success with these programmes, Then a chance visit to a Frankfurt based agency, the "Europaeischer Privatschuledienst" run by Dr Oscar Friederich, who also had an office in Basel & owned the Viva agency in Milan, led to a large expansion of demand for one to one English courses from German, Swiss & Italian businessmen. I mention this because it convinced me of two things which remain true till today - the best way to learn a language is to take an intensive course in a country where the language is spoken, & the importance of developing long term relationships with specialist language travel agencies.

Working with agency partners we developed mini-groups in the mid 70's, then entered the standard group class market for young adults in the late 70's & later still started to offer programmes for young learners

So, for me, in LSI, the trend, particularly for English language courses, has been that our customers have been getting younger,

-& that's true in absolute terms, not just seeming younger because I'm getting older.

At one end of the market, the company executive end, more & more employers expect their recruits to arrive with fluent English, having learnt in their own time & at their own expense, so to speak.

At the other end children start to learn English earlier at school & parents are convinced, correctly in my view, that the earlier they start to take English seriously, the easier it will be for their children to develop fluency.

I believe the trend towards younger students will continue & the challenge is to comply with all the increasing regulatory demands imposed by governments-imposed with the best intentions, but often, without involving our industry in the consultation process. Who was it who said that the road to hell is paved with good intentions? I'm sure that's not the case here in Malta, where the Language School industry may be the largest in the world, relative to the total population of the country & as a % of the GDP & I am impressed that the Prime Minister has taken the time to open the conference. But it is the case in other countries. The challenge is for us to make our voice heard, & to ensure that there is a level playing field when we, in the tax paying private sector, are competing with government owned institutions.

This challenge also applies to the increasingly complex issue of visas.

Many of us here have just attended the ALPHE & STUDYWORLD workshops in London. Those of us who have been attending workshops since the 70's know that the scale of our business has grown enormously over the last decades. We are talking many billions of \$, & more importantly, employment of hundreds of thousands, as teachers, administrators marketing people & homestays. But until now we have largely failed to

persuade governments to recognise that & to include us in their discussions when they formulate their student visa regulations, which often seem to discriminate against the private language school sector.

With schools in 9 countries, I have had the dubious pleasure of observing how these visa regulations vary between countries, & how they are full of contradictions.

No one has ever been able to explain the logic of the US regulation that a person can enter on a visa waver as a tourist for up to 3 months but cannot study, even part time, while on that visa, & at the same time cannot obtain a student visa if they are planning to study for less than 18 hours per week i.e. part time-a true Catch 22 situation.

The UK government has recently introduced new visa regulations. The UK has always prided itself on the efficiency & fairness of its bureaucracy. In developing these new regulations they have been able to observe & consider the examples of Australia, NZ & Canada among others, but have still managed to come up with a system that is confusing everyone, & is leading to some very strange & contradictory decisions by British visa officers around the world.

Sometimes, I feel, like Woody Allen, that “I may be paranoid, but that doesn’t mean that people are not out to get me”.

Certainly visa regulations rate high on the list of challenges facing us in the next few years, & may be the biggest single obstacle to the continued growth of the industry.

Another trend in the Language School Industry has been globalisation

For LSI this meant following the sun or more literally, the jumbo jets & the lowering of the price of long distance air fares. I opened the first US LSI School in California in 1980, soon after TWA, now out of business, introduced £99 one way, walk

on fares from London to LA, & since then have opened more schools in the USA, Canada, Australia & New Zealand. While in 1980, a foreign based school opening in the US may have seemed a little daring; today it is almost becoming the norm. When we opened in San Diego, in 1989 & became the Cambridge exam centre there, for a while LSI became known as Little Switzerland International, as the Swiss transferred their allegiance from Bournemouth in the UK

Obviously, globalisation is here to stay. The trend today is to a wider range of nationalities in our schools, & indeed a wider range of nationalities interested in exam preparation courses. Along with this trend we have all seen a significant growth in long term students, enrolling for International School Year programmes, & an increase in the number of students intending to follow University courses outside their home country. The challenge for Language Schools is how to compete with University based “Foundation Programmes”, “Bridge Programmes”, “Pathway Programmes”, etc. While these programmes are often Language courses under a different name, they hold out the promise of a “guaranteed entry” to the University-a promise that is not always kept.

We need to communicate to prospective University students the advantages of preparing for their IELTS or TOEFL exams in a specialised Language School –

Smaller Classes

A wider range of nationalities in the classes

Far more personal attention

With the development of the large groups of schools, often backed by private equity funds & stock exchange listed companies, the trend towards consolidation in the industry will probably continue

With so many owners of schools nearing retirement age,-if there is such a thing as retirement age anymore- the opportunities for the consolidators are there

Indeed with the huge number of schools now operating in most of the cities of the world, expansion by acquisition, rather than opening of new schools will probably be the norm. In some cities- Vancouver comes to mind, with apparently more than 100 private language schools- there may even be some school closures.

Comment [AM1]: I have actually been told that this figure is closer to 200 EFL schools in total

Popularity of destinations changes from year to year, just as in regular tourism. The tendency to extreme swings in currency exchange rates which we have experienced in recent years will probably continue & with it, the volatility of demand for different countries. This probably plays to the advantage of groups operating in more than one currency zone, which can “even out” these currency based swings in demand.

As to future trends in ownership structures, I believe that the market as it matures will be dominated by international groups that can spread the increasing costs of marketing over a number of schools together with some large independent schools.

Smaller “stand alone” schools may face a tougher challenge to survive.

Back in 1980, when I opened my first school in the US-in Berkeley, near San Francisco, I calculated that I could break even with 30 students. Today you couldn’t break even with less than 140.

Last, but not least, I come to the internet. It certainly is both a trend & a challenge.

I think it is fair to say, that when the internet got going seriously as a marketing tool-amazing to think that it isn’t much more than 10 years ago-quite a few agents were seriously worried about the future. There was a lot of insecurity about. The internet has certainly brought on many changes. Transparency of prices is one result & that has led to more aggressive pricing & understandable demands for increases in commission.

But the most important aspect of the school agency relationship has remained solid. The vast majority of students continue to enrol to schools through agents based in their own countries,

because unlike airline tickets, a prospective student booking a language course has many questions, involving course details, accommodation & visas. They want to speak to someone, preferably in their own country, in their own language, & ideally face to face.

I think that trend will continue. Indeed the continual expansion in the number of schools attending the workshops attests to that fact.

I believe that those of us, who are committed to marketing our schools via agency partnerships, have made the right choice.

In summary I think that technology will continue to have an impact, more by marginal improvements rather than by revolutionising the market.e.g. the use of electronic boards instead of whiteboards,

Online teaching will have some effect- perhaps-but better teaching, from an earlier age; in students home countries will have more effect.

However, the experience of learning the language in the country where it is spoken, in a multinational group of students is complimentary to better teaching at home. It's not necessarily either /or. The opportunity to meet & socialise away from home with young people from around the world & experience another culture is something that is very attractive in its own right.

Teaching regular subjects in English, taking Cambridge exams as part of their high school syllabus, may affect traditional exam taking markets such as Switzerland, but if freedom of travel to study is expanded the market can continue to expand for many years.

Finally, I think that agencies & schools are, together, an important component helping to make the Global Village a reality, breaking down barriers & prejudices & in the process, helping to make a safer world for the next generation. And governments should support this.

