

English Australia

**Raising the profile in China
of Australia's excellence in the
delivery of English language training**

October 2018



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A report prepared for English Australia by StudentMarketing, Ltd.
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Throughout our daily work, we were privileged to enjoy a high level of interaction with key people in the sector.

More specifically, we are especially thankful for all the guidance by Brett Blacker, CEO of English Australia. We were equally delighted by the amount of support received from Australian government representatives who, in addition to sharing critical viewpoints, leveraged their local connections to help secure additional in-depth interviews.

This project would also not have been possible without the kind help of the Chinese government, who shared the latest statistics on the domestic English language learning market with us and other Chinese stakeholders, such as education agents and various sector associations. A great partnership was forged with Zhilian Zhaopin, a leading Chinese HR agency, which led to multiplying the outreach of the quantitative survey on end-customers, thereby contributing to greater awareness of the project and studying English in Australia in general.

Special thanks go to the members of the Project Advisory Group, who not only consulted on the research design, but also provided timely feedback in respective stages of the project.

StudentMarketing Team

Executive Summary

Almost 145,000 students from China pursued an English language course in one of eight major English Language Teaching (ELT) destinations. These destinations include the UK, the USA, Australia, Canada, Ireland, Malta, New Zealand, and South Africa. They predominantly learnt English for academic purposes, as part of a pathway or packaged enrolment.

Standalone ELICOS courses (the Chinese equivalent would be 'Individual Adult English Study Tours Overseas') – where students wish to improve their English language proficiency primarily for career or personal reasons – has to date not developed as a market in China.

This research paper synthesizes the findings of a detailed, multi-faceted market research initiative that measured and evaluated demand levels for standalone ELICOS programs among prospective Chinese students. It examined the push and pull factors behind their motivation to study English in the Chinese context, both domestically and abroad, with a specific focus on determining the feasibility of the concept of Chinese students pursuing short-term English studies in Australia. Ultimately, the study sets forth preconditions that need to be met in order to turn this segment into a viable opportunity for Australia.

This resulting white paper has brought to light the following outcomes and implications:

Domestic English Learning

- In sheer numbers, China represents a huge domestic market, with almost one-third of the entire population speaking or engaged in some form of English learning. The latest figures received from the Chinese Ministry of Education estimate about 300-400 million English language learners in China.
- The 2017 EF English Proficiency Index shows that China reached a score of 52.45, outperforming Japan (52.34), and Russia (52.19). Furthermore, Chinese aged 18-20 exhibit higher English proficiency than the world average, a trend which is expected to continue as products for very young children are in high demand in China. In 2016, there were 44 million children enrolled in preschools in China, and learning English is a core component in the majority of the private preschools in China.
- By the end of 2013 English language learning was a US\$4.9 billion industry in China, and growing by 12-15% a year.
- Career development was the prevalent purpose for studying English (29%). For another 17% of students, learning English was a life experience, and 15% pursued English language studies to boost their confidence/self-development. When choosing a language course, the focus was placed on results (33% of students were looking for progress).
- The competition in the domestic market is fierce and tuition prices exceed tuition costs abroad (cost per lesson in China with a native English-speaking tutor vs. cost per lesson abroad).
- Online learning in China has been booming as the perception is that it creates an alternative platform for learning English, overshadowing traditional in-class tuition by undercutting its price, providing accessibility (Tier 3 cities and beyond), and seemingly efficient. It is estimated that 25.8 million Chinese learnt English online in 2017, with the market growing at an average annual rate of 20% in the last decade.

English Language Learning Abroad

- Selected EU countries exhibit an average outbound ratio (percentage of people travelling abroad to learn English of all learners) of 0.95%. For China is this figure 24-times lower.
- In 2016, approximately 144,246 Chinese students travelled abroad for the purposes of pursuing an English language course regardless of type – which implies that almost every tenth English language learner abroad was from China. The country was the biggest source market in global English language travel in terms of student weeks. With steady cumulative growth of 29% over the last three measured years, it accounted for 15% of all student weeks globally.
- Australia is the second most preferred destination after the USA, holding a 26% market share of these students and has experienced positive development since 2013.

Standalone ELICOS Market

- When compared to overall size of the market, standalone ELICOS students from China (individual adult students not engaged in pathways or packaged programs) are in the low thousands, as the majority of students in Australia are academically-driven and concentrated at public institutions. Of the 42,417 ELICOS students in Australia, an estimated 2,665 were enrolled in standalone ELICOS programs. According to the in-field research (interviews with pre-selected market leaders and stakeholders), the market is growing at a steady pace of 5-10% per annum.
- This development can be attributed to the observation that prospective students are not encouraged by their government, employers, or parents to consider learning English abroad. Learning English abroad is not perceived as a competitive advantage to securing better career prospects, or level of financial and material well-being in comparison to the vast range of domestic choices. Even pathways are perceived as a necessary investment, rather than a means of improving one's English proficiency through choice.
- Consumer research showed a strong desire to study English among Chinese students, with career-related purposes prevailing as the most important motivation. However, the preference was confirmed to be learning English in China (74% compared to 26% preferring learning English abroad).
- Australia was the third most popular study destination among prospective students. It was held in high regard in a number of factors, including the quality of the environment, proximity, as well as travel opportunities while studying. On the contrary, Australia lagged in areas such as the perceived quality of education, its China-friendly image, and cultural attractiveness of the country.
- Chinese students would be willing to stay in Australia for 3.8 weeks on average, with the most preferred program types in Australia featuring a combination of travel and language tuition. Cultural immersion was also stressed as important to prospective students.

Target Groups

The following target groups were identified as possible consumers of the standalone ELICOS product. They differ in their motivation, and thus, their preferences, the time of the year they can travel to Australia, and ultimately, the potential they represent:

- Young professionals/employees – very limited opportunities to study abroad during the year, limited annual leave, small incentives/push from employers to do so (if so, employers prefer to invite foreign teachers to conduct in-company training). The best strategy is to identify specific high-demand sectors such as hospitality, tourism, and international business;
- Travellers – experiential programs, using English as a medium to level up their travel experience;
- College students – to a certain extent (those who want to experience studying in Australia);
- Gap year/sabbatical students – low potential, not a tradition in China;
- People seeking specialised personal or professional development – niche English Plus programs;
- Teachers – teacher training;
- Families – lower potential for family programs, parents are unlikely to learn English abroad.

Barriers

- The major obstacle is the public, corporate, and government belief that studying English abroad is not needed, nor advantageous.
- There are many myths and misconceptions about key components of standalone ELICOS, such as the visa. The visa process is perceived as difficult; hence, it generates negative decision-making-related connotations, which is of even higher importance when considering the low demand levels to study English abroad. The recent improvement in the Independent ELICOS student visa grant rate (at 77.1%, up from 48.1%) does not seem to have filtered through to the market, which still shows fear of high visa rejections when applying for student visa.
- Educations agents are used to promoting more expensive education products where they offer a higher added value (ROI per purchase, selling on value), or group packaged products, for example, inexpensive education products (study tours, which utilize volume sales). ELICOS currently sits right in the middle – individual and inexpensive, with low existing natural demand.
- Similarly, employers do not stimulate higher demand for English abroad as their perception is that it is not mandatory to have a higher English proficiency, nor is it necessary.

- Australia is not the only destination eyeing opportunities in the standalone ELICOS segment. In addition to in-country training institutes, competition from other study destinations in this particular segment is strong (especially the UK who have already been actively promoting their ELT programs for several years in China). Furthermore, emerging study destinations like the Philippines have already entered the market and are working on establishing business relationships with agents.

Demand Drivers

- There are no relevant signs that the development will be driven from top down, i.e. that the Chinese government will set priorities, or regulations, which would encourage studying English abroad. Australian government stakeholders should be encouraged to further support standalone ELICOS in the market through their engagement activities.
- Australian government, through its respective departments, and English Australia can also play an essential role in stimulating the demand by explaining away myths and bringing more clarity to the visa application process; and, also by providing more education and support related to eliminating hardships connected to the visa application process (any visa refusals damage the brand of agencies). Initiatives such as communication campaigns and workshops, organised by in-country staff, would significantly contribute to the overall goodwill and adoption of this particular program.
- Another key impetus for possible market growth would be to develop a program which would feature a completely pre-organised package comprised of an Intensive English course with after-class cultural activities and tangible outcomes (improvements in English proficiency), concluding with a certificate. The price point of such package should be comparable to a long-term course in China, while leading to the same, or even better, progress.
- Education agencies represent the single most effective B2B demand stimulator – controlling approximately 70% of enquiries and having enormous marketing reach. There are an identifiable number of relevant agents who cover a majority of the market (200) and who are relatively inexpensive to engage. The best ways to engage with agents would be a high-profile trade mission, followed up with a series of FAM tours to let agents experience the program and its components first-hand. Australia would also benefit by launching a continued education and support program for partner agents.
- Demand can further be stimulated by launching awareness campaigns (demystify some of the fears through hard evidence, and demonstrating the added value of higher English language proficiency to employers), engagement schemes with alumni, key opinion leader marketing, and press tours.

Conclusions

- Currently, a pure English program is not a strong commercial option in the Chinese market; coursework must be combined with practical usage, a travel component, an internship with local employers, or with other incentives, and must conclude with a tangible certificate. Providers need to recognise the result-oriented approach and consider developing a product that delivers short-term results, thereby avoiding a long tail of dissatisfied customers who could undermine the benefits of a standalone ELICOS program.
- Therefore, caution must prevail when opting for full-scale market development. If any further action is to be taken, then a pilot program should be considered first instead of a nation-wide initiative.
- Agents represent the biggest opportunity to develop the market. There is a clear need for a strategic education and partnership program with agents. The dependency of end-customers on third-party advice for these types of programs was emphasized. Promotion through agents will have a better effect if coupled with awareness campaigns deployed through local on-the-ground support.
- Should the Chinese market reach 1/10 of the level of Poland (outbound mobility of 0.2%), China alone would generate 60,000 standalone ELICOS students, 228,000 student weeks and AU\$277 million revenue per annum (total size and value of new demand from which Australia would benefit respectively).
- Another opportunity might lie in transnational education (English delivery in source country) and online learning, which have the potential for greater development for Australian colleges.

An inherent part of this study are also recommendations, which outline possible next steps and can be found on Page 60.

Introduction

English language competence is not simply a commodity, but the gateway to international trade, and economic, diplomatic, and cultural power. Studying English abroad has become a certain level of competence to which many countries adhere – as higher English proficiency directly correlates to increased economic output, influence, and prosperity. The Chinese nation recognises the importance of English. It also recognises that there is an increased need to improve local English proficiency among its intellectual and business elite, and thereby increase competitiveness.

In this regard, China acutely lags the average of a selected sample of EU countries sending 0.95% of its domestic English students abroad for English language study. In fact, if China were to meet 1/10 of this ratio, it would be sending at least 332,500 ELICOS students abroad annually. This shortfall must be addressed at a governmental and internal policy level; as not addressing this would simply maintain global Chinese trade, economic, and cultural influence, without taking advantage of the opportunity to direct national policy towards fulfilling China's goals as a world leader in many fields (including, for example, other important centres of influence such as research and development and academia).

This project has been made possible due to the support of Senator the Hon Simon Birmingham, Minister for Education and Training, based on his endorsement of this initiative as part of the **Australian International Education: Enabling Growth and Innovation Program**. English Australia recognised the opportunity to raise the profile of Australia's excellence in the delivery of English language training in China – the basis for this report – to study the size and scope of the opportunity in China so that it may be addressed collaboratively. The term 'standalone ELICOS student' refers to English students who learn English abroad predominantly for personal or career reasons, but also for academic purposes, which are however not directly part of a pathway or packaged enrolment.

English Australia commissioned StudentMarketing, as the experienced travel (UNWTO Affiliate Member) and research experts (ESOMAR World Research members), with particular expertise within China, to study and gauge the opportunities for developing a standalone joint China-Australia program for Chinese students to engage in short-term English study abroad in Australia. The scope included generating data, insights, and recommendations for all stakeholders.

Project Scope

Benefits of this in-depth market research exercise for the governments of China and Australia include outlining the following:

- Global ELICOS market for benchmarking purposes;
- Demand levels in China;
- Main motivational factors behind the interest to learn English in China and abroad;
- Preferred destinations for Chinese students;
- Preferred booking channels and lengths of study;
- Hurdles and obstacles which need to overcome to achieve growth;
- Emerging market trends for the learning English abroad sector;
- An assessment of economic and other benefits for Chinese students and the country.

The research was launched in September 2017 and completed in June 2018. Given the geographical scale (nation-wide research), scope (primary research included six target groups), and involvement of high-profile sector representatives (for example, governments of both countries), this study details how the market can be further developed to the benefit of all stakeholders involved.

Among the notable achievements of this exercise was a strategic partnership with Zhilian Zhaopin – developed as part of the project. Zhaopin is China's leading job search platform, and with its 135 million registered users, over 500,000 customers, and 1.9 billion RMB revenue represents the largest and most popular job search site in China and one of the largest job portals in the world. The nature of this partnership enabled further promotion of the initiative by way of distributing a consumer survey amongst Zhaopin's extensive network. In addition to providing extra responses for the quantitative survey, it also increased the awareness about studying English in Australia in general.

Project Advisory Group

For a milestone project of this magnitude, and with such an overarching impact on different sectors and industries, an exclusive panel of industry professionals was established, to safeguard success through experienced input and advice.

The advisory body was led by senior representatives of important stakeholders in China and Australia. Members were asked to contribute to the market research design phase of the project and provide feedback in order to accurately evaluate the potential for setting up a standalone ELICOS market in China.

More specifically, the group:

- Consulted on the main directions taken in primary research design;
- Reviewed and commented on questionnaire and survey drafts;
- Exchanged knowledge pertinent to the development of a Standalone ELICOS strategy for China;
- Advised on visa regulations and initiatives as a means for stimulating demand;
- Advised on the methodological approach taken by the project.

The following industry professionals constituted the panel:

- Brett Blacker, English Australia
- Katherine Vickers, Australian Government Department of Education and Training
- Teresa Conolan, Australian Government Department of Home Affairs
- Rhett Miller, Austrade
- E Xuewen, China Education Association for International Exchange (CEAIE)
- Sang Peng & Yang Shuai, Beijing Overseas Study Service Association (BOSSA)

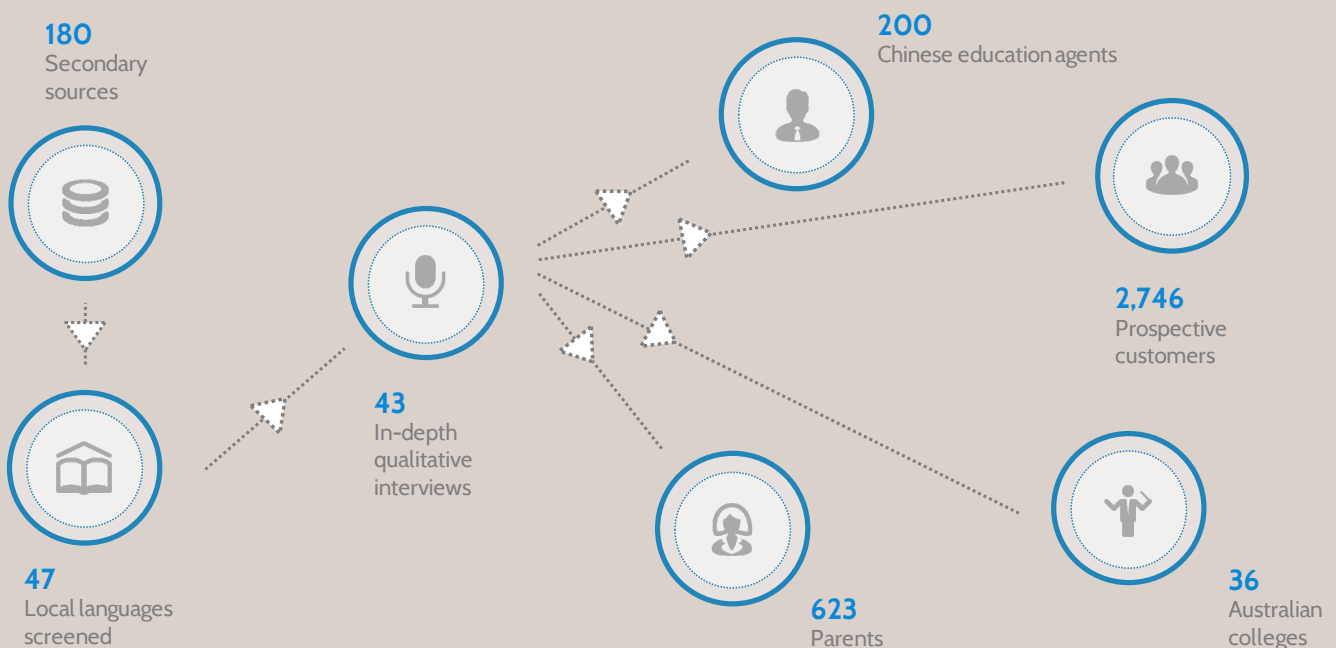
In addition to providing critical intelligence on the potential of developing a standalone ELICOS strategy for China, this initiative also served as a branding exercise for English Australia, its members and the entire sector, as it introduced the concept of short-term English language study abroad to a Chinese population hitherto unaware of this.

Methodology

For a project of such national importance, StudentMarketing opted for a holistic approach. It applied a wide range of research methods and targeted six major audiences to cover all pertinent angles and perspectives. During the industry research review, the research team did not come across any similar international education research project that would embody such effort nor aggregate such resources to carefully examine the Chinese market – or any other market in fact. The complex methodology allowed it to determine scenarios under which it would be possible to develop the standalone ELICOS market in China.

The research was carried out in compliance with the ICC/ESOMAR International Code on Market, Opinion and Social Research and Data Analytics.

Data collection took place from October 2017 to May 2018, in the following manner:



Desktop research

The initial theoretical framework of the project originated from a market-scoping exercise done by StudentMarketing in 2016, which formulated the rationale behind the idea of developing a standalone ELICOS strategy for China. Building on this foundation, a review of industry research on recent market trends relevant to the project was conducted that screened inter alia: market size, market/customer segmentation, student preferences, etc.

This phase included interaction with the Chinese government, which supplied the latest estimates on the number of English language students learning in China. In-country screening was followed by an update of the global ELICOS sector and benchmarking, with a special focus on China’s global position and ELICOS mobility to Australia. The review of secondary sources helped identify information gaps that were addressed in the subsequent primary research.

As part of screening the domestic English learning market and better understanding existing business models and program offers, StudentMarketing conducted a comparative analysis of 47 language schools (including a breadth of both traditional and online schools).

Initial desktop research was supplemented by mystery shopping, to add missing information such as course price and the availability of native English teachers in the teaching process.

Qualitative research

Primary research was executed in two stages. First, industry leaders and sector representatives from both Australia and China were invited to participate in in-depth interviews. A total of 43 interviews were conducted; respondents included Chinese education agents, leading travel agencies also promoting language courses abroad, an immigration agency, sector associations (CEAIE, Australia China Alumni Association) on the one hand, as well English Australia member colleges and Australian government officials on the other.

Approximately half of the interviews were held via phone and the other half conducted in-person, to acknowledge the importance of these stakeholders to the initiative as well as maximise engagement levels. These interviews were held in Beijing, Shanghai, Guangzhou, and Tianjin and attended by StudentMarketing's COO, Head of Research, and two China-based project managers (native Chinese speakers to facilitate preference for interviews in Chinese).

Quantitative research

Data collection culminated with B2C and B2B quantitative research – which drew conclusions from 3,605 responses.

Consumer research was aimed at measuring current and future demand levels, desired methods of learning English, and destination and program preferences. The research was conducted via an online survey over a pre-selected sample of prospective students aged between 19-35 (n=2,746), and parents (n=623). Questionnaires were translated into Chinese to facilitate data collection and maximise both response rate and input quality.

B2B perspectives were gathered from Chinese agents (n=200), where the primary goal was to assess the penetration of standalone ELICOS courses in their portfolios. This supplied additional insight on the future potential for these courses, while also identifying potential barriers to growth. In Australia, education providers (n=36) shared data on their Chinese ELICOS student population, which helped create a profile of these students as well as outlined barriers and the outlook for the sector.

Cognizant of the fact that the Chinese respondent is one of the most difficult in the world to acquire meaningful responses from, it has to be noted that the quality of primary data oscillates, and sometimes also contains antagonistic responses or answers that appear to be difficult to explain in a broader context. Nevertheless, the number of relevant responses gathered through the channels are unprecedented. When reflecting on the Chinese market research norms and current practice, these represent a much higher standard than usual.

CHINA AND ENGLISH LEARNING

Increasing English language proficiency gained through studying abroad is a common and popular practice seen around the globe. It increases one's proficiency, which, in turn, benefits both the individual as well as the country; industry research has proved a direct correlation between higher English proficiency and better economic results at an aggregate national level.

Selected EU countries exhibit an outbound ratio (percentage of people travelling abroad to learn English of all learners) of 0.95%. For China is this figure 24-times lower. The analysis which follows represents initial secondary research to map the

market in China, with specific focus on the cohort of standalone ELICOS students abroad. The objective of this research is to:

1. Quantify the number of Chinese people learning English (total addressable market);
2. Identify where this learning takes place (state education system, private institutes, online learning or through studying abroad);
3. Explore, understand, and assess China's low outbound ratio;
4. Determine whether there is potential for this ratio to increase and if so, by how much and by what means.

In-country English Training

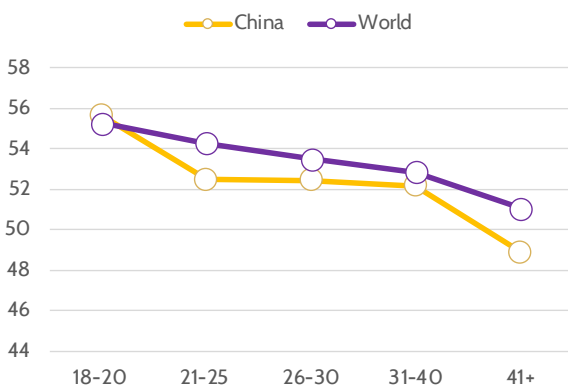
According to recent estimates received from the Chinese Ministry of Education for the purposes of this research project, there are between 300 and 400 million English language learners in China at present.

Undoubtedly, in sheer numbers alone China represents a huge domestic market, with almost one-third of the entire population speaking or engaged in some form of English learning. However, when it comes to the previously-mentioned outbound ratio, it does not come close to other countries.

In 2016, there was a total of 144,246 Chinese studying English abroad (including pathway students), representing 10% of all ELICOS students globally and 15% of student weeks. These figures cover eight major ELT destinations (the UK, the USA, Australia, Canada, Ireland, Malta, New Zealand, and South Africa).

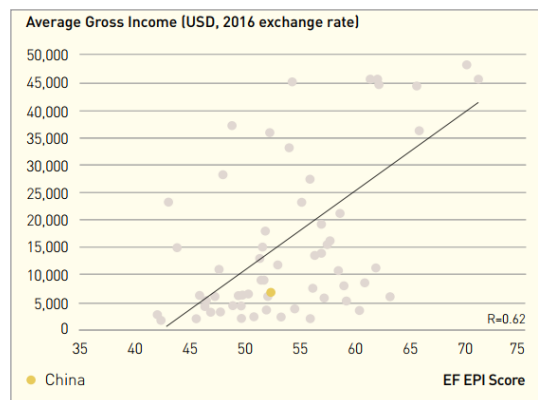
Australia has a market share of 26%, yet, the number of standalone ELICOS Chinese students is in the low thousands as the majority of students in Australia are academically-driven and concentrated at public institutions.

English Proficiency Index (EPI) by age group



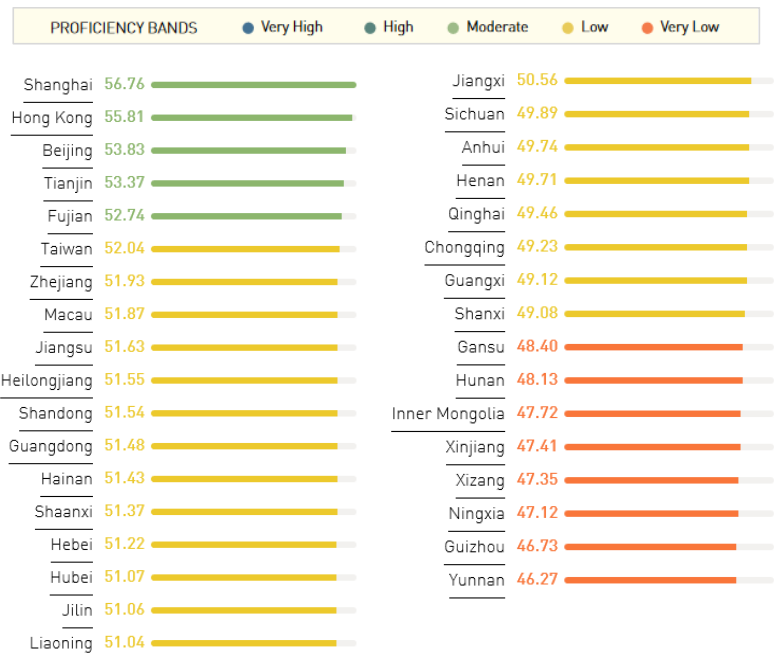
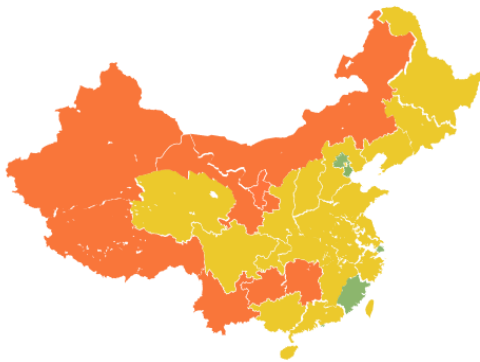
Source: EF EPI, 2017

EPI and earning power



Source: EF EPI, 2017; Euromonitor International, 2016

EPI by province



Source: EF EPI, 2017

The latest EF English Proficiency Index shows that China attained a score of 52.45, overtaking Japan (52.34), and Russia (52.19). This represents an improvement on the previous year (up from 50.94). There are, however, notable regional variations within this figure: Tier 1 cities exhibited the highest proficiency due to a large concentration of English training centres and foreign English teachers. Generally, the more westbound one goes, including beyond Tier 1 cities, the lower the command of English.

Interestingly, younger Chinese aged 18-20 exhibit higher English proficiency than the world average, a trend which is expected to continue, as products for very young children are in high demand in China. There are over 150,000 preschools in China of which 74% are private schools. Typically, a preschool in China enrolls children from the ages of 3-5, offering English curricula taught by domestic and foreign English teachers through elements of child play and gamification. China's generation of baby boomers (people born after 1985) account for most of upper-medium level income bracket who can afford specialized young-child education for their offspring. This, coupled with the abolition of one-child policy, further stimulates demand for

young and increasingly wealthy families of baby boomers to adopt new and sophisticated methods of child education as a form of early investment into their child's career.

According to the Chinese Bureau of Statistics, there were 44 million children enrolled in preschools in China in 2016. Learning English is a core tenet in the majority of the private preschools in China. Nowadays, many programs like Disney English or Sesame Street are specifically designed to cater to Chinese children.

Public schools have switched from starting English education at age twelve to age nine, and some schools in China's larger cities start teaching English as young as six.

English language proficiency is also set to grow thanks to increasing demand, and consequently supply (expansion) of international schools in China. The demand for an English medium education with an international focus on teaching and learning as a means of achieving higher education opportunities overseas at prestigious institutions has given way to a massive expansion of the international school sector in China.

There are an estimated 566 English-medium international schools in China with 45% located in Beijing and Shanghai alone; the remainder are located primarily in provincial capitals falling into three main categories:

1. Sino-foreign joint ventures (e.g. King's College, Wellington);
2. Chinese-owned private schools providing bilingual learning;
3. Chinese-owned public schools operating Sino-foreign extensions on campus.

This is now driving the development of a new segment of international schools, including those that involve partnerships between a Chinese owner and a foreign school, and bilingual schools.

China's Ministry of Education's National Education Development Statistical Bulletin reported that by the end of 2013 English language learning was a US\$4.9 billion industry in China, and growing, on average, by 12-15% a year. More than 50,000 English language schools catered to domestic demand with over 90% being private institutes (although considerable efforts were made to provide more recent figures, these were in fact found to be the latest statistics).

Economically developed areas of the country, such as Beijing, Shanghai, Guangzhou, Shenzhen, Chongqing and Wuhan have the heaviest concentration of private language schools. Moreover, estimates show that Disney, Pearson, Education First (EF), and New Oriental Education accounted for 25% of the private English language learning revenues in China.

English training is considered a lucrative and booming industry which leads to an overabundance of English training centres (especially small boutique establishments with an average life span of no more than three years). Aggressive marketing campaigns (fist fights among marketers for different schools at social events are not uncommon), shady work permit practices for foreign teachers (only handful of properly registered schools can obtain work permits, yet 90% claim to be able to obtain a foreigner work visa); unreliable job contracts are common (most local small training schools will not keep teachers on their books, opting to pay salaries 'in cash' without offering access to social or medical insurance coverage); many will often opt for non-native foreign teachers due to their lower salary expectations and lower standards, while still profiling them as native teachers (as long as they are of Caucasian appearance) – further diluting the quality of their English curriculum and misleading parents into

paying significant amounts of tuition, whilst underdelivering educational content on many counts.

As a result, the market is still highly segmented with the upper market dominated by premium-like chains and strong brands such as EF, Wall-Street, or Meten, which employ a higher percentage of native foreign teachers and trained teacher assistants on transparent contracts. Their ability to provide work permits, and thus invite and retain professional and talented teachers, utilize well-designed curricula, and their coupled with their generous marketing budgets (public billboards, video presentations, promo events at shopping malls, heavy social and mass media exposure, celebrity brand ambassadors, etc.) has helped them achieve dominant market share.

In contrast, the lower end of the market is riddled with dozens of small boutique establishments (some schools with just one classroom and 10 students). The majority of these operate outside legal boundaries (without the necessary business and teaching licenses), unable to provide job contracts, social and medical insurance or work permits, thus attracting mostly non-native and inexperienced teachers (students or social drop-outs). Their inexperienced management contributes to very short life cycles that rise and then fall quickly (they sign up many students on the promise of cheap tuition, are unable to deliver on those promises, parents start complaining and call the police, management runs away, teachers get in trouble and are not paid, and so on).

Diving deeper into students' motivation to learn English, a 2016 report published by Wall Street English and Youth News revealed that career development was the prevalent purpose (29%). For another 17% of students, learning English was a life experience, and 15% pursued English language studies to boost their confidence/self-development.

When choosing a language course, the focus was placed on results (33% of students were looking for progress), followed by provider brand and schedule (both at 14%). The main obstacles: 18% of students were not good at listening and oral English, while 20% wanted an English-speaking environment. Age-wise, 31% of students were in the 25-29 group, 28% were aged 30-39, and 19% 22-24. The research drew conclusions from a survey of 20,000 English learners.

To better understand existing business models and price points for in-country tuition, the research team benchmarked a pool of 47 language schools of various sizes and compared it to a selection of foreign providers operating in four cities in major English-speaking destinations.

Among 18 adult-focused language schools, 12 offered a staff training solution, which indicate a need for a certain English level in Chinese enterprise. Thirty-two language schools were focused on junior students aged under 18 and all of them were able to cater to very young kids (2-6 years old). The importance of online learning was clear since 68% of language schools provided on-line learning solutions (32 language schools), with 5 offering only on-line learning (featured separately on Page 19).

Thirty-two language schools hired foreign teachers, and there were eight providers where English was only taught by native speakers. On average, the course price was 28% higher when a native teacher was involved. Language schools used either a Chinese curriculum to help students pass Chinese exams, or the U.S. curriculum, which is quite popular in China.

The data collection exercise allowed for some insights into course prices:

- Language schools that focus on junior students charge for per semester or annually;
- The pricing of adult courses is designed to be result-oriented. The learner first goes to a school for an English language assessment at one of their centres. This evaluation is then coupled with the learning ability of a particular students, resulting in a highly-customised approach. By taking into account the student's schedule and desired language goals, the school then calculates the final package price. This way, providers try to show that students pay for improvement, not a number of classes;
- Course price offered by the same language school may differ by city, in Tier 1, Tier 2, and Tier 3 cities.

Note: Course prices were collected by researching institutions' official websites and through mystery shopping. Because schools were attuned to market competition and thus very protective about their pricing, it was only possible to acquire prices for 20 providers (also taking into account time and budgetary constraints).

The following comparison features the price per lesson derived from the cost of a 4-week General English course. In each city, five providers deemed representative were selected (such as Kaplan and Embassy English) offering globally competitive pricing. When comparing the course price in the selected cities and the in-country market averages provided by the language schools in China (embodying market leaders; specified on the next page), it becomes evident that once a native English-speaking teacher is involved, the average course price is almost twice as expensive in China than in Melbourne or Sydney. Even

with a Chinese teachers, domestic schools charge more than private schools in Vancouver, Melbourne, and Sydney.

Average cost of an English lesson



Source: StudentMarketing, 2018

Note: The price comparison has intentionally been established on a like for like basis (lesson price to lesson price), with the obvious caveat that learning English in a native environment involves additional expenses (travel, accommodation, etc.), while simultaneously providing higher value (immersion and quicker pace of learning, for instance).

Taking into consideration the estimated package price of a 4-week General course in Australia (20 lessons, accommodation, return flight ticket and living expenses) at AU\$4,612, a student would receive 80 English language lessons. When comparing this package price to China's domestic market, a student would be able to afford approximately 139 English lessons with a native English speaker for the same price.

Comparison of pre-selected language providers – basic overview

Language School	Established	Branches	Age focus	In-class training	Online	One-to-one	In-company training
English First	1965	200+	All ages	X	X	X	X
New Oriental	1993	200+	All ages	X	X	X	X
Wall Street English	2000	200+	All ages	X	X	X	X
Hampson English	2002	200+	3-18	X	X	X	X
Meten	2006	200+	All ages	X	X	X	X
Youwin Education	1999	200+	6-18	X	X	X	
Webi English	1998	200+	All ages	X	X		
New channel	2004	200+	Adults	X	X	X	X
GEDU	1997	200+	All ages	X	X	X	
Uncle Sam Education Group	2011	200+	3-12	X			
Happy Goal	1998	200+	3-12	X	X		
Only College	2001	200+	6-18	X	X		
One Smart	2008	200+	7-18	X		X	
E-blocks Education	2008	200+	3-12	X			
Field English	2009	200+	2-12	X			
MAMALOOK	2008	200+	K12	X	X	X	
Best Learning	2009	100+	5-12	X			
Disney English	1998	100+	5-12	X	X		
Longre Education	1999	100+	N/A	X	X	X	
Dynamic English	2012	100+	2-12	X	X		
Shinyway	1996	100+	K12 and adults	X			
First Leap	2009	100+	4-15	X	X		
Sesame Street English	1969	100+	5-12	X			
RISE English Education	2007	50+	5-12	X	X		
Gui Xue	2000	50+	K12	X	X		
MaxEn Education	2011	50+	3-18		X		
Thomas Education	2011	20+	5-12	X	X	X	
LILY English	1997	20+	4-17	X	X		
Gaosi Edu	2009	20+	6-18	X			
Better English	2013	15+	3-16	X	X		
Cambridge Global Education	2010	15+	K12	X			
BAFF English	2009	10+	12-Adult	X			
Elan Education in English	2008	10+	5-15	X		X	
Sino WJ	2007	10+	Adults	X	X		
Phinnie English	2009	10+	K12				
aceleader English	2009	5	Adults	X	X		X
Xiao Hou Education	1999	5	Adults	X	X		
Beijing Foreign Language University	2010	4	12-20	X		X	
Mason Education Corporation	2000	3	3-12	X			
Boulder Education	2015	3	K12 and adults	X			X
SinMang English	2016	3	Adults	X			
LearnOn	2001	3	K12	X	X	X	X

Comparison of pre-selected language providers – price of designated courses per lesson (RMB)

Language School	Native teachers	With a Chinese teacher			With a native teacher		
		General	Intensive	One-to-one	General	Intensive	One-to-one
English First	Yes	ACC			ACC		
New Oriental	Yes	55	55	600	105	105	750
Wall Street English	Yes	ACC			ACC		
Hampson English	Yes	ACC			ACC		
Meten	Yes	ACC			ACC		
Youwin Education	Yes	n/a	n/a	200	n/a	n/a	300
Webi English	Yes	n/a	n/a	n/a	ACC		
New channel	Yes	109	146	650-1,450	n/a	n/a	850
GEDU	No	30,000/year	30,000/year	600	n/a	n/a	n/a
Uncle Sam Education Group	Yes	ACC			ACC		
Happy Goal	Yes	60	60	n/a	n/a	n/a	n/a
Only College	Yes	188	188	n/a	236	236	n/a
One Smart	No	n/a	166	100-150	n/a	n/a	n/a
E-blocks Education	No	ACC			n/a	n/a	n/a
Field English	Yes	n/a	n/a	n/a	ACC		
MAMALOOK	Yes	ACC			ACC		
Best Learning	Yes	n/a	n/a	n/a	16,000/year	16,000/year	n/a
Disney English	Yes	n/a	n/a	n/a	ACC		
Longre Education	No	20,000/level	20,000/level	780	n/a	n/a	n/a
Dynamic English	Yes	80-120	80-120	n/a	200	200	n/a
Shinyway	No	120	120	n/a	n/a	n/a	n/a
First Leap	Yes	140	140	n/a	140	140	n/a
Sesame Street English	Yes	60	60	n/a	n/a	n/a	n/a
RISE English Education	Yes	35-50	35-50	n/a	n/a	n/a	n/a
Gui Xue	No	280	280	n/a	n/a	n/a	n/a
MaxEn Education	Yes	ACC			ACC		
Thomas Education	No	ACC			ACC		
LILY English	No	104	104	n/a	n/a	n/a	n/a
Gaosi Edu	No	200	200	n/a	n/a	n/a	n/a
Better English	Yes	240	240	n/a	240	240	n/a
Cambridge Global Education	No	ACC			n/a	n/a	n/a
BAFF English	Yes	ACC			ACC		
Elan Education in English	Yes	ACC			ACC		
Sino WJ	Yes	n/a	n/a	n/a	ACC		
Phinnie English	No	ACC			n/a	n/a	n/a
aceleader English	Yes	80	80	n/a	ACC		
Xiao Hou Education	Yes	200	200	800	n/a	n/a	800
Beijing Foreign Language University	Yes	ACC			ACC		
Mason Education Corporation	Yes	90-100	90-100	n/a	100-110	100-110	n/a
Boulder Education	Yes	89	89	n/a	100	100	n/a
SinMang English	No	112.5	112.5	n/a	n/a	n/a	n/a
LearnOn	Yes	ACC			ACC		

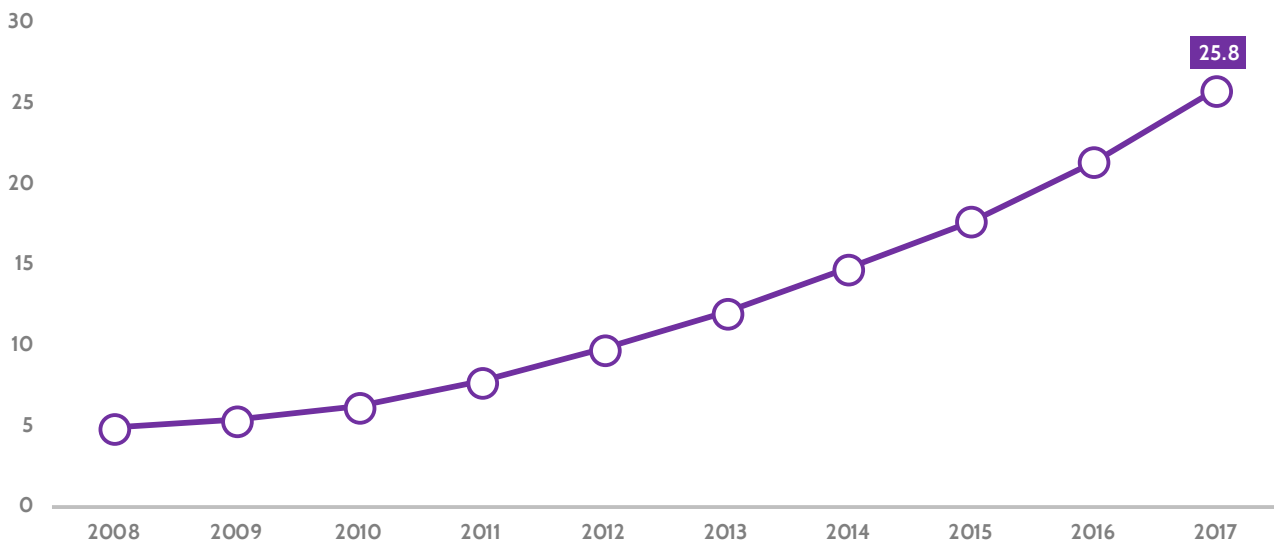
Note: ACC means that the student is charged according to his/her level.

Online English Learning

Recently, online learning in China has been booming as the perception is that it creates an alternative platform to learning English, overshadowing traditional in-class tuition by undercutting its price, providing accessibility (Tier 3 cities and beyond), and seeming efficiency (going hand in hand with mobile and digital revolution in China). The government's relaxation of the one-child policy has led to online English

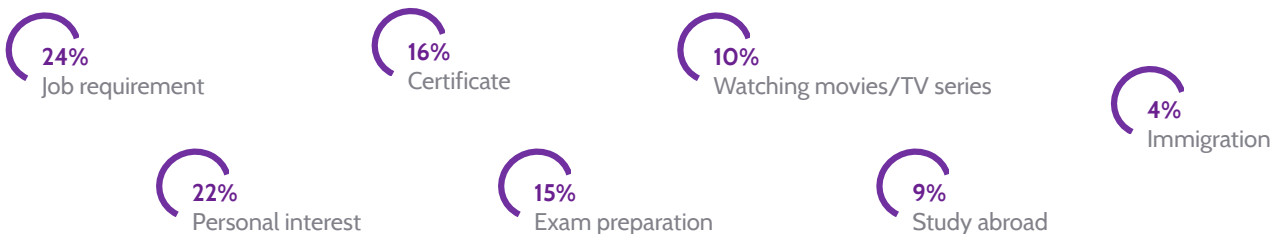
language providers enjoying robust demand and ranking them among the largest English language teaching suppliers. According to ChinaVenture Investment Consulting Group, 27% of suppliers are dedicated online language learning companies. The market is estimated to have reached 25.8 million learners in 2017, and with an estimated annual growth rate of just over 20% between 2008-2017.

Number of online language learners in China (millions)



Source: iResearch Consultancy, 2015

Motivation to learn a language online



Source: iResearch Consultancy, 2015

Comparison of pre-selected online learning providers

Language School	Established	Franchise	Native teachers	Age focus
51Talk English	2011	Yes	Yes	All ages
DaDa ABC	2013	No	Yes	4-16
Da Si English	2013	Yes	No	4-12
Rocky English	2003	No	Yes	Adults
Tutor ABC	2009	No	Yes	Adults
VIP JR	2004	No	Yes	6-18

Comparison of pre-selected language providers – price of designated courses per lesson (RMB)

Language School	With a Chinese teacher			With a native teacher		
	General	Intensive	One-to-one	General	Intensive	One-to-one
51Talk English	n/a	n/a	96	n/a	n/a	384
DaDa ABC	n/a	n/a	n/a	120-180	120-180	n/a
Da Si English	288	288	n/a	n/a	n/a	n/a
Rocky English	52	52	80	52	52	100
Tutor ABC	n/a	n/a	n/a	106-133	106-133	n/a
VIP JR	n/a	n/a	n/a	106-133	106-133	n/a

New Oriental Education, with 8.8 million registered students of all ages as of early 2014, claims to be the largest provider of private educational services in China with a catalogue of courses including language learning courses. In 2013, they reported that revenues for ‘online children’s English classes are rising 35% a year.’

In August 2013, Alibaba’s Taobao (also known as China’s eBay) launched their new online education portal called Taobao Tongxue (Classmate). In April 2014, Taobao Tongxue’s chief executive stated in the press that their most popular online courses were ‘English language training, followed by marketing management, tutoring for middle and elementary school students, literal sciences, and vocational exams.’

Learning English online is still a relatively young trend in China, which is facilitated by growing accessibility of the product. Evidence-based research that would elaborate on the benefits,

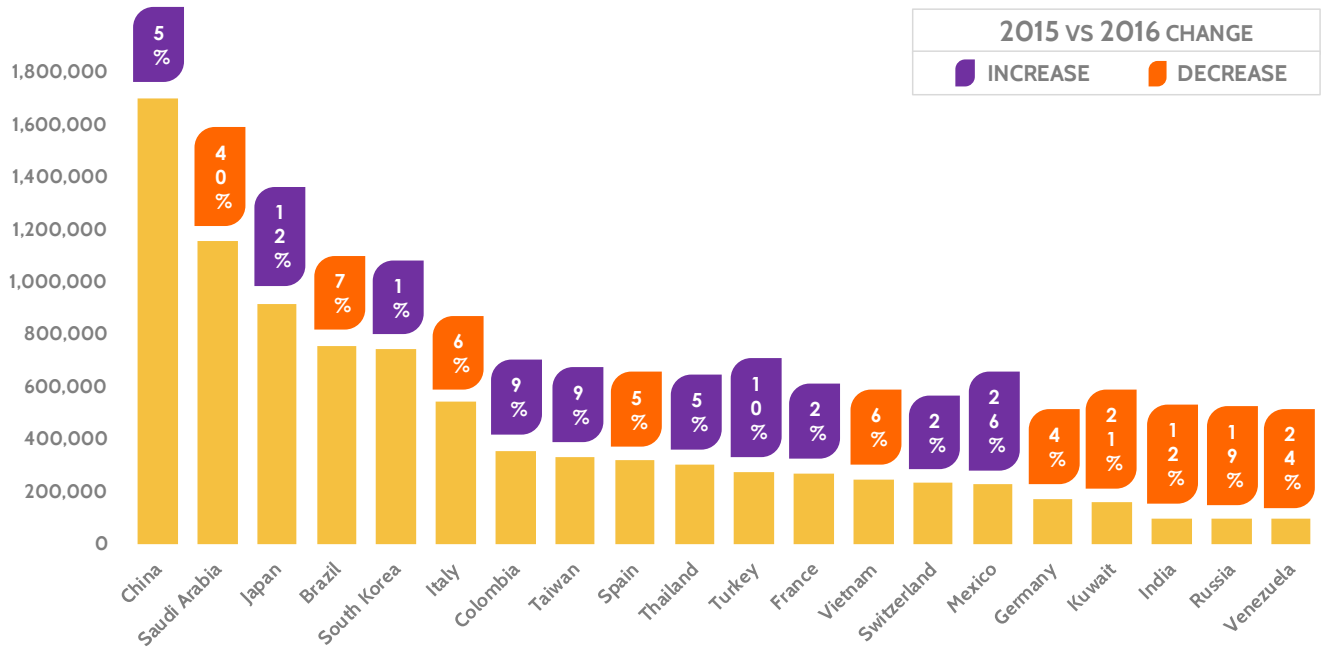
outcomes, and ultimately, measure the satisfaction of students partaking in English courses online does not currently exist.

As a result, it is difficult to assess the long-term sustainability of online learning at times when a wide range of domestic and foreign platforms strive to establish themselves in the market.

It will take some 2-3 years for the market to consolidate and determine which platforms, curricula and providers will be desired by Chinese students. This is especially true given the result-oriented mindset of the Chinese end-customer.

Outbound Mobility

Top ELICOS source markets globally (student weeks)



Source: StudentMarketing, 2017; Figures represent extrapolations based on multiple sources. They cover all centres in the destinations and represent the best possible calculation, rather than a headcount.

Approximately 144,246 Chinese students travelled abroad for the purposes of pursuing an English language course regardless of type – which implied that almost every tenth English language learner abroad was from China.

In the same year, China overtook Saudi Arabia in terms of student weeks as the biggest source country in global English language travel. With steady cumulative growth of 29% over the last three measured years, China now accounts for 15% of all student weeks globally.

The study abroad segment is currently heavily academic-driven, which is to say that of the estimated 1,635,192 student weeks spent by Chinese ELICOS students globally, up to 10% were adult standalone ELICOS weeks.

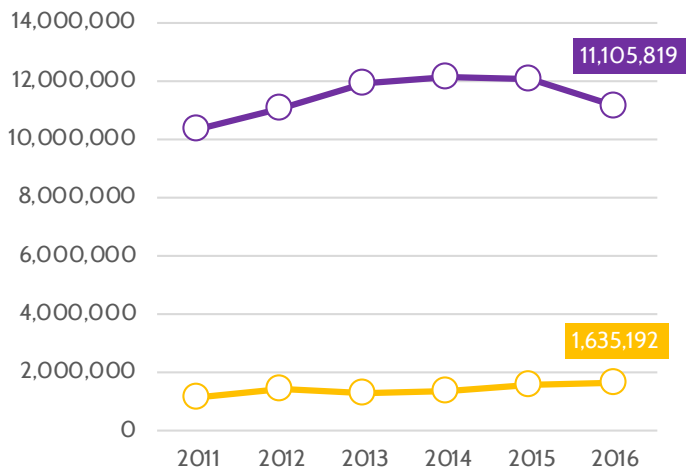
Note: Complete data for 2017 was unavailable at the time of completion of this report.

In the broader scheme of things, the growth in outbound tourism means that the Chinese have a greater appetite for international travel. The number of departures increased from almost 128 million in 2015 to 135 million in 2016 (UNWTO, 2018).

At US\$261 billion, China is the biggest spender in international tourism, with the average spend per trip in 2016 totalling US\$1,932. A decade ago, Chinese tourists accounted for less than 5% of global travel spending, while today this figure stands at 21%.

Their increasing importance is also becoming evident for Australia, as Australian Bureau of Statistics data shows that in the 12 months to February 2018 China has, for the first time, overtaken New Zealand to become the top source country for visitors. With some 1.39 million Chinese visiting the country during that period, this represents an increase of 13% on the previous year.

Student weeks spent abroad by Chinese ELICOS students and total number of weeks

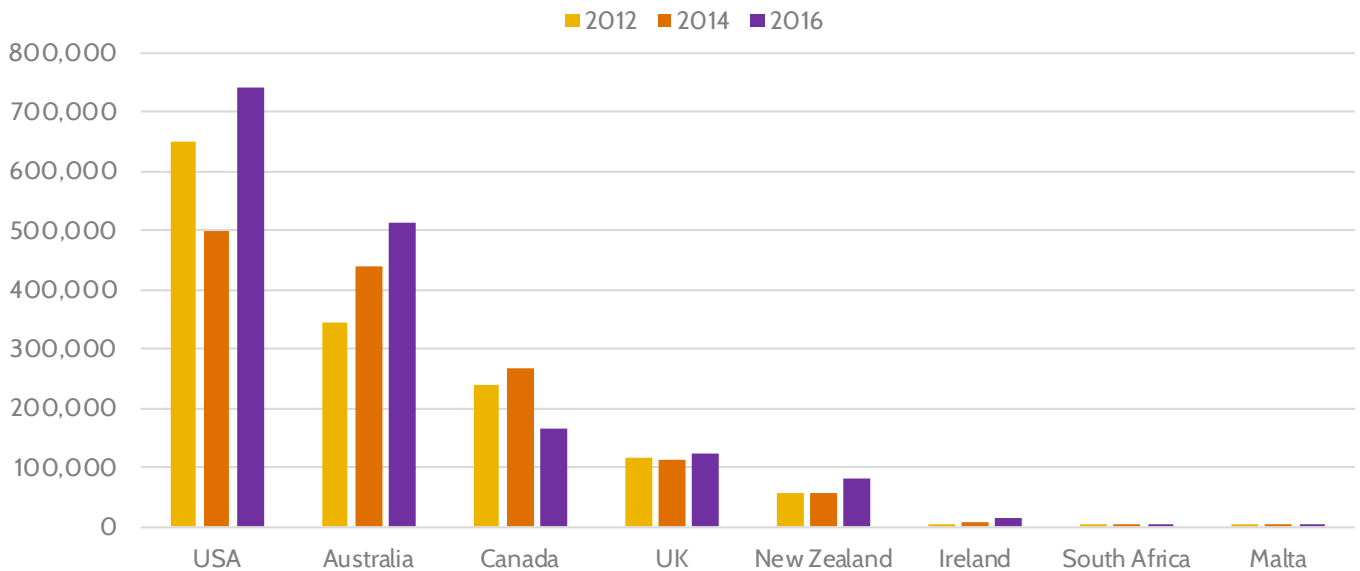


China continues to exhibit solid market performance. As such, it presents one of the few growth opportunities as global demand levels for English language abroad are waning and the adult segment is shifting towards more advanced and specialised courses.

The most popular study destination is the USA, thanks to its attractiveness amongst Chinese higher education students who also require academic English preparation. Australia accounted for the second highest number of student weeks from China globally, enjoying steady growth since 2013.

Source: StudentMarketing, 2017

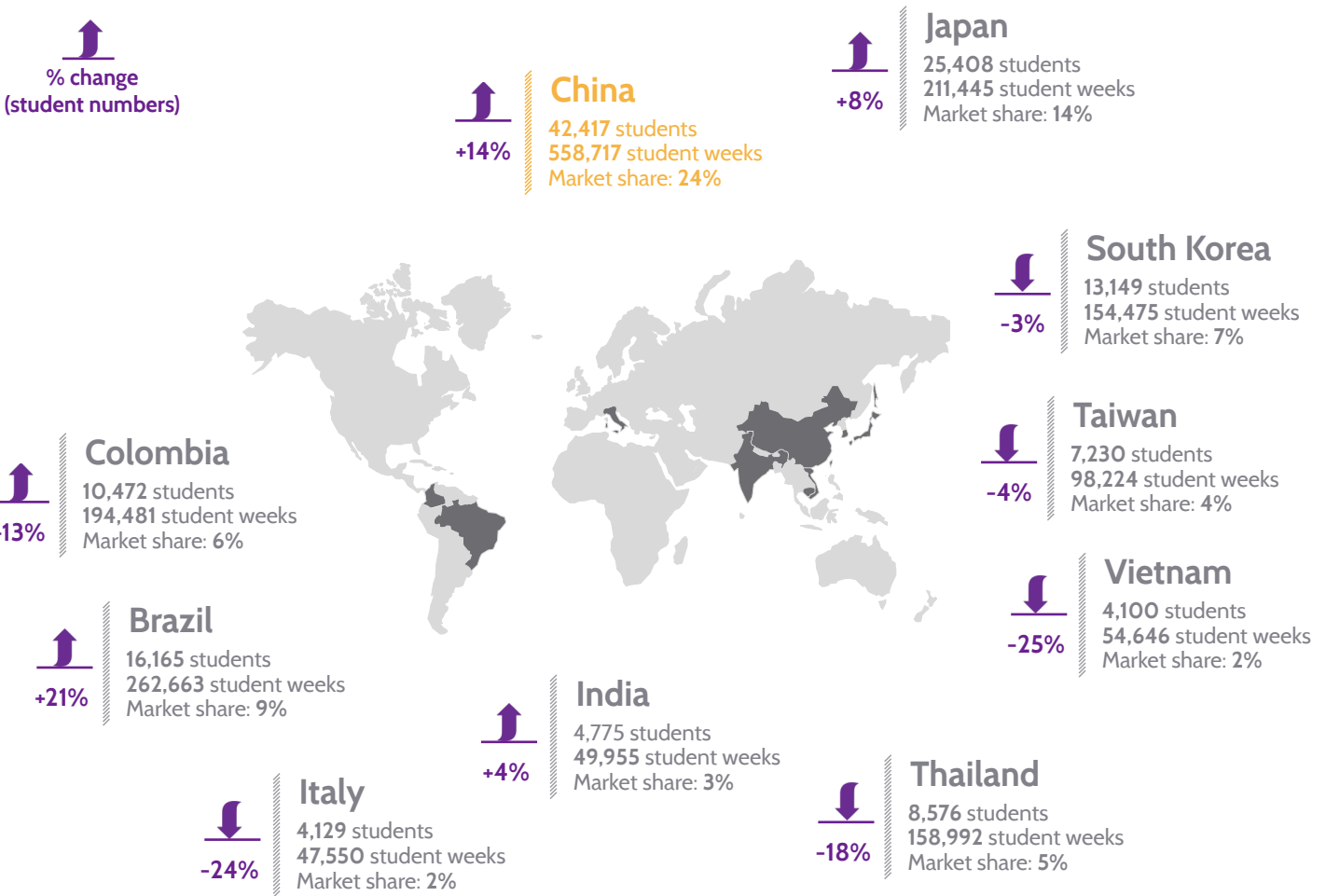
Student weeks spent abroad by Chinese ELICOS students by destination



Source: StudentMarketing, 2017

Outbound Mobility to Australia

Top ten ELICOS source countries for Australia and their market share in student numbers

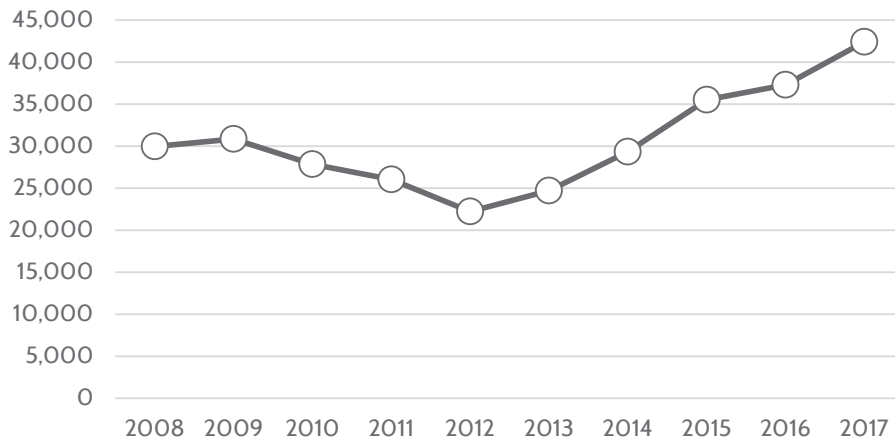


Source: English Australia, 2018

In 2017, Chinese student numbers reached a new record-high figure of 42,417, surpassing 2016's peak. China registered the highest y-o-y increase of all markets in absolute numbers (+5,095 students) and strengthened its importance as a key source country for the Australian ELICOS sector. In economic terms, English language students from China spent a total of

AU\$728.6 million in Australia (a calculation based on the average tuition fee provided by Australian providers as part of 2017 National ELICOS Survey and AU\$1.92 for every tuition dollar spent). This translates into an increase of 17% on 2016 (overall, the entire ELICOS sector generated AU\$2.3 billion towards the Australian economy).

Number of Chinese ELICOS students in Australia



24%
Market share
in student numbers

24%
Market share
in student weeks

Source: English Australia, 2018

The Chinese market has continued to grow since 2013 and thanks to a 14% increase in the last year, almost one in four ELICOS students in Australia were from China.

In a global comparison, comprehensive data on global English language training compiled by StudentMarketing shows that Australia accounted for almost one-third of all student weeks produced by China in 2016 (31%).

Despite being well-represented, there is still further potential for growth, especially within the private sector. Most Chinese students pursued their studies at university-based centres in New South Wales and Victoria with 84% entering Australia on a student visa. According to the combined statistics by English Australia and the Australian Government Department of Education and Training, some 2,665 Chinese students can be classified as standalone ELICOS students in 2017.

Student numbers by state

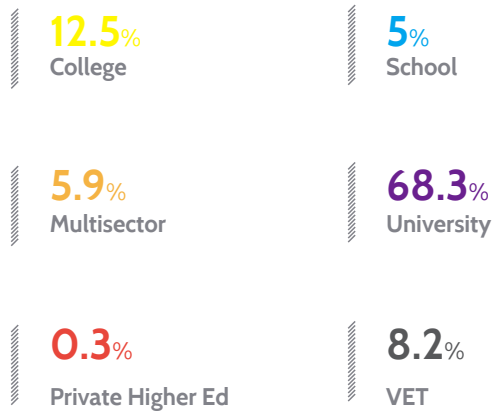
State	2016	2017	% Change	% Share
NSW	13,387	15,505	+16%	37%
QLD	6,312	8,618	+37%	20%
SA	2,575	2,225	-14%	5%
VIC	13,065	14,099	+8%	33%
WA	1,983	1,970	-1%	5%

Source: English Australia, 2018

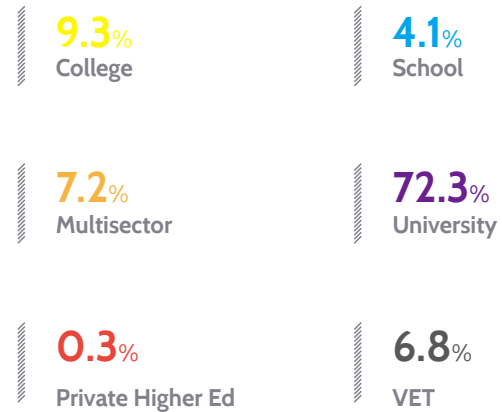
Student numbers by visa status

Visa type	2016	2017	% Change	% Share
Student	30,957	35,819	+16%	84%
Visitor	4,694	5,656	+20%	13%
Working Holiday	311	208	-33%	<1%
Other	1,360	734	-46%	2%
Total	37,322	42,417	+14%	100%

Student numbers from China by provider type (%)



Student weeks from China by provider type (%)



Source: English Australia, 2018

A quantitative survey of Australian providers was conducted to gain a better understanding of the profile of standalone ELICOS students from China in Australia. Although the sample size was strong, percentage-wise, in sheer numbers only 17 colleges responded. Thus, the above-mentioned caveat needs to be reflected when taking the profile into consideration:

- Students were predominantly aged between 19-25. 26-35 was the second strongest cohort of standalone ELICOS students;
- They were mostly females (estimated ratio 60:40 females to males);
- Chinese mostly enrolled through agents (estimated share of agency bookings was at 60%-70%);
- Although visitor visas were also utilised, the majority of students entered Australia on student visas. Working Holiday visas and other types of visas were scarcely utilised in 2017;
- The majority preferred to stay in homestay; apartments were the second most popular options – more popular than student residences;
- The student spread throughout the year was very balanced. According to reporting colleges, mostly from the private sector, there was not single dominant quarter that would welcome any significant majority of standalone ELICOS students from China.

Section Summary

When comparing the situation in China to other countries, it becomes evident that standalone ELICOS represents something that is 'out of the box' for Chinese people. It appears Chinese students prefer to opt for traditional, in-country and in-classroom tuition whose vast capacity and diversity has developed over the past decade to offer a competitive and convenient choice to the domestic Chinese learner.

People are not encouraged by their government, employers, or parents to consider learning English abroad. Learning English abroad is not considered a competitive advantage to securing better career prospects or level of financial and material well-being in comparison to the vast range of domestic choices. To date the Chinese English learner market remains predominantly a domestic English learning market.

This status is a reflection of a combination of a lack of awareness and the existing study tradition in China. While systematic education of the end-customer about the value of learning English abroad could stimulate demand, such change in perception will require a long-term communication strategy in order to revert years of a firmly-rooted conviction to learn English in China.

Moreover, the large majority of student weeks spent on English language courses abroad is connected to pathway/foundation programs which is acknowledged as a necessary investment, rather than a means of improving one's English proficiency through choice.

IN-DEPTH MARKET SCAN

To supplement desktop research that described the market situation, a hand-picked sample of industry professionals were chosen for a series of in-depth interviews. These served as a source of additional context to the hard data accumulated and served as a pre-cursor to a large-scale quantitative research.

A diverse and representative group of industry professionals who represent both sides of the market (Chinese and Australian stakeholders) was rallied. The inputs of market insiders and market regulators produced critical insight into dozens of areas, such as the motivation to study English abroad, and growth opportunities and threats.

Approximately 50% of all interviews were conducted remotely (Australian ELICOS colleges and a predominant majority of Chinese education agencies), while the rest, featuring market leaders and government stakeholders, were held in-person, to acknowledge their status and maximise engagement levels.

These interviews were held in Beijing, Shanghai, Guangzhou, and Tianjin and attended by StudentMarketing's COO, Head of Research, and two China-based project managers (native Chinese speakers to accommodate those respondents who preferred to conduct their interview in Chinese).

Data collection took place between January and April 2018.

As much as it was possible, the following analysis was aimed to preserve the authenticity of the statements.

43
In-depth interviews

8
Different stakeholder types

52 minutes
Average interview duration

The final roster featured:

19 Education agencies

For the purposes of this project, an education agent is defined as an individual or company that provides services to students related to admission to an educational institution abroad, usually on the basis of a financial incentive.

Agencies with both national and local outreach and more importantly, representing all sizes, took part in the interviews including those already promoting standalone ELICOS as well as those with no experience to date (to see how easy or difficult it would be for agents new to the program to start promoting it). Interviews were usually conducted with heads of study tour departments or language course abroad product managers.

- Aoji
- Aoxin
- AugStudy
- A&A International
- Can Achieve
- Discovery Envision
- EIC
- Genhom Overseas Study
- Goldenpine
- GZL
- IDP Education
- New Oriental
- One Smart
- Renhe International
- Shanghai Zhongzhi
- Shiji Boyuan
- Shinyway Education
- U leader
- Xinwei Education

2 Travel agencies

Similar to other countries, a certain proportion of travel agents is also active in the international education sector and offers language courses. For them, selling educational programs is a means of diversifying their portfolio.

The research team managed to speak to two of the largest Chinese organisations of this type.

- Caissa
- Ctrip

1 Immigration agency

To complete the picture of various resellers of educational programs in China, a leading immigration agency in China was also interviewed.

- Wailian

2 Language schools specialising in staff training

These were invited to comment on the needs of Chinese employers when hiring English-proficient staff and current trends in in-country training. The research examined possible overlaps between their portfolio of services and opportunities in promoting ELICOS in Australia.

- Beijing Foreign Studies University
- Wo wo English

4 HR agencies

Reflecting on their knowledge of the state of the job market in China, HR agencies voiced the English language-related needs of Chinese employers, their preferred employee language training choices as well as the pros and cons of developing a standalone ELICOS strategy for China. Representatives met included those of Zhilian Zhaopin, one of the largest HR companies in China.

- Caizhi
- Cyberwisdom
- Lockin
- Zhilian Zhaopin

3 Government and other Chinese stakeholders

Complementary insights were also provided by China Education Association for International Exchange (CEAIE), Australia China Alumni Association, and China Higher Education.

9 Australian colleges

Representing the provider side, English Australia board member colleges were asked to outline the profile of Chinese ELICOS students in Australia as well as what opportunities and obstacles they believe hamper market development.

- Ability English
- ACU
- Greenwich College

- Griffith University English
- Kaplan
- Macquaire
- Navitas
- PICE
- University of Adelaide

3 Government and other Australian stakeholders

To convey government perspectives on this matter, meetings were held with senior representatives of Austrade and the Department of Home Affairs. In addition, input was also sourced from AustCham Shanghai.



Meeting with EIC, Beijing



Meeting with Wailian, Shanghai

Key Learning Outcomes

The analysis below represents a synthesis of all interviews, with a clear focus on key areas essential for further consideration (market size, customer segmentation, customer preferences, barriers to develop the market, and future outlook).

Education agency perspective

A total of 30 pre-selected agencies were invited for the first round of interviews. A second round of invitations were sent to ensure representativeness of the sample and maintain diversity. Market scoping during preparations for interviews revealed that 63% of agents claimed to be able to process a standalone ELICOS enquiry abroad – however, not all of them were actively promoting the product. This figure is based on a mystery shopping exercise of 200 agencies conducted by StudentMarketing in April 2018. A similar mystery shopping conducted by the company for another project in 2016 showed approximately 40% of the agency market offered the product.

The meetings also served as branding exercise, as StudentMarketing shared details on English Australia, and as per individual requests to learn more about the association and its private sector membership, supplied a list of EA member colleges.

Market size and demand levels

Agencies across the board agreed that the current demand levels are relatively low. There is very little demand to be nurtured and a critical share of agents is unlikely to start promoting standalone ELICOS unless there is much greater student interest for the product. At the same time, agencies pointed to students being unaware of such a product and to the preference towards in-country learning. With the combination of low demand, increased workload due to individual counselling, and a weaker profit margin for the agent than with bookings for longer academic pathway study programs, many agencies opted not to actively promote standalone ELICOS courses.

The interviews suggested that the segment featured low thousands of students to all destinations, mostly going to the USA and UK (Australia hosted some 800 standalone ELICOS students from China in 2016). The market was growing at a steady pace of 5-10% per annum.

Interviews revealed that the top three players in the Chinese market were Education First (EF), EIC, and New Oriental. EF is the market leader thanks to a 20-year tradition of operating in China and a unique business model (they have their own language centres abroad). For individual adult courses abroad,

they cater to approximately 2,000 adults per year. EF also benefits from over 200 branch locations with an estimated 1,500 sales people across China.

EIC reported sending between 90 and 100 ELICOS students to Australia in 2017 (more than 100 were recruited but a number of visa applications rejected). In total, the agency sent 600 ELICOS students in the same year (predominantly to the UK and Canada).

In comparison, New Oriental started to promote standalone ELICOS courses in 2014 and like EIC, acts as a student recruiter for partner schools overseas. Infrastructure-wise, New Oriental employs about 100 sales staff (all study abroad departments combined). Three years back, the agency sent 50-60 ELICOS students abroad; in 2018 they target 300.

Customer segmentation

The majority of agencies' ELICOS clients were aged from 25-35 (70%), with 17-18 and college students accounting for 10% and 20% respectively. They usually have a stable job with a stable income to support their expenses, making it easier to get a visa. For those clients where there was a higher risk of receiving a visa refusal, agencies tended to channel them to other programs (for instance, to apply as part of a group). For EIC specifically, half of their customers opting for standalone ELICOS were preparing for university, while the other half were holidaymakers.

The lack of awareness about standalone ELICOS and its benefits manifests itself in the proportion of people who seek guidance when looking at standalone ELICOS courses abroad. It was noted that only 30% of clients have a clear goal ('I want to improve my English level/I want to have an experience overseas'), while the remaining 70% required guidance ('I have this free time and I want to go abroad for study, please find something for me') – demonstrating how unaware the general population was about the concept.

The latter group was composed of:

- Young professionals wishing to spend their annual leave abroad (up to 2 weeks);
- Young professionals who have just quit their job and want to spend their gap year meaningfully (rare group);
- Young people who want to travel during the Chinese Spring Festival, as they can take a 3-week vacation around that time;
- College and university students who have time during the summer/winter vacation.

The dependency of end-customers on third-party advice for these types of programs was underlined in a business story shared by New Oriental who tried an online system that ought to have been time-saving for their staff (prospective customers could choose courses themselves and submit their visa documentation online). However, Chinese customers were not independent enough to take advantage of this, and the e-platform was subsequently removed from use.

Destination preferences

In terms of destinations, top choices were the USA and the UK. Australia was often not the first choice study destination, with most people going to Australia already having been to USA and UK.

Agents attributed the above to Australia being less renowned than those two destinations (quality of education was perceived below the level of the education system in the USA and the UK). In another interpretation, Chinese people did not seem to be aware they can study standalone English courses in Australia. Interviewees thus felt there could be more destination promotion by Australia (for instance, cooperation between Tourism Australia and New Oriental young learners section was highlighted).

Program preferences

Education consultants pointed to the general unsalability of pure English products. They sought to promote courses which combine English with cultural and travel experiences.

An example of a preferred schedule based on customer preferences would be half day of English study and half day of activities the first week, and travel and sightseeing during the second week. For this reason, some education agencies cooperated with travel agencies who had access to better travel deals and could therefore offer more competitive pricing (e.g. admission tickets) as well as tailor the activity program towards Chinese customers.

Another notion was to enhance programs incorporating IELTS, as it was gaining popularity amongst Chinese.

Barriers

- Operational point of view: financial infeasibility to promote such programs (agencies prefer group business over individual enrolments);
- Visa-related concerns when applying for standalone

ELICOS were the second most cited reason: a visitor visa is easier to apply for, but too short in duration for some customers, for whom it appears otherwise complicated to apply for a student visa);

- Lack of awareness and understanding of the benefits of learning English in a native environment among end-customers: Chinese do not see the link between learning English abroad and higher proficiency. When they are going abroad, they are looking for something more than 'learning English' – other added value. A study tour is seen as optional, while long term study is a necessary investment (it could help if there was a link that a study tour is often a preparation of long-term study).
- Lack of on-the-ground support: on a number of occasions, agents mentioned the great work done by the British Council and the support they received on a regular basis.

Future outlook

Those promoting standalone ELICOS courses were usually study tour departments of well-established leading agencies. These acknowledged the potential in further developing the market, because they saw that the concept of combining language courses and travelling was gradually being accepted by the public. And while the appetite among customers was not skyrocketing, they estimated stable annual increases.

From the location point of view, agencies felt there were cities in Australia with high potential but not as yet developed for Chinese customers.

Smaller agents held very limited views on standalone ELICOS due to a lack of product knowledge and customer enquiries. They appeared to be deeply rooted within the group study tour business and would have difficulty adapting to serving this segment from an operational point of view – especially the increased cost connected to individual client counselling.

Travel agency perspective

Interviewing representatives of travel agents brought along considerable benefits. First of all, since they operate in a much broader environment, they could provide insights on emerging trends that relate to outbound tourism in general, which in turn could also affect educational travel (e.g. any uptake in FIT can also influence individual study tour overseas). Secondly, since they promote a much broader portfolio of travel experiences and communicated with a much broader pool of potential customers, they could offer know-how in terms of how to differentiate the product to make it stand out. Thirdly, they

could become an important link in the distribution chain, should the project enter a pilot stage.

Market size and demand levels

For both travel agencies interviewed, standalone ELICOS courses represent a niche market. The main barrier in developing the market lay in the difficulty to justify the investment, even though it could directly lead to better employment prospects.

While Ctrip mentioned that their current sending power has climbed to 100 students per annum, Caissa only served a handful of students in 2017, with a future target of 100 students per annum.

In order to stimulate the demand levels, they stressed the importance of branding. There was a general perception that ‘everyone is offering the same product’, which creates a push towards making the overall experience more fashionable and empowering. On the other hand, visas were not an issue, since agents have in fact placed students to programs lasting less than 12 weeks.

Destination preferences

Interviewees claimed that Australia was not perceived as a quality study destination and even mentioned negative tourism experiences of Chinese travellers – there were reportedly cases of Chinese people being ‘forced’ to make purchasing decisions while in Australia.

On the other hand, the country was perceived as a safe destination with attractive locations. Going forward, Australia was advised to formulate USPs – big cities offer better opportunities but do need to differentiate themselves.

Program preferences

Unsurprisingly, the focus of programs promoted by travel agencies lay on the travel component; English was seen as something to enrich the holiday. Pure English language classes were not considered a viable product and need to be sold as part of a packaged product. Such standard packages normally include tuition, homestay, airport pickup and insurance, and last anywhere between 1-4 weeks.

In terms of course types, the interviews confirmed the popularity of the following concepts:

- 1-4 weeks English + fun/lifestyle/relax (for those who want

- to enjoy life);
- 2-3 weeks for employees – English + wine tasting/coffee tasting/some skills (around Chinese Spring Festival);
- Programs featuring cultural exchange with the local community;
- Specialist courses that end with a certificate;
- Exam-related studies;
- Teacher programs.

Barriers

- As with education agents, travel agencies noticed high competition from in-country training institutes, and thus, need to educate their end customer about the benefits of studying abroad;
- The need to educate the end customer about the benefits of studying abroad;
- Seasonal business;
- Potential competition from non-traditional destinations such as Philippines which offer access to cheaper courses and actively use celebrity marketing to endorse the product, but are also active in B2B marketing (e.g. inviting agents to FAM tours);
- Local support: Australia was recommended to also appoint a local point of contact (agents mentioned the British Council as an example).

Future outlook

Both travel agencies saw rising demand for the product. Although slow, but with a high potential for the future – predicting a rapid increase in the next two years and perhaps even following the Taiwanese example (people staying longer, travelling to more countries, etc.).

Respondents based their opinion on the rationale that young Chinese people have desires to travel the world and can learn English while travelling and noted that the number of independent travellers continues to grow. They also noted that the higher the English language proficiency is, the more independently one can travel, opening the door to further possibilities.

The pace of the development will be subject to how effectively providers can communicate the benefits of learning English abroad and demonstrate its practical implications. Since the Chinese customer always enquires about how exactly a product or service is going to benefit them, the cost of opportunity needs to be clarified for them to make that purchasing decision.

Immigration agency perspective

Although the clientele of immigration agencies is not usually the average student, the research was deemed useful when exploring any business opportunities related to possible language preparation that could be offered to families wanting to emigrate from China.

The research confirmed that collaboration potential is low, as the only possible overlap might be English language programs that would introduce Australia before emigrating, including its education system and accelerated courses for family members (however, not family programs as these were not popular).

China stakeholder perspective

In the past (2000-2002), the Chinese government funded people who went to U.S. language schools, or language centres in universities, to study English. Recently, this changed as funding stopped and it is unlikely that the government would launch, or support, any large-scale initiatives aimed at increasing English proficiency through language stays abroad.

As the number of people supported by the government dropped, the number of people going abroad to learn English of their own accord increased. However, these learners generally look for career training or teacher training instead of pure language training – which would be normally undertaken in China.

The current business environment does not provide any guidance by the government as to an employer's liability when it comes to an employee's language education, which is, thus, a personal decision by the employee. Hence, Employers were unwilling to pay for such courses, but if they did, they preferred to organise in-house training instead of paying for an English language course abroad.

Program preferences

It is a Chinese preference to have a certificate in hand upon completion of their training for promotion purposes. Potential was noted for programs where IELTS is required, and this is underscored by the rising popularity of testing platforms amongst in China.

Future outlook

Stakeholders did not see much potential for standalone ELICOS abroad to develop further.

Employers/HR/Training agencies perspective

The initiative also secured high-level meetings with employers and/or companies with a nation-wide overview of the needs of the job market and how standalone ELICOS could address language learning-related gaps. This was especially true for state and China market-oriented companies. At the same time, there was a growing need for graduates, or recent graduates, working with (and for) international companies to conduct business in English.

Market size and demand levels

Chinese employers do realise the need for English, as an increasing number of international projects fuels demand for English in the workplace. Increased English proficiency was also seen as critical to promote transparency in business negotiations.

Staffing companies understand that the way Chinese learn English is not effective. Big HR companies run internal training programs but studying abroad is not supported and subject to individual decision-making. The concept of systematic international mobility to improve English proficiency abroad is practically non-existent in China and there is no tradition of corporate-backed ELICOS training abroad. Furthermore, it is more convenient for companies to hire English speaking staff instead of spending money on training existing employees.

Program preferences

Nonetheless, there were sectors that would benefit from increased English proficiency. The common denominators were hospitality and hospitals serving foreigners.

Barriers

- The biggest limiting factor was the very constrained window of opportunity to travel abroad. Besides the period around the Spring festival usually offers some 10 days of holidays, there are almost no opportunities for learning English abroad, which downgrades the opportunity for Australian providers to lock in this target group.
- In addition, sabbaticals amongst employees in China is rare.

Future outlook

The vast majority of representatives unanimously declared the concept of short-term pure English study as unrealistic with regards to the needs of the market (employees want some

degree or certification, so the learning has to be connected to some further education components).

Where their opinions were split was the relevancy and justification of English language learning abroad. Half of the respondents did not see a gap in proficiency that could be addressed through language learning abroad, while the other half would see value in overseas training if it was well-designed. This suggests that there is a critical lack of understanding of the benefits connected to learning a foreign language in a native environment.

One respondent suggested conducting a roadshow in China, inviting business people, and launching awareness campaigns. Notwithstanding, it appeared that Chinese employers would prefer to work with local businesses to organise their training abroad, rather than working with English language providers directly.

Australian colleges were advised a staged approach: to first provide on-line courses and then promote the overseas program. Such approach would enable Chinese students to test the education system and make them more aware of learning opportunities in Australia. The overseas program would be marketed late in the year with potential students looking to undertake courses early in the next year.

However, the market will not develop unless it can be demonstrated that there is a significant difference between on-line courses and overseas programs, and that there are certain easily identifiable benefits for all parties involved (for example, visa green channels, tax deductions for educational institutions – thereby reducing individual costs). Other than providing support and ensuring all regulatory frameworks are met, Australian and Chinese governments should not be involved.

Australian colleges perspective

According to data provided by English Australia, Australian colleges hosted some 800 standalone ELICOS students in 2016, an increase of 51% over 2015 (530 students). This confirms that the market is microscopic compared to the overall size of ELICOS mobility from China.

Barriers

- The market cannot yet see potential ROI in standalone English learning, and there is a lack of understanding and credibility of the program in China. Moreover, overseas language course certificates have no official recognition in

China, so it has less value-add for students who only study English;

- The main (and for many the only) opportunity to travel abroad to learn English is around the Spring festival period;
- Agency engagement: The majority of standalone ELICOS students came to Australia through agents. However, a critical mass of agents still does not perceive standalone ELICOS as a viable product;
- Easing of visas would stimulate the market for the short term. Moreover, culturally China is not like other Asian countries e.g. Japan and Taiwan – people from China prefer to receive a formal degree rather than undertake language studies;
- Australia, currently, does not have a good “word of mouth” reputation from its existing Chinese alumni as their level of spoken English is deemed to be poor;
- There is a lesser desire to learn English in a native environment. Reasons for this include: the government’s existing policy of teaching English in K-12, a booming private teaching sector in China (easy access and a personalised service), and a multitude of foreign programs teaching an English curriculum to Chinese students increasingly using foreign teachers.

Future outlook

Membership remained divided as to whether it is possible to develop a standalone ELICOS strategy for China. Education providers from the private sector believed the market could be developed, because English was an essential skill for career development.

While many Chinese learn English for 10 years or so, their level of understanding and ability to communicate effectively still remains low. It has potential to develop as the market matures and more emphasis is placed on experiential learning coupled with an easier visa route for students.

In order to stimulate demand, some colleges confirmed they would consider lowering the tuition for Chinese students (e.g. to match Taiwanese levels) provided visa relations change. From the perspective of a distribution network in China, promotional efforts could be led by agencies that do not have their own training institutes.

Another viable way of developing the market is to elevate professional English training through internships at local employers to target mature students who wish to upgrade English skills and their careers. As a last resort, there may be new opportunities if ELICOS would be delivered in China.

Perspective of Australian government representatives

A vast number of remarks from agents featured a reference to the existing visa system, ultimately suggesting that standalone ELICOS students perceived a need to have easier access to student visas. Hence, it was of paramount importance to gauge the mood and viewpoints of government-affiliated Australian officials.

Research undertaken by the Department of Home Affairs on the reasons for student visa refusals of Chinese nationals in the independent ELICOS sector showed that the major downfall was applicants failing to meet the Genuine Temporary Entrant (GTE) requirement. GTE is a legislative requirement which cannot be waived, and fulfilling this requirement applies to all student visa applicants. The officer assessing the visa considers whether a student's individual circumstances point to a temporary stay in Australia – and students must convince the officer of this through relevant and compelling documentation. Nonetheless, growth in visa lodgements for China ELICOS has been significant (up from 314 in 2015-16 to 814 as of 31 May 2018) albeit from a low base.

Austrade representatives offered an image of contemporary China as well as an analogy to what it was five years ago. They highlighted the early-age approach towards learning English pursued by the government. China's characteristic trait – an award-driven market – was deemed rather incompatible with developing standalone ELICOS programs as English learning abroad was chiefly used as a pathway (packaged enrolment).

While the Australian government noticed a correlation between increased Working Holiday visa issuance and short-term English enrolments, China was not to be directly compared to other Asian countries as income levels in China still do not reach those in Taiwan. Regulatory changes concerning visas were not likely to be implemented in the foreseeable future.

Program preferences

Interviewees suggested that Australia needs to be focused on its niche specifics when offering ELICOS programs.

Future outlook

Eyeing future opportunities, the stakeholders were sceptical about program's possible success. Standalone ELICOS in China was likely to remain a niche market that needs to be differentiated. A higher regard was given to the opportunities lying in transnational education and/or online learning to prepare students for Gao Kao.

Section Summary

Qualitative interviews brought to light a variety of views, often different, however, it is possible to find similarities and overlap. They can also be seen as a general agreement in market assessment; and hence, considered to be cumulative conclusions from qualitative research:

- The Standalone ELICOS program is modest in China, for Australia and other destinations, in terms of pure student numbers;
- There exists massive unawareness about the product and even less is known about the benefits of ELICOS (English learning abroad), at all levels, be it policy-makers, employers, agents, parents, or students;
- The job market does not support/stimulate the demand for higher English proficiency and ELICOS abroad as much as in other countries. Employers do not see it (higher proficiency) as considerable added value and thus do not offer greater financial incentives for it. Simply put, English speakers with higher proficiency are not in as great demand as in other countries that are economically more interconnected with the world and dependent on international trade (e.g. smaller countries). Moreover, if Chinese employers do endorse English proficiency, they would prefer them to study in local centres as English abroad is considered unnecessary despite the higher proficiency attached to it;
- A pure English program is not currently a strong commercial option; coursework must be combined with practical usage, a travel component, an internship with local employers, or a travel component with other incentives, and must conclude with a recognised certificate;
- Traditional Standalone ELICOS programs do not match Chinese travel patterns (who in fact prefer group travel). Even if Chinese travel preferences change, the ELICOS product must be pre-organised and offered in packages. As such, there is an opportunity for 'ELT tour operators', who have a product geared towards combining travel and English tuition, and electives and extra curriculum activities;
- Price was not identified as a major decision maker, visa issues were a more important concern, although subjective, according to the level of understanding and practical experience with promoting/delivering the program;
- Chinese learners possess limited time windows to undertake their learning, as the Spring festival is for most employees the only real opportunity to undertake a language course abroad;
- Agents represent a considerable opportunity for future of ELICOS in China. While currently marketing activity and incentive/motivation to promote ELICOS is low, they represent the majority of bookings. Educating them is a relatively inexpensive exercise, which will in turn influence

and encourage a marketing and booking channel controls ca. 70% of all enquiries. Any strategy should focus on agents without their own English training centres in China. However, existing case studies show that as long as there are synergies between both providers' portfolio or product, such as an Australian provider delivering an extension or accelerated course on top of the local provider's course - then local providers might be interested in developing such a product on a larger geographical scale across multiple branches;

- Chinese ELICOS market will not be similar to Japan and South Korea - different income levels, motivations and drivers, reputation of Australia, less desire to learn English in a native environment - Chinese customer can, however, come for shorter periods, pay more, and are looking for packages with a varied and rich after-class non-work related component;
- TNE (transnational education/English delivery in source country) & OL (online learning) have the potential for greater development for Australian colleges.

Subsequently, the research enumerated reasons why such strategy should be developed:

- Stable year-on-year growth (5%-10%);
- Already high tuition costs for in-country English language learning, plus the way Chinese learn English in China is generally not the most effective;
- Established agents are keen to cooperate with English Australia and its private sector members on promoting the program (business relationships between the EA private sector membership and Chinese education agents have not yet been developed to their full potential; agencies in fact crave new partners who can be flexible in their product offers);
- There is room for creating specialised, destination-bound programs, with an emphasis on experiential learning;
- Although Australia is not the primary destination choice, the safety factor (and welcoming image) can play a great role in attracting ELICOS students from China going forward;
- Arguments regarding the value of an ELICOS programs have not been clearly enunciated to the target market, nor is the market aware of its benefits (learn faster, have better results learning in a native environment, cultural experience associated benefits and so on), hence the target market cannot gauge its benefits accurately.

The following target groups were identified as possible consumers of the standalone ELICOS product. They differ in their motivation, and thus, their preferences, the time of the year they can travel to

Australia, and ultimately, the potential they represent:

- Young professionals/employees – very limited opportunities to study abroad during the year, limited annual leave, small incentives/push from employers to do so; if so, they would prefer to invite foreign teachers to conduct in-company training; if so, best bet is to identify specific high-demand sectors such as hospitality, tourism, and international business;
- Travellers – experiential programs, combining travel and English tuition (using English as a medium to increase their travel experience);
- College students – to a certain extent (those who want to experience studying in Australia);
- Gap year/sabbatical students – low potential, not a tradition in China;
- People seeking specialised personal or professional development – niche English Plus programs could prove attractive;
- Teachers – teacher training, possibly not only for English language teachers;
- Families – lower potential for family programs, parents are unlikely to learn English abroad.

On both agency and provider side, there were strong proponents of the idea who thought the market can develop (travel agencies, education agents working with standalone ELICOS courses and English Australia private sector membership): they also expect the market to double in the next three years.

On the other end of the spectrum were more sceptical stakeholders who were not convinced that China will follow the examples of Taiwan, Japan, and South Korea. The latter also saw visas as an issue and pointed to the greater need to customise the experience, with a recognised certificate granted to the student upon course completion.

There were considerable differences in opinions between agencies promoting the program and those who did not, which stresses the need for further quantitative study and approach. Even within English Australia membership this topic enjoyed a varying level of priority. University representatives, who already host a significant number of Chinese ELICOS students, do not necessarily see this as an opportunity and rather look at how to diversify their nationality mix (already host a lot of Chinese students and having more would not help them diversify).

Therefore, caution must prevail when opting for full-scale market development, however, there are also reasons and assumptions for possible growth, whether linear or exponential.

Based on the preliminary findings from the interviews, as well as pursuing the overall research objectives, subsequent B2C research was laid out. The inputs helped better define the target group and the following steps were taken:

- The list of cities to be screened was **expanded** from Tier 1 and Tier 2 to include smaller cities;
- The age band was **narrowed down** to 19-35;
- The sample size of prospective students was **quadrupled** from a suggested 300 to 1,271;
- The sample size of parents was **doubled** from a suggested 300 to 623.

.....

In addition, the qualitative research brought up a number of areas that needed to be addressed by further screening:

- If the perceived high refusal rate is not true, can it be demystified?
- How to tangibly demonstrate/measure the value of the product?
- Which target groups are most promising in terms of leadtime to ROI and should be targeted first (customer segmentation)?
- If there was a positive change in the visa policy, would it motivate agents focused on group study tours (those discouraged by the amount of time needed to counsel individuals) to promote the program?
- If the concept as such is not feasible/low ROI, are there any alternatives that would be possible (e.g. in-country provision delivered in partnership with onshore institutions, online courses)?
- Is it a seasonal program, or can/should it be developed as a year-round product?
- If otherwise not feasible on a large scale, should it be developed as a short-term program for students on visitor visas only?
- What kind of programs would be wanted by Chinese students?
- Is it viable to provide the level of program customisation that this product requires (individual students' needs)?
- If so, are Australian colleges or targeted start-ups that are not ELICOS but concentrate on tourist ELT able to develop a joint portfolio of programs that would combine destination-bound programs, culture-oriented programs, travel-oriented programs, and specialist programs?

CUSTOMER PREFERENCES

As the main method of bringing more clarity and detail, the research team carried out nation-wide B2C research on customer preferences. The primary target group were prospective students. Through an online survey of prospective students, the research collected data from 1,270 respondents between the ages of 19 and 35.

Additionally, English Australia and StudentMarketing partnered with Zhaopin Zhilian, one of the largest HR recruitment agencies in China, to extend the reach of the survey and provide a cross-reference point to the online survey.

To assess the role of potential student influencers and their preferences, the research team also surveyed 623 parents through an online survey. These often provided complementary insights into future demand levels, as they spoke on behalf of the next generation of potential standalone ELICOS students.

Note: It is important to acknowledge a number of limitations that occur when collecting data from Chinese respondents in general. Chinese consumers are one of the most difficult respondents to interview as they often do not provide a sufficient number of responses while giving qualified answers (when compared to respondents from other countries).

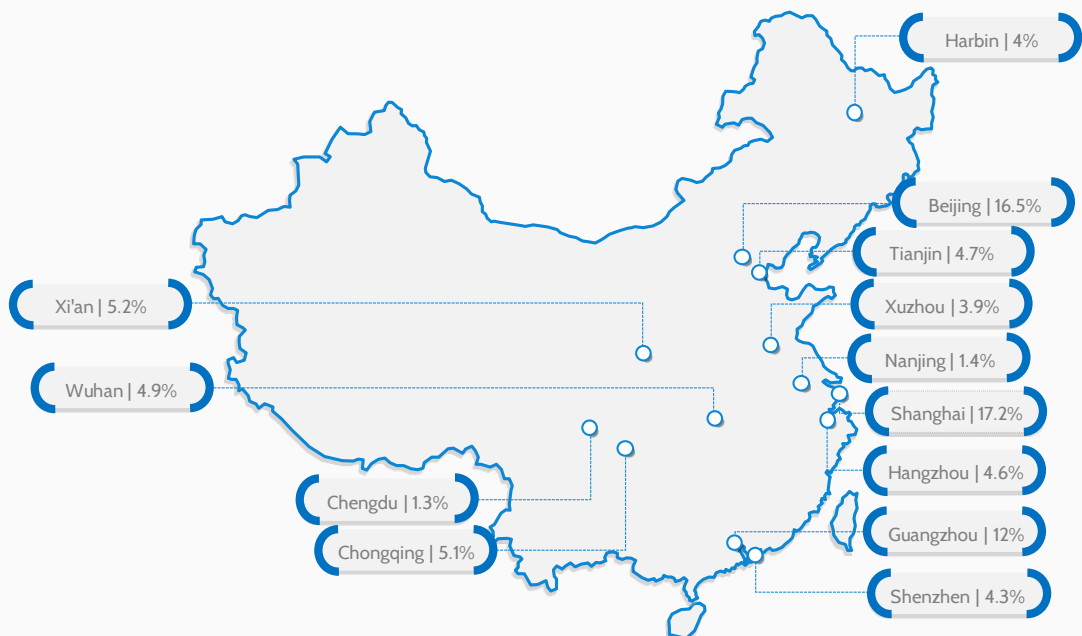
At the same time, it must be noted that the relevancy of answers was also influenced by the level of awareness about the standalone ELICOS concept. This appears especially true in the question about destination preferences, where while they hold Australia in high regard, the majority would still prefer to study in the USA or the UK due to the overall popularity of these as study destinations.

Student Perspective

Prospective students by location

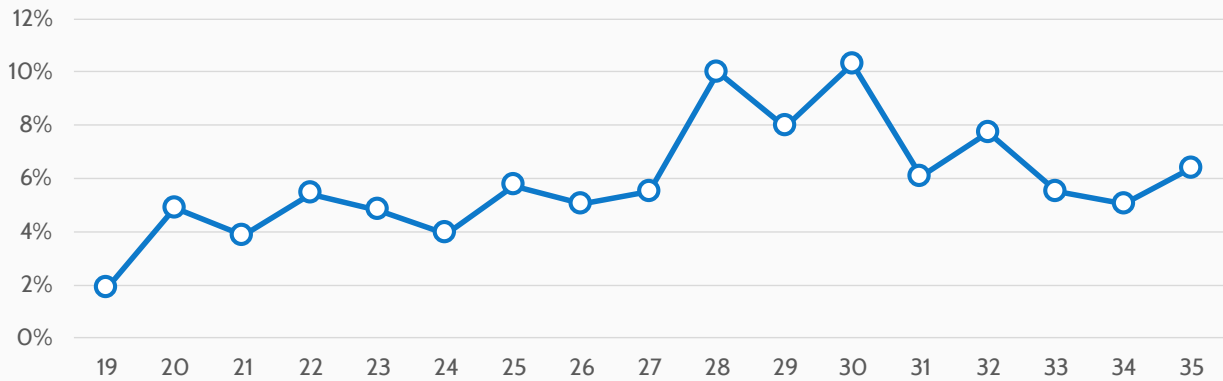
64
Cities represented

27
Provinces covered



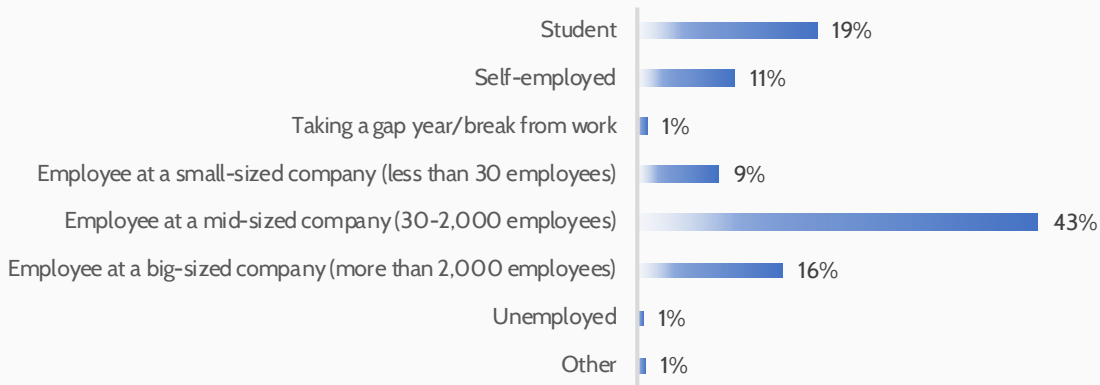
n=1,271

Prospective students by age



n=1,271

Prospective students by occupation



n=1,271; percentages do not add up to 100% due to rounding

Reflecting on the findings from the in-depth interviews, which hinted that the target group are young professionals (financially stable and making independent decisions), most survey participants targeted were young professionals aged between 28 and 30 years old as described in the in-depth interviews. Most respondents were employed, working for a mid-sized company (30-20,000) employees (43%). In terms of monthly income, 67% of respondents reported an income between

10,000 and 15,000 RMB, while 22% earned between 15,000 and 20,000. Eight percent earned more than 20,000 RMB per month. In case of students (19% of the research sample), the research team asked about family income. The result showed that 52% of students reported a monthly income 15,000-20,000 RMB. Fourteen percent of families were making between 25,000 and 30,000 RMB and 10% earned more than 30,000 RMB per month.

Do you think English is going to help you in your career development?



n=1,475

Motivation to learn English



n=1,271

Of 1,400 respondents, 80% thought that a better command of English would help them in their career development. The rest either disagreed with this or were unable to form an opinion. It is also worth mentioning that 88% of respondents did not have any previous overseas travel experience.

Those who stated they would not benefit from English did not in fact need English in their work, or perceived English learning as a long-term investment and did not think that a short-term program could help them improve.

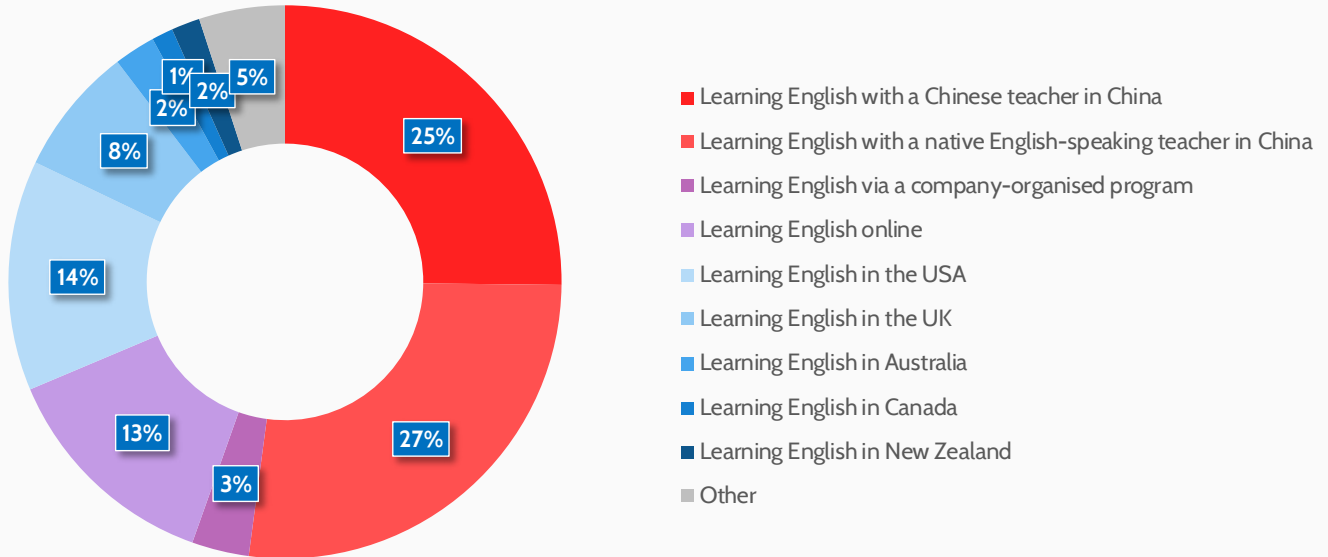
The top three reasons why people wanted to learn English were closely connected to the competitive job market in the country. Acquiring English language skills was seen as a means of increasing one's chances of getting a better job or salary increase or promotion within the existing work relationship. Personal reasons (learning English to be able to understand movies and communicate with friends), occupied the fourth spot, with 15%.

Leveraging English for travel purposes, a potential motivator suggested by agencies as noted above, scored 10%.

At the other end of the spectrum, studying English for the purpose of enrolling at a foreign institution abroad (as in a university) was not of particular importance for this cohort of people. Immigration and desire to improve the working holiday experience were the least common drivers among prospective students to study English abroad.

These results point to a desire to learn English has a domestic focus (to succeed domestically, rather than abroad). This is an important insight which course providers need to take into account when designing their courses – that they should meet client expectations, which most of the time need to be perceived in the Chinese context, especially with regard to how result-oriented they are.

Preferred methods of learning English



n=1,196

The majority of respondents preferred to learn English in China. Slightly more students prefer to learn English in China, with a native English-speaking teacher than with a Chinese tutor.

Generally, results indicate an appetite for studying English abroad, with 27% opting for one of five major ELT destinations. Customer preferences mirror other market data collated by StudentMarketing, which shows that the USA is the most commonly desired destination amongst prospective students. Canada was the least popular from the destinations featured. Further information on the comparison of the five major destination countries follows below.

Corporate programs (e.g. foreign teachers coming to the company to teach English; often a company benefit) were not preferred by this target group.

Reasons why people would not opt for studying in Australia were linked to a lack of information about study opportunities. The second most cited reason was that respondents felt it would be more expensive to study in Australia.

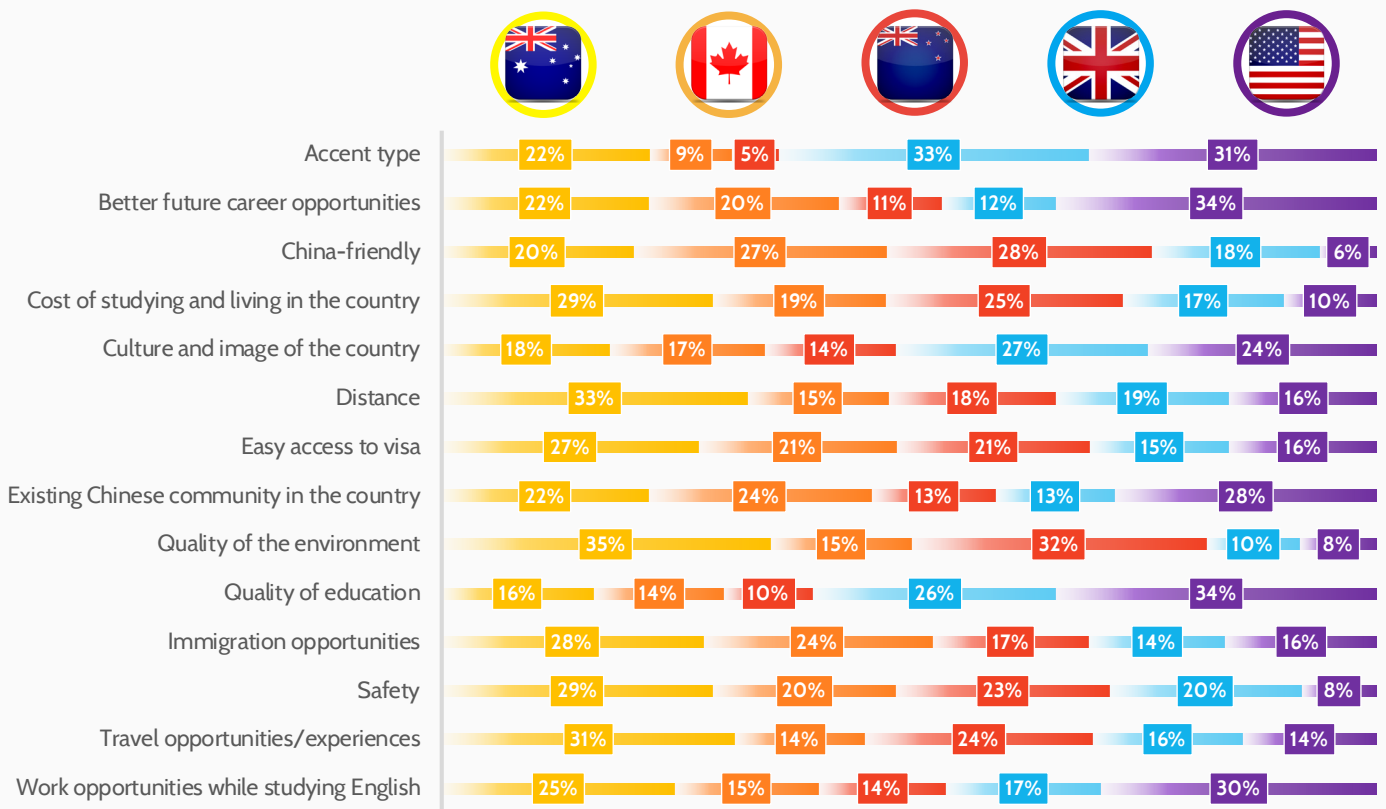
The results reconfirmed what was assessed during in-depth interviews – that there is a need to educate the end-customer about the benefits of studying abroad, especially at times when domestic course fees have skyrocketed to meet, or exceed, the

prices of overseas English courses (further references on cost of study can be found on Page 15).

A third, more practical reason, was that students felt they did not have proper time to go to study abroad and could only allow for few weeks. On average, they were willing to learn English in Australia for 3.8 weeks.

Importantly, 19% of respondents claimed they did not see any benefit in studying in Australia when they could study English in China. A similar proportion of respondents (18%) felt they would not get a visa to Australia if they applied for a language course.

Percentage of students preferring a particular destination by selected factors



n=1,271; percentages do not add up to 100% due to rounding

Respondents were also asked to compare the top five destinations according to a range of factors. In general, Australia fared well in the overview, coming first in 7 out of 14 areas. The strongest preference towards Australia was recorded for the quality of its environment (35% of respondents). Australia also did well in aspects such as distance (proximity to China was a pull factor according to 33% of students) as well as opportunities to travel the country (31%).

Respondents based in Tier 1 cities held Australia in higher regard than the rest of the country. This finding represents an important incentive to promote Australia beyond the major cities to increase awareness and helps determine where a potential pilot scheme should be launched (depending on which locations offering a higher ROI).

Interestingly, Australia's visa policy was viewed positively, especially by students from Beijing and Shanghai who were confident the visa route to Australia was not problematic. Most students would opt for Australia when asked about immigration opportunities, closely followed by Canada.

The safety factor, which was praised by many interviewed stakeholders, was reconfirmed to be a big plus for Australia.

On the other hand, Australia scored low in a number of factors that top students' priorities when considering learning a foreign language abroad.

Concerning the welcoming atmosphere of the destination – one of the most important criteria – New Zealand and Canada were viewed to be more China-friendly than Australia. Similarly, the UK and USA were more interesting places of study when considering the cultural aspect. The UK also outperformed other destinations in terms of accent type.

The USA took a strong lead in terms of quality of education, followed by the UK, and Australia. When students took into consideration in which country would learning English grant them the best employment prospects, most students pointed to the USA. Furthermore, the USA was also best in terms of opportunities to work while studying, being the choice of 30% of respondents.

Preferred ELICOS programs in Australia by Chinese students



n=1,271; percentages do not add up to 100% due to rounding

Even though the majority of students want to learn English abroad to advance their professional career, they appear to achieve this goal through non-business-oriented courses. Most of preferences lean towards English courses related to, or combined with, practical out-of-class experience, be it travel or everyday life. Australia was noted as an attractive destination considering the travel opportunities and experiences it offers, and thus travel-based/connected programs were at the top of the most preferred courses.

Eight percent were interested in business courses, which might seem low, but the number is actually higher than in other source countries (e.g. Italy). Another 8% were in favour of English Plus short-term work or an internship with the aim of enhancing their English proficiency in a work environment. Cumulatively, business or career-focused coursework appealed to 22% of respondents, constituting the second largest objective theme.

The relatively low preference towards Academic English was in line with the respondent profile (the average respondent age was 28 years, as the sample was tailored to limit respondents whose primary aim was studying at a higher education institution abroad and who, therefore, would not represent a primary target group for the standalone ELICOS program).

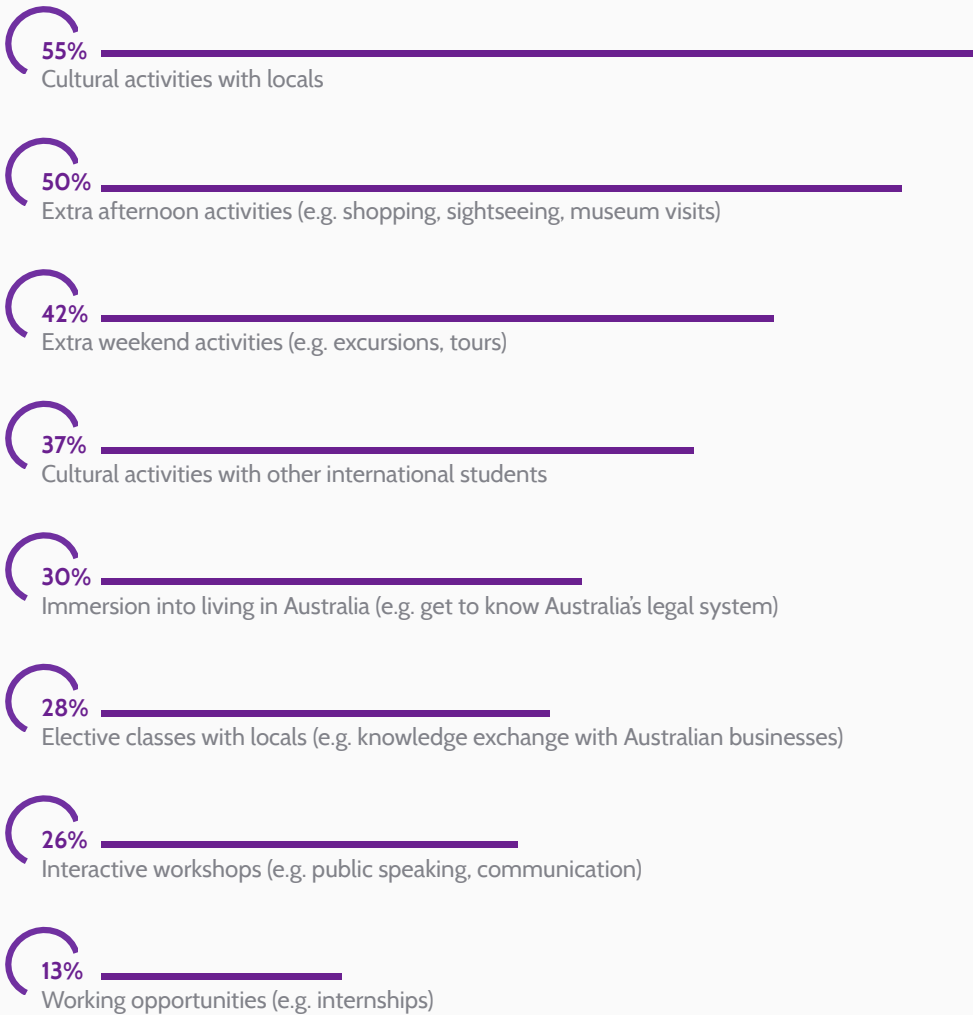
English Plus special focus programs enjoyed very low popularity, perhaps with the exception of English Plus Culture, which would attract 5% of Chinese learners aiming to study in Australia.

Looking at customer segmentation, there were a few noteworthy variations in the preferences of respondents.

Students in the 19-23 age band preferred travel- and culture-oriented programs, adhering to the increasingly popular ambition of exploring the world. Furthermore, their perception of travel was a more active concept than the one by older respondents, who showed more inclination towards holiday-style English language learning.

Students aged 30 years and over were more interested in career-related courses, especially Business English (10%); yet courses embodying overseas work experience resonated more with the 19-23 group (9% vs 7%), which suggests that Chinese students are looking to collect professional experience in the early stages of life.

Preferred course components



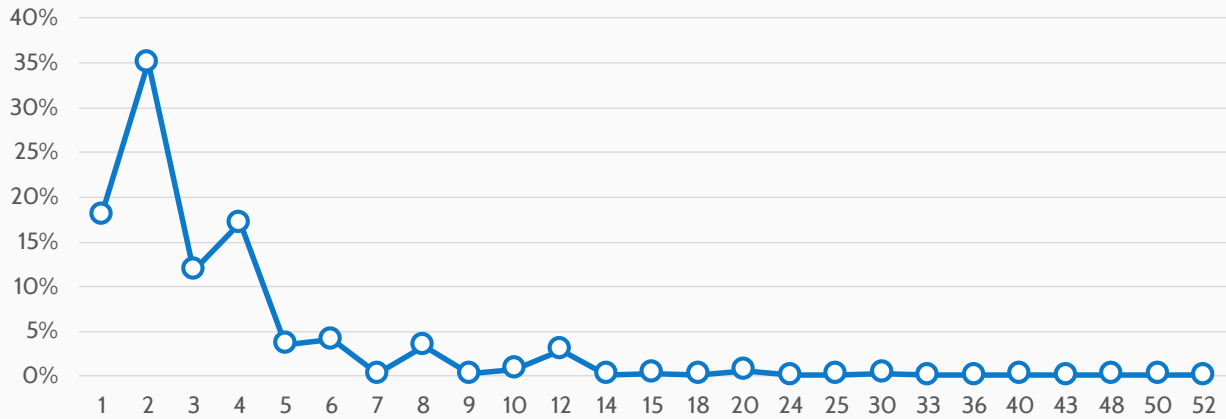
n=1,271; multiple options were possible

In-depth interviews unequivocally pointed to 'pure English' courses not being attractive to Chinese students. Therefore, the research team tried to assess what additional program components would be preferred by Chinese.

Judging from the diversity of responses – no one program component overshadowing others – shows that the notion of the program is still too abstract to the end customer. Nonetheless, even though prospective students might not know, or be aware of, the benefits of English study abroad, they are obviously interested in outside of class experiences. The cultural aspect of the language stay was omnipresent and

aligned with overall program preferences. The results are similar to demand and preferences in other countries, as international language students are interested in rich after-class activities. Yet, unlike the patterns seen among Japanese or South Korean students, who take on short-term work, it needs to be taken into consideration that Chinese customers prefer to visit Australia to learn English abroad for only 1-4 weeks and language courses in their home country are between 2-3 times more expensive than in Australia. Hence, the need to offset the investment connected to studying English abroad by Chinese students is not immense, as they prefer cultural immersion and travel instead of work experience.

Preferred length of stay in Australia (weeks)



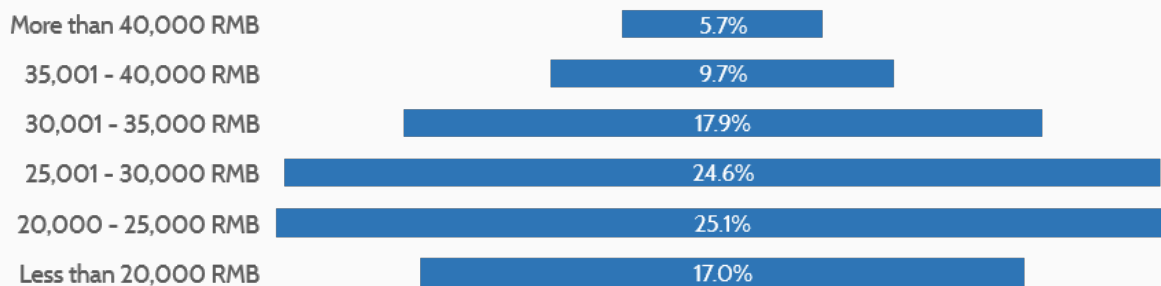
n=1,271

More than one-third of the market would prefer learning English for two weeks and 14% preferred to stay for more than five weeks.

From a practical perspective, it also poses a challenge for providers to put together content for such highly-customised short-term courses which satisfy the end customer. This could also explain why Chinese people do not value stand-alone

ELICOS courses – they do not believe that these courses can significantly improve their knowledge during a short stay in Australia. Providers need to recognise the result-oriented approach and consider developing a product that delivers short-term results, thereby avoiding a long tail of dissatisfied customers who could undermine the benefits of a standalone ELICOS program.

Amount of money prospective students were willing to pay for the language course in Australia



n=1,271

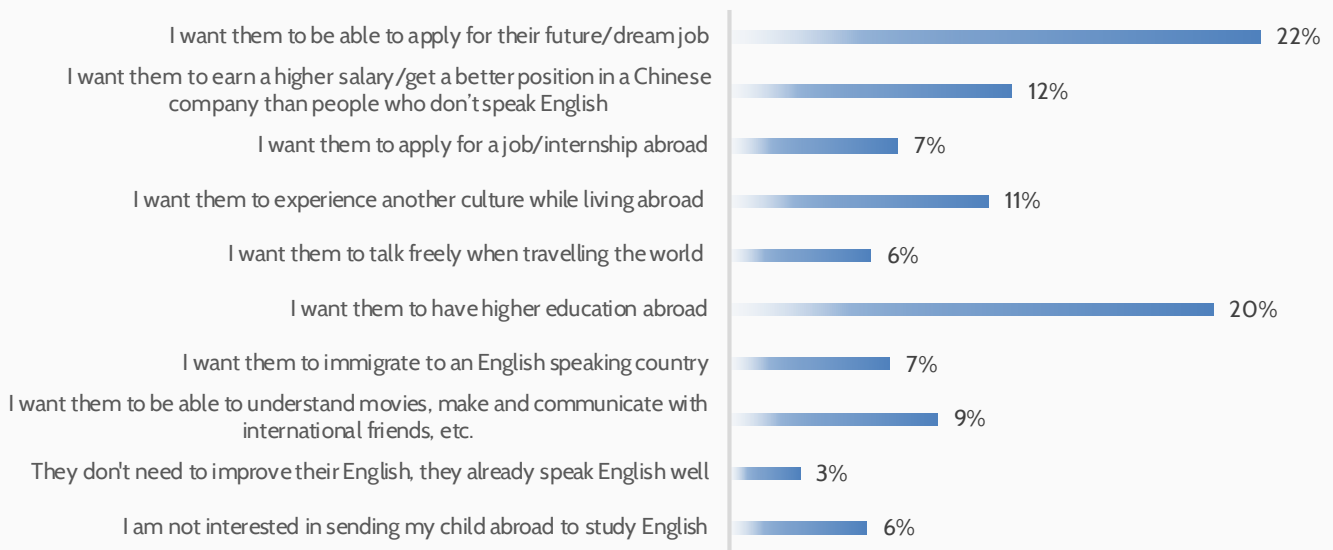
Looking at the price point, half of Chinese students would be willing to spend between 20,000 and 35,000 RMB for such short courses (total package price including a return flight ticket). This equals to AU\$4,100-AU\$7,180 (conversion rate as of June 12, 2018). Thus, price does not seem to be a mismatch with standard college prices – as also demonstrated in the qualitative interviews with key market stakeholders.

Parent Perspective

Parents play an influential part in the lives of young people in China. They represent a relevant channel to survey in order to provide additional context and see if there are any variations compared to what was reported by prospective students. Since the average age of parents taking part in the survey was 38,

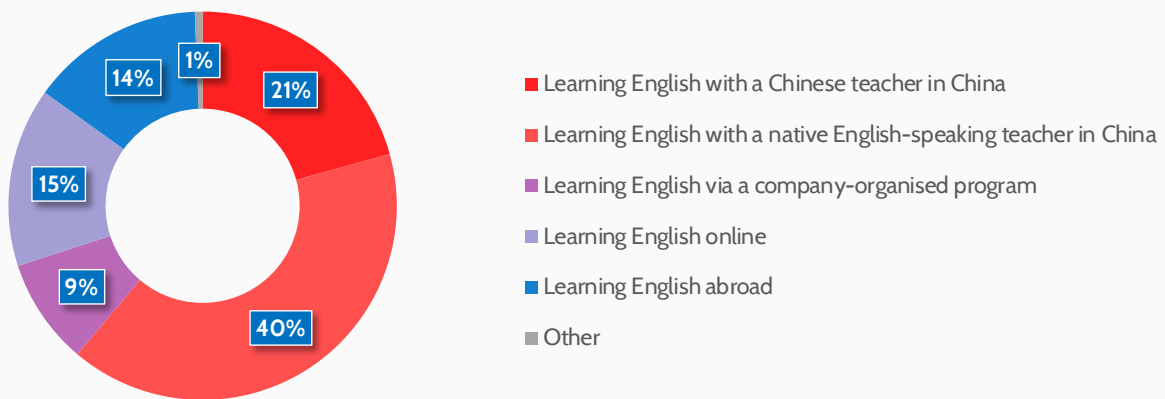
their responses can also serve to predict where the market will be headed, and where they see their children vis-a-vis acquisition of English language skills abroad. In total 623 parents participated, with an average monthly income between 20,000-25,000 RBM.

Motivation for parents to send their child to learn English abroad



n=623; percentages do not add up to 100% due to rounding

Preferred methods of learning English according to parents



n=623

Parents tended to tie the language course abroad with better career prospects, but for one-fifth of parents the main driver for standalone ELICOS courses were further higher education studies.

Even more importantly, parents exhibited a strong preference towards in-country learning. Looking at the mid-term trend, increasing domestic training might decrease the number of students desiring a standalone ELICOS course, and within 5-10 years from now, the market need is likely to be directed towards advanced and specialised courses. Only 14% were in favour of a study abroad experience for their children and 6% were against the idea.

Parents were also clearly ROI-driven and they appeared to not be fully aware of the ROI-benefits of learning English in a native environment. For parents, it was not that important if the program was attractive to the masses, or heavily endorsed by opinion-makers and celebrities.

The main reasons why they would not opt for Australia (multiple answers were possible) largely stemmed from a lack of information, rather than being based on concrete facts or experience (see the top three cons below). Coinciding with a question raised during the in-depth interviews about the relevancy of the certification obtained in Australia, 20% of parents did not consider this to be of added value in China.

Reasons why parents would and would not send (respectively) their child to study English in Australia

<p>18% If there are special benefits</p>	<p>32% I believe it will be more expensive than studying English in China</p>
<p>18% If I can be assured that my child will improve English faster in Australia than in China</p>	<p>30% I don't know much about studying English in Australia</p>
<p>15% If my child really wants to study in Australia</p>	<p>22% I don't think my child will get visa to Australia</p>
<p>14% If my child will be more independent after this trip</p>	<p>20% I don't think that English certification from an Australian school will help my child in their career</p>
<p>11% If it is a program organised by school</p>	<p>19% I don't see any advantages - my child can study quality English in China</p>
<p>10% If there is a certification recognised by Chinese schools/Chinese government/Chinese companies</p>	<p>14% I don't think my child has time to go abroad for more than a few weeks</p>
<p>8% If a lot of Chinese students are going to Australia</p>	<p>11% We were advised to consider another destination</p>
<p>7% If there are success stories or celebrities representing the programs</p>	<p>6% I am afraid to send my child abroad (safety factor)</p>

n=623; multiple options were possible for cons to give respondents a possibility to name more than just one option.

Preferred ELICOS programs in Australia according to parents



n=623

The results presented a hitherto unseen variety in the market preferences of parents. There is no single course type that is preferred by a significant majority, with a variety of responses pointing to the absence of any tradition of studying English abroad.

From a product development perspective, what should be the flagship ELICOS product to penetrate the market in China is, therefore, not made clear by the parent perspective.

Parents could be seen as being pragmatic. The ranking of the course type by popularity was chiefly led by courses which are supposed to deliver results – from Academic English, through developing soft skills while learning English, to learning practical English for everyday use.

This is in line with the previously-mentioned desire of making them more independent, and thus better prepared to succeed in life. At the same time, it paints a rather different picture to the one provided by students who would primarily opt for travel-oriented English language courses.

The least preferred programs were specialised profession-related courses which is understandable, given the relatively young age of their children.

Preferred course components according to parents



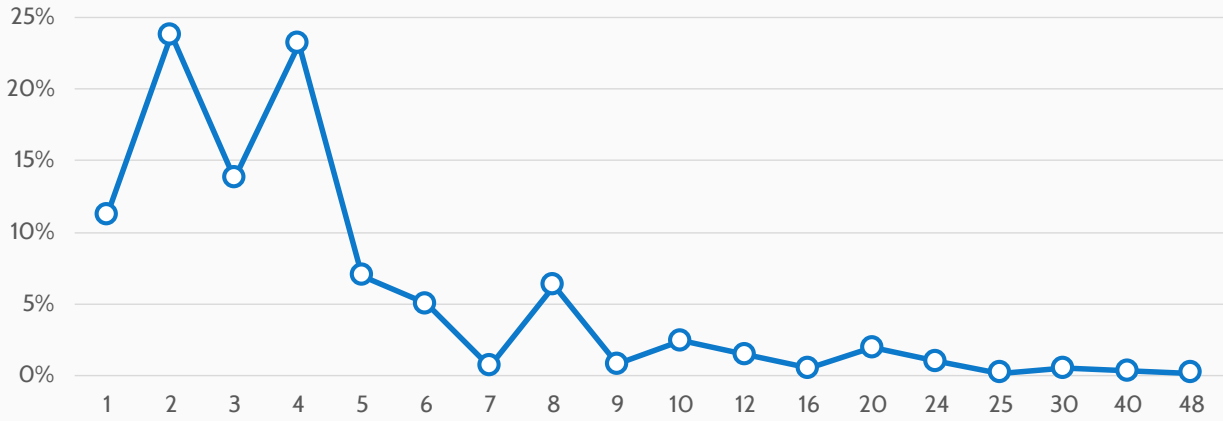
n=623; multiple options were possible

The outcomes of the parent and student survey regarding preferences on course add-ons were largely aligned. Yet parents' responses were slightly more balanced, illustrating the presence of several, rather than one mainstream trend or preference.

Answers from both cohorts confirmed the primacy of cultural immersion and social activities with locals as the most desired component of any language stay in Australia.

Interactive workshops resonated with parents more than they did with prospective students, which might stem from parent's desire for personal development. The same applied to work opportunities – these were valued by almost twice as many parents as students (27% vs 13%).

Preferred length of stay in Australia according to parents (weeks)



n=623

In contrast to prospective students, parents were more in favour of longer stays. While students reported the average length of stay of 3.8 weeks, parents preferred their children to stay 4.7 weeks. Six percent of parents could also imagine sending their child abroad for eight weeks.

Section Summary

Consumer research has confirmed a strong desire to study English among Chinese students, with career-related purposes prevailing as the most important motivation.

The preference was confirmed to be learning English in China (74% compared to 26% preferring destinations abroad). On the other hand, there was a strong desire to study abroad, especially in the USA and the UK (14% and 8% of respondents respectively). At 2%, Australia was the third most popular option. It was held in high regard due to a number of factors, including the quality of the environment, proximity, and travel opportunities while studying. Nevertheless, Australia lagged behind in terms of the perceived quality of education, a China-friendly image, and cultural attractiveness of the country.

The standalone ELICOS market in China appears to be quite under-developed, as there is no uniform program structure, nor one prevalent course type. However, when it comes to course components, students crave cultural immersion and an activity program, which clearly outperformed work-related components such as internships.

The above closely correlates with the preferred length of stay, which this research established at 3.8 weeks as short-term working opportunities were not seen as a viable course attribute (this figure is comparable to the 2017 National ELICOS Market Survey results which showed the average length of stay of visitor visa holders at 4.3 weeks).

Despite the rather shorter stays, Chinese students would be willing to spend considerably on such a course – half of students indicated they would pay between AU\$4,100-AU\$7,180 for a package including tuition, accommodation, and a return flight ticket.

Parents' responses provided complementary, not opposing insights. Their expectations were mostly tied to the practical outcome of the course. The major fears reflected the lack of information about studying English in Australia and the cost factor (32% believed studying in Australia was more expensive than in China).

As such, lack of awareness and misperceptions related to study abroad were generally the biggest obstacle revealed by B2C research.

..... FURTHER CONSIDERATIONS

Besides more insight and research into English learning market in China (Section 1), findings from key market stakeholders via qualitative interviews (Section 2), and consumer preferences

from parents and students (Section 3), the picture cannot be completed without delving into competitor analysis, opportunities, possible demand stimulators, and barriers to entry.

Competitor Activity

As part of the secondary research, this initiative assessed the activities of Australia's closest competitors in the Chinese market. Below is a snapshot of the most relevant recent and known activities planned in China in the future.

Monitoring competitor activity is essential in the industry maturity stage. As the sector shrinks and the number of source countries driving growth in the global ELICOS market declines, there will be more players eyeing opportunities in China.

Unfortunately, none of the other study destinations is currently able to elaborate on the number of standalone ELICOS students from China, as they only provide aggregate data on all English learners; it is not broken down into pathway, standalone English and other course types). Furthermore, the quality of some of the destinations' data is often not comparable to the reporting in Australia.

Canada

Canada has quickly established itself as a viable study option for Chinese students thanks to an alignment of policies at all levels: a) national (government policies and overall framework for international education promotion, which includes considerable funding for the international education sector); b) sectoral (promotional and trade activities by sector associations); and, c) individual level (separate marketing and recruitment activities by individual providers).

A direct outcome of the above-outlined systematic approach has been the number of study visa holders from China rising from 80,900 in 2012 to 131,830 in 2016. Of these, 15,391 were reported to be language students.

However, Canada's visa policy is not particularly standalone ELICOS-focused. Most students are either enrolled in higher education-related preparatory programs and pathways or junior short-term summer camp participants.

More recent developments include, Immigration, Refugees and Citizenship Canada (IRCC) opening seven new visa application centres in China in 2017 to cater to increased demand. Canada is continually looking for new ways to support the growing demand for visas for Chinese residents. As of November 2017, more than 500,000 applications have been received from China, a 15% increase on 2016. Canada's minister, Ahmed Hussen, attended the opening ceremony of a VAC in Nanjing to mark the opening of the centres in Chengdu, Hangzhou, Jinan, Kunming, Nanjing, Shenyang, and Wuhan.

On the sectoral level, Languages Canada, the umbrella association aligning English and French language schools (or programs as they are called in Canada), caters to joint marketing and branding. It organised two sector-specific trade missions to China in 2014 and 2015, where its members met with pre-selected agencies and reconnected with trade commissioners.

Earlier this year, the association also launched a mobile app in the Chinese language to further promote Canadian programs. Students and agents can now search for English or French language programs and further information about Canada in their local language.

UK

Similarly, the UK also targets China on all three levels and is investing in marketing itself as an English study destination more actively. When compared to the USA and Australia, it is still under-represented in the market (only 8% of all student weeks from China are spent in the UK - the figure includes all students, including pathway). Nonetheless, thanks to coordinated efforts, the UK is gaining more popularity each year (+37% more students from 2016 to 2017).

In 2016, English UK rolled out a scheme to promote standalone English language courses in China. However, the market was not accustomed to the plethora of English language courses at

that time and the initiative did not result in a significant uptake among end-customers (details of the campaign are not publicly available).

In recent years, English UK has also organised two FAM tours for Chinese agents and one tailor-made agent workshop held in the UK in 2012, in cooperation with BOSSA.

Furthermore, English UK regularly holds fairs in China. The 'China Roadshow' is the only specialist UK ELT business networking event in China. Participating centres gain access to Chinese education consultancies, travel agents, and local educational institutions who are actively engaged in the UK summer and winter school sector. The 2018 roadshow will take place between 12 November and 16 November and feature three stops: Beijing, Chengdu, and Shenzhen.

On a number of occasions, during the in-depth interviews, agencies voiced praise for the British Council for their work in China. The on-site support it provides to agents was well-appreciated. Some agencies went further to say that it could be used as a case in point for other destinations.

The local staff conducts a monthly workshop, which connects language schools with agencies, facilitating mutual communication. In addition, they feed agents with latest updates such as policy changes and visa trends.

The British Council operates in China as the cultural and education section of the British Embassy and consulates-general in Beijing, Shanghai, Guangzhou, Chongqing, and Wuhan. In 2017, the British Council started teaching an initial cohort of learners at its first English centre in China. According to directors, the school, located in Nanjing, enables further development of ties between Jiangsu province and the UK.

The British Council has also set up two IELTS test centres in Nanjing and opened the first Aptis English-language competency test operation centre in the region of Jiangsu.

On January 31, 2018, the British Prime Minister Theresa May launched a new 'English is GREAT' campaign, promoting proficiency in English for more people in China. The campaign supports individuals in improving their language proficiency as a means of achieving their own professional and personal ambitions – and to provide significant commercial opportunities for the UK. The campaign is also promoted by China Daily and 21 Century English Education Media and features a teacher competition called the 'English is GREAT Teacher Award'.

On an individual level, tens of UK-based language centres have an in-country representative, thereby effectively further stimulating demand levels.

USA

The USA has traditionally been the most commonly preferred study destination by Chinese students. Although the preference is actually for higher education and high school programs, ELICOS programs benefit from this natural preference. Leveraging this competitive advantage has meant that there has not been the same need for orchestrated marketing and recruitment efforts as in other destinations.

EnglishUSA, the peak national body, profiles itself as a membership body for Intensive English Programs/Pathway programs and has little interest in promoting or supporting standalone ELICOS courses.

The USA currently does not have a dedicated nation-wide English language training strategy that would outline marketing and recruitment efforts.

New Zealand

Judging from the available information, English New Zealand is currently not targeting China for any of its joint marketing events. There were 3,790 Chinese learners in English language schools (defined as private training establishments that solely teach English in New Zealand in 2016). As with other destinations, it is not possible to determine the exact number of standalone ELICOS students.

Education New Zealand organises two fairs of broader international education focus in Greater China in March and October. However, at the time of conducting this research, there were no planned ELICOS-specific events.

Australia

Australia's marketing activities on a national level with regard to China are currently catered by Austrade, or alternatively by individual Australian colleges. Austrade organises a number of events in China, although these are not currently oriented around standalone ELICOS courses. Additionally, there is a quota of 5,000 visas for Chinese Working holiday makers, however, 2017 data from the National ELICOS Market Survey showed that only 208 ELICOS students from China applied under Working Holiday visas.

Demand Stimulators

This section clarifies 'which actors and factors are capable of elevating demand for standalone ELICOS programs in Australia from China'. The selection is a result of preferences and recommendations from qualitative interviews, as well as evidence-based market observations (i.e. proven marketing techniques exploited by other destinations).

Contextually, demand levels for this type of program are currently very low, for all study destinations, including Australia. There is a massive unawareness about ELICOS courses abroad and their benefits for one's career and personal development, especially how rewarding they are when compared to domestic English learning.

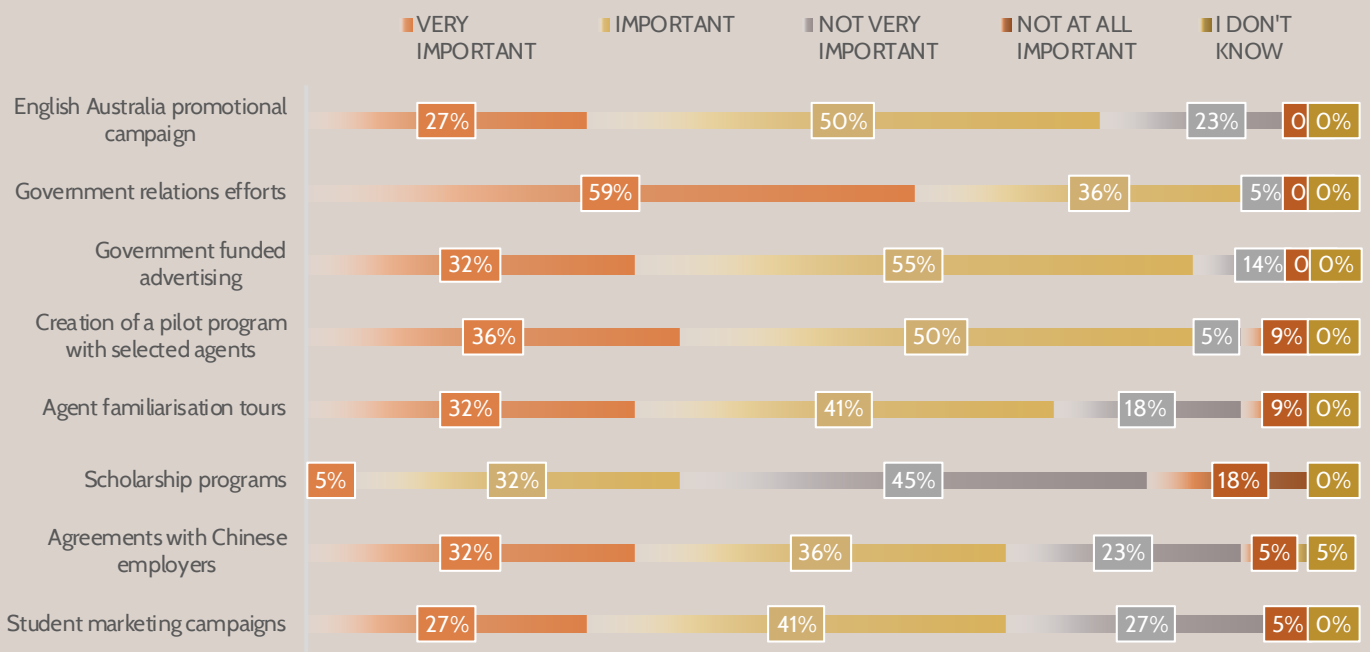
Consequently, any stimulation would mean galvanising interest almost from the ground up, since it has to address the very basal attributes of possible demand. On a more positive note, such fundamental stimulation, in such a large market, may result in exponential growth in the demand for ELICOS.

Australian government – visa regulation

Visa regulations related to ELICOS are seen as an obstacle (Note: despite this perception among Chinese students and agents, the visa application process is the same for China as for any other country). Thus removing misinterpretations (explaining myths, bringing more clarity, providing more education in this regard) and hardships related to the visa application process (any visa refusals damage the brand of agencies), would significantly contribute to overall goodwill and adoption of this particular program.

Recent statistics shed more light on the actual grant rate for Independent ELICOS students on student visas from China. The rate increased significantly last year to 77.1% in 2016/17 up from 48.1% in 2015/16. Although it is still lower than the overall student visa grant rate (97.6%), the wide-spread perception in the market appears to be considerably more negative than the reality.

Which of the following would be most effective for developing growth in standalone ELICOS from China?



n=36 English Australia members; percentages do not add up to 100% due to rounding

In sheer numbers, growth in visa lodgements for China ELICOS has been significant (up from 314 in 2015/16 to 814 as of 31 May 2018) albeit from a low base.

The Simplified Student Visa Framework (SSVF) allows that Chinese students who intend to continue their study at a higher education institution no longer need to return to China to apply for a student visa. The SSVF enables more students, including Chinese students to access the streamlined evidence requirements. This means faster visa processing for Chinese students than under the previous framework.

Australian colleges – product adjustments

Currently, English Australia member colleges do not offer standalone ELICOS programs that are preferred by the Chinese student-customer. Hence, there is a need to adjust and create such a product. Namely, it should be a completely pre-organised package, Intensive English, with after-class activities, for up to 4 weeks length, with tangible, measurable outcomes (in learning progress), concluding with a certificate.

The programs must be delivered at designated times reflecting the availability of Chinese customer for travel abroad (e.g. Spring Festival). Regarding the price point, the cost of studying in Australia short-term (package price) should reflect the value of a long-term course in China, while meeting or exceeding students’ needs and expectations.

Agents – marketing reach

Education agencies represent the single most effective demand stimulator – controlling an estimated 70% of enquiries and having enormous marketing reach. There are an identifiable number of relevant agents who cover a majority of the market (200) and are relatively inexpensive to engage.

Training and supporting them represents an inexpensive marketing activity (they usually work for a commission, which removes the need for upfront payments related to marketing of standalone ELICOS programs in China in comparison to B2C marketing campaigns which do require a much more significant initial investment). Agents are experienced in the preferred engagement channels with new programs and partners, hence, this is a relatively straightforward, proven process.

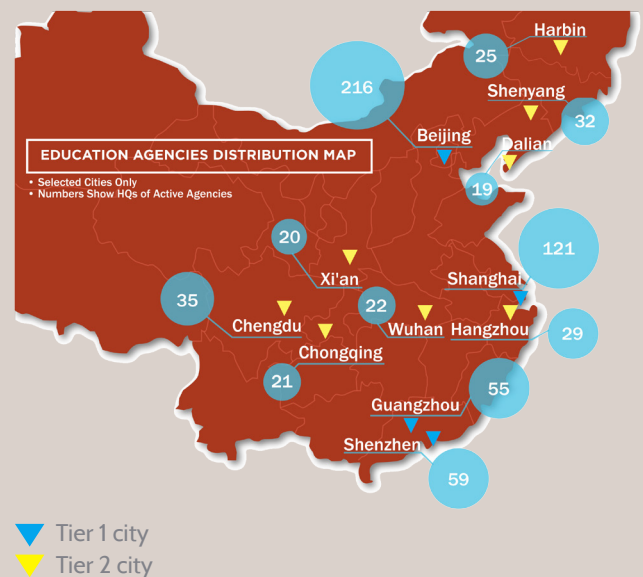
Agents – training & support

Chinese agents need to be – initially and ongoing – educated about each standalone ELICOS program, its benefits for them

and students, how to market it, who to market it to, how to process it, examples to they can follow, and so on.

Many agents have ELICOS in their portfolio, or are somehow able to process an enquiry (63%), but they are unfamiliar with all course features and attributes. This lack of understanding leads to the perception that it is problematic and they do not encourage it to its full potential.

Geographical distribution of Chinese agents



Source: StudentMarketing, 2018

Therefore, a constant agent education program needs to be developed, with seminars at the embassy, webinars, and regular market and visa updates. Such continuous engagement, education and support will deliver higher motivation, and enable agents to achieve greater marketing success through educated marketing activity.

Agents – proper market introductions

A potential ELICOS trade mission to China, which would enable meetings with Australian colleges in China, getting to know them and their programs, to see their interest and notice their respect, will stimulate initial interest and demand from Chinese agencies.

It would also create the possibility for executives on both sides to discuss cooperation and naturally create business opportunities. But more importantly, stirring the water by providing initial connection and excitement for standalone ELICOS programs among potential customer channels. Such an exercise would be followed by a series of FAM tours (no more than 12 agents are recommended per one event, to maintain the high quality of attendees). Based on agent preferences, FAM tours were named as the desired way to learn more about ELICOS – in a practical manner.

After the initial talk and excitement, these marketing tools would deliver real experience of the product and environment of their future student-customers. Experience has shown that competitors who have already conducted similar events in China have in fact seen this as stimulating significant demand towards the destination or program. Although they were not concentrated around standalone ELICOS in particular, they are desired among agents, successful in general, and should be considered for standalone ELICOS and China.

FAM tours can represent a valuable tool for English Australia because they allow to cherry-pick the most suitable agents who demonstrate strong interest towards a systematic promotion of ELICOS programs in China as well as showcase the best examples and benefits that the ELICOS program offers, thus educating agents and stimulating their interest in the program.

Such tours should also have a professional development angle attached to them – in addition to learning about ELICOS programs, they would focus on developing the agent as a person and program advocate, for instance, featuring leadership skills training, communication skills training, etc. This way it would enrich agents while showcasing the diversity of ELICOS programs available in Australia.

Statistics – for more awareness about benefits

Demand for English abroad is not naturally stimulated as local employers do not experience a critical, or a massive need for better English-speaking employees. However, Chinese employees widely believe that better English will give them a better job, salary, and career options.

In other countries, it is proven that better English delivers greater economic benefits to individuals, companies, and the nation as well. Hence, more statistics would need to be gleaned from the job market (employers, HR agencies, job portals), to further explore the benefits of speaking better English and studying it abroad.

It is assumed the data would be supportive, hence enhance possible demand specifically for standalone ELICOS (i.e. not learning English in general). Due to massive unawareness about benefits of learning English abroad, and the strong tendency of Chinese parents and student-customers to have a tangible ROI perspective, it is absolutely critical to provide potential Chinese customers with more data – striking and reasonably provocative – to stimulate the Chinese audience.

Statistics – demystification

Besides positive data and statistics on the benefits of studying English abroad, additional data and knowledge support should be provided to counteract numerous misperceptions and myths circulating in the Chinese market. These, as identified by the research, included:

- Lack of English progress during a short stay;
- Students do not get visas to Australia;
- It is more expensive to study English abroad.

Alumni – testimonials and community

Statistics should be accompanied by real stories and case studies of Chinese ELICOS Alumni that a Chinese audience can identify with. In addition, creating a digital hub or tool for the Chinese ELICOS Alumni community will significantly enhance trust, adoption, and uptake of the program.

Marketing collateral in Mandarin

New comprehensive marketing collateral in Mandarin is critical for building awareness and further marketing. It can considerably hinder (if absent) or stimulate (if present) further market adoption of a standalone ELICOS program in China.

Both students and parents – who are often strong decision influencers or budget contributors – do not speak English to a sufficient level to understand information in English, or they do not feel comfortable reading it in a foreign language. It is validated through multiple real marketing campaigns in China that uptake is minimal if materials are not available in Mandarin.

Digital hub in China

All, and any, marketing campaigns related to the future promotion of standalone ELICOS in China will need a reference hub with all critical information. It cannot be seen as individual efforts of particular colleges, but instead be under the umbrella of an official organisation (be it DET or EA), and all assembled

in one address (registered behind firewall and indexed by a Chinese platform and made available in searches).

Influencers – Hosted program

There is a long list of key opinion leaders (KOL) in the Chinese digital space and real life whose average followers can reach up to ten million people. Should Australia provide hosted experience of the ELICOS program to a dozen pre-selected opinion-makers, it would probably contribute to the overall public awareness, hence stimulate possible demand.

Media – Press tour & partnerships

Chinese media has an enormous readership, but at the same time, they are relatively easy to reach and engage with. Their information and marketing power can help to build awareness and stimulate demand in large numbers, via articles or columns. Nevertheless, it is also important to build wider 'guanxi' with selected media, via multiple meetings, press tour invitations, and the provision of newsworthy content.

Awareness events

Chinese customers enjoy being engaged and a great deal of marketing takes place via content. Hence content marketing may considerably stimulate further demand. Marketing on Wechat, Weibo, and Meipai, as well as livestreaming on Yizhibo, with an appealing content feed, online competitions (video, photo, story, quiz), conference related to English study abroad, etc. is recommended.

Chinese government

There are no relevant signs that the development will be driven from top down, i.e. that the Chinese government will set priorities, or regulations, which would encourage studying English abroad (as it did, for instance, for high school studies abroad).

Even though an increase in English language proficiency across the nation represents one of the goals of the Chinese government, English learning abroad is not seen as preferable option and the government seems to be interested in building the domestic education market – which might create opportunities for in-country education delivery (TNE, online learning).

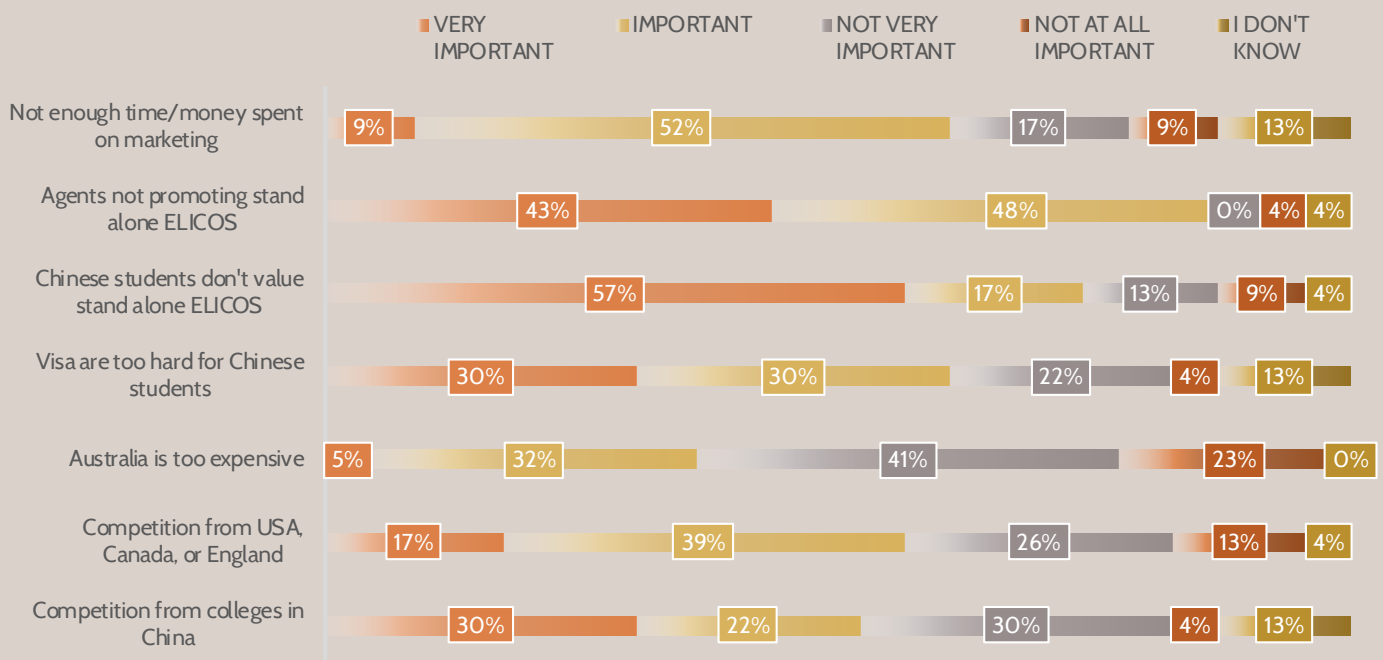
In light of the current political climate in China, which fosters inward-oriented policies, harnessing sufficient domestic political support might present a potential challenge.

Barriers to Entry

This section features main obstacles and hindrances that can make it difficult to enter or establish the ELICOS market in China. The selection is a result of preferences and recommendations from qualitative interviews and other research methods used within this research.

In addition to the insights gathered and presented in the previous chapters, quantitative research on English Australia members was conducted to get their perspective and understand which barriers were of greater importance to them than others.

Main barriers to increasing the number of standalone ELICOS students from China



n=36 English Australia members; percentages do not add up to 100% due to rounding

In general, providers seem to be well-informed about the market in China as the aggregate data largely confirms what has been found during interviews. English Australia members felt, for example, that competition from in-country training was higher than from other English-speaking destinations.

Cost of studying and living in Australia was not perceived as a major obstacle and as with other indications from the market, it was more about justifying the investment of purchasing a short-term language course.

What was more important, was the fact that 57% of colleges consider Chinese students did not value standalone ELICOS courses as a very important impediment to growth in the segment.

Almost one-third of members taking part in the quantitative survey also believed that visas were too hard to get for Chinese students. The following page details the most important barriers.



Public opinion & habits

The major obstacle is predominantly the public, corporate, and government belief that studying English abroad is not needed, nor advantageous (unlike in most other countries where it is natural assumption and understanding).



Misinterpretations

If Chinese parents and students contemplate studying English abroad, there are many myths and misconceptions about key components of standalone ELICOS, such as possible benefits, visa, prices, and safety.



Low demand levels

Naturally, existing market demand is low and needs to be developed from these low levels.



Job market

Employers do not stimulate higher demand for English abroad as their perception is that it is not mandatory to have good English proficiency, nor is it necessary.



Agents

Educations agents are used to promoting more expensive education products with higher added value (ROI per purchase, selling on value), or group packaged products, for example, inexpensive education products (study tours, which utilize volume sales). ELICOS currently sits right in the middle – individual and inexpensive, with low existing natural demand. This provides little motivation and is far below natural uptake (63% agents accept ELICOS inquiries, but only handful of them actively promote it – early adopters).



Product

Australian ELICOS colleges do not offer what Chinese student-customers seem to want, to a large degree.



Visa

The process is perceived as difficult; hence it generates negative connotations related to decision-making, which is of even higher importance considering the low demand levels to study English abroad.



Reputation

Australia is not identified as one of the primary study destination in the Chinese market; instead it is of average quality, accent, image, and China-friendly.



Competition

Other study destinations (especially the UK) have already been actively promoting their ELT programs for several years in China, and emerging study destinations like the Philippines have already entered the market and work on establishing business relationships with agents.

Opportunities

Standalone ELICOS

Outbound mobility of Chinese standalone ELICOS students to Australia is estimated at 2,665 students and a corresponding total of 10,127 student weeks. The figure does not include students on study tours (summer camps, winter camps, and school trips), or pathway students (EAP and similar preparatory English language programs tied to, or bound with, studies at a higher education institution).

As a positive development, changes in visa regulation mean that ELICOS students who desire to continue their studies at a higher education institution do not need to return to China to apply for a study permit but can instead do it in-land in Australia.

The overall outbound standalone ELICOS market in China is growing at 5-10% (based on multiple references from senders of students). As no exact global measurement is available, or recently possible (limited, interest, time, budget), an average value of 7.5% can be considered as conservative estimate of the market growth.

With such estimated growth in the coming years, Australia would receive slightly over 4,750 standalone ELICOS students in 2025 (using the most recent exact measurement of 2,665 students). This would generate approximately 18,050 student weeks from China to Australia (with the average length of stay calculated at 3.8 weeks).

Moreover, should the market be stimulated – see possible demand drivers in the previous section – it may not only direct more Chinese ELICOS students toward Australia (rise in Australia's market share within the existing market), but also increase the overall demand for standalone ELICOS programs globally (also resulting in a higher influx of students to Australia).

In a base case scenario, it can be anticipated that the market has the potential to expand by 10-20% per annum (i.e. the natural growth would double). With such pace of growth in the coming years, Australia would receive slightly over 8,150 ELICOS students in 2025 – three times more compared to the 2017 levels (using the most recent exact measurement of 2,665 students). Such headcount would represent 30,970 student weeks from China to Australia.

From another perspective, future demand levels can be calculated through the (awakened) potential of agents. Today, the early adopters of standalone ELICOS programs are capable of sending up to 300 students after two years of immersion, training and active marketing (a cumulative figure for all study

destinations). Research showed that some 63% of agents in China have the ability to process students for the standalone ELICOS program.

If Australia succeeds in attracting and capturing the interest of 20% of Chinese agents to actively promote standalone ELICOS, it can guarantee considerable demand for the program. If the top 20 big agencies were to send 300 students per annum after two years, and mid-sized to small agencies 10 students per annum, then 200 of 1,000 Chinese agencies would be able to generate 7,800 students and 29,640 student weeks per annum. In economic terms, this would represent AU\$36 million per annum in tuition, accommodation, flights, visa, transportations, tourism (average spend per stay AU\$4,612).

With research pointing to a lack of interest in China for standalone English abroad, it is natural to assume that its interest will not be of the level of other countries, e.g. Germany, South Korea, or Brazil. However, should the Chinese market reach 1/10 of the level of Poland (outbound mobility of 0.2%), China alone would generate 60,000 standalone ELICOS students, 228,000 student weeks and AU\$277 million revenue per annum (total size and value of new demand from which Australia would benefit respectively).

Teacher Training

While this research did not focus on teacher training, it identifies a considerable gap and opportunity within this field.

The majority of students consider learning English as useful for their future career (80%). However, most tend to opt for in-country domestic studies (74% respectively). Learning English with native English teachers in China is the most commonly preferred way to achieve this goal (27%). Studying English with a Chinese teacher in China comes second (25%).

This creates enormous demand for English teaching in-country (hence over 50,000 private language schools in China as of 2013), with a considerable shortage of teachers. At the same time, Chinese English teachers do not generally have high proficiency of English and it will be harder to develop this in China (language courses with native English teachers are almost 2 times more expensive in China than in Australia).

As such, it indicates a possible market opportunity for Australian colleges to focus on teachers as possible customers for standalone ELICOS programs in Australia. The size of the opportunity was not measured, due to time and budget limitations of this research.

Online learning

There were an estimated 25.8 million online English learners in China in 2017. The e-learning market is growing at a pace of 20% per annum with 15% of parents and 13% of students preferring to study English online.

Online delivery represents a considerable opportunity for Australian colleges – to deliver their curriculum from Australia in the Chinese digital space, with the average price per lesson in China being comparable to one delivered in Australia.

If delivered by a native teacher, the prices in Australia can in fact be 41% less expensive (according to a case study conducted as part of this project). Time zone alignment also places Australia in an advantageous position (versus major competitors in the USA and the UK). Nevertheless, the online English teaching market is quite competitive and saturated and dominated by local players, primarily language schools (and in some cases agents).

There are few cross-border online delivery case studies, and additional research would be needed to explore this area of opportunity (time and budget allocation of this research assignment did not allow for further investigation).

Transnational Education (TNE)

A few overseas language schools have already branched out and established their school and model in China. EF is the market leader in this regard, with over 200 schools in China. Domestic delivery is preferred among a growing number of English learners, and the domestic market is mature, competitive, and saturated (with over 50,000 language schools already in existence, as detailed in Section 1).

Nevertheless, English teaching in China represents a considerable opportunity for Australian colleges, to deliver their curriculum in a massive and constantly growing market, which is far from reaching its full potential.

The market pays high prices for English lessons, and schools and qualified teachers are expensive. Therefore, partnering with local existing language schools to teach in-country, via a temporary hosted teacher program, online delivery, or an authorized curriculum, may in fact be a viable model for all parties.

The size of opportunity was not measured, due to time and budget constraints of the original assignment which was limited to the standalone ELICOS program. However, it is recommended that this be explored in greater detail.

Effective ways of establishing delivery of English language courses in China according to EA member colleges



n=36 English Australia members; multiple options were possible

RECOMMENDATIONS

There are a minimum 300 million English learners in China with 80% of Chinese youth and young adults viewing English learning as a positive step for their career. Thus, **English teaching provision to the Chinese market** does in fact offer a considerable opportunity for Australian colleges.

Demand for standalone ELICOS programs in China is low and growing at moderate pace (5-10%). It will **not grow naturally up to levels of other nations**, due to the strong local preference to study English in the homeland.

However, **a concerted effort to stimulate the demand** will lead to significant increases – enough to pay off any initial investment and deliver a considerable level of business to Australian colleges – from current 2,665 up to possibly 4,750 students per annum in 2025 (the most conservative scenario).

Should the effect of market stimulation result in exponential growth (unlikely, but possible nevertheless) and the **Chinese market reaches only 1/10 of the levels of the outbound ELICOS mobility of Poland**, China could generate 60,000 students, 228,000 student weeks and AU\$277 million revenue per annum (total size and value of new demand from which Australia would benefit respectively).

It is recommended that a thorough **strategy plan or blueprint is drafted for further implementation**. Success will require at least a five-year commitment of dedicated human resources and a budget.

The investment of various resources is considerable, with an uncertain outcome, and therefore a **'pilot' scheme should be run** to enable easier, or earlier, exit and to set the level of expectations of all involved parties.

The pilot scheme would allow for a concentrated investment (e.g. the entire marketing budget is invested into a smaller geographical area, or recruitment channel, as opposed to distributing the budget among multiple cities or channels). It would also improve risk management (still constitutes a smaller scale investment when compared to a rolling out a nation-wide scheme).

Australian colleges will need to create a product specific to the needs and preferences of Chinese customers: a completely pre-organised package comprised of Intensive English (up to 4 weeks in duration), rich after-class activities, with measurable progress in learning and leading to a relevant certificate.

The Australian side will also need to create an **information hub** on the tailored standalone ELICOS program for China. This

should be seen as an official, coordinated effort, rather than individual efforts by colleges – with completely new digital marketing collateral in Mandarin.

Australian government stakeholders should be encouraged to **further support standalone ELICOS in the market through their engagement activities**.

An awareness campaign about the benefits of ELICOS – as English studies abroad – will be absolutely vital for success, hence the need to collect additional data, examples and success stories, to feed the traditional and social media with supportive content. Therefore, additional research into this the areas recommended.

Agents should be an integral part of demand stimulation, their engagement, training and ongoing support will secure dozens of broadcasters and marketers across the market. Seminars, webinars, trade missions and FAM tours are recommended (mentioned by agents as by far the most preferred way of engagement).

Market influencers, opinion makers, and journalists should be invited for a hosted stay in Australia to gain first-hand experience of the standalone ELICOS program. This would secure vast coverage and exposure to Chinese parents and students, who are currently massively unaware of such a program's existence and the benefits it holds for their careers.

For continuous market engagement and newsworthy content production preferred and proven marketing techniques in China should be utilized. Wechat marketing with an appealing content feed should be produced, online competitions (video, photo, story, quiz), conferences related to English study abroad, and similar strategies deployed.

In-country high-street English teaching was found as the most sought-after delivery method by prospective Chinese students, though the most competitive one with multiple established domestic and international private providers (over 50,000 language schools). Market entry may be accompanied by high costs, high risks, and the need to develop a niche competitive advantage.

Teacher training and online learning were identified as alternative sizeable opportunities for Australian colleges, with the latter growing rapidly (20%), and showing signs of unmet demand. Several factors make Australia well-positioned for possible delivery. Carrying out more thorough research to explore, measure and draw a roadmap to seize these market opportunities is recommended.

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