

**FOUR CHANGE DRIVERS OF FUTURE
LANGUAGE EDUCATION:**

**DISRUPTION, FRAGMENTATION, BRAND
CONSOLIDATION, AND BESPOKE OFFERINGS**

Languages Canada 2015

- **The presentation was delivered by ICG at the 2015 Languages Canada Annual Conference in Gatineau on 2 March 2015.**
- **The presentation shall be considered incomplete without oral clarification. The opinions expressed in this presentation are those of the author alone.**
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Housekeeping and Introduction

The Global English Language Market

Disruption

Fragmentation

Brand Consolidation

Bespoke Offerings

Looking Towards the Future of Language Teaching in Canada

Discussion

- **The presentation is geared to run for about 35 minutes.**
- **About 25 minutes are allocated for discussion.**
- **A PDF version will be made available on ICG's website.**

TAKING STOCK OF THE STATE OF THE CANADIAN LANGUAGE INDUSTRY: ISSUES

- **Enrollments have come under pressure. This a no longer a surprise – but what are counter measures?**
- **What is the state of business model, curriculum delivery, and channel management innovation amongst Canadian language training providers?**
- **What are ways to respond to future consolidation plays, especially since major investments and technology developments are largely originating from the outside of Canada?**
- **How can Languages Canada be enabled to support and represent the sector more (see English Australia by comparison)?**
- **Has intelligence on key language delivery trends improved?**
- **How can public and private language training providers get along better?**

Are we rearranging deck chairs while the ship is taking on water?

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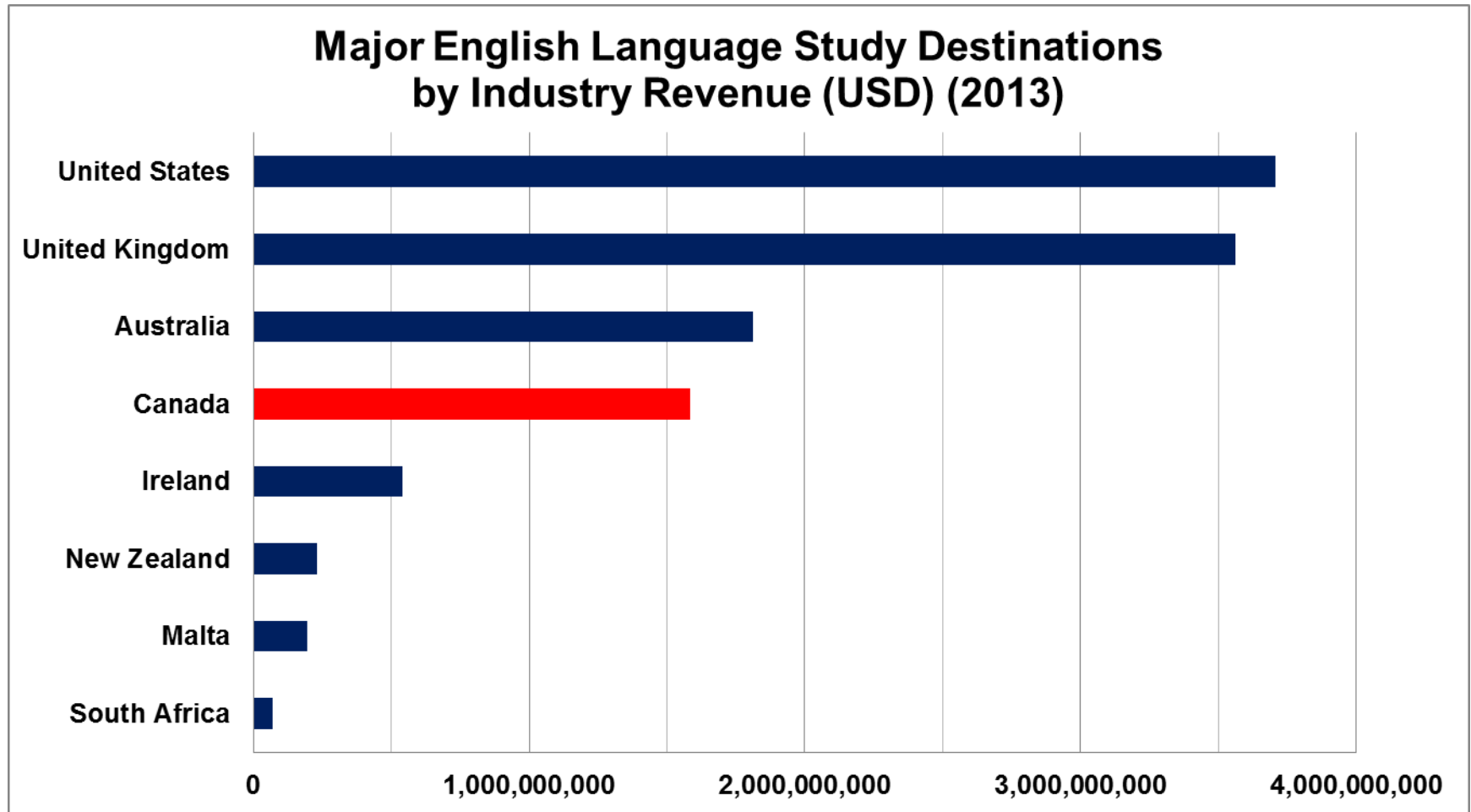
THE GLOBAL ENGLISH LANGUAGE MARKET

An Overview

- In 2013, revenue in the English language teaching industry in eight major destination countries reached USD 11.7 billion (Study Travel Magazine).
- Notable trends in these destinations included:
 - **U.S.:** Slowing enrollment from South Korea and Taiwan, large increases from China and Saudi Arabia
 - **UK:** Growth from the Middle East, Russia, Turkey, and Japan; decreasing enrollment from major European markets; trend towards shorter courses
 - **Australia:** Recovering ELICOS pipeline, strongest growth in university language centers
 - **Canada:** Declining student numbers, impact of changes in traditional markets like South Korea
 - **Ireland:** Growth from Venezuela, South Korea, Saudi Arabia, Japan, and UAE; challenges with regulation issues
 - **New Zealand:** Decreasing overall numbers but growth from Asian markets
 - **Malta:** Reliance on the European market, declines from key countries
 - **South Africa:** Growth from Africa and the Middle East – Angola, Saudi Arabia, Turkey, Libya

THE GLOBAL ENGLISH LANGUAGE MARKET

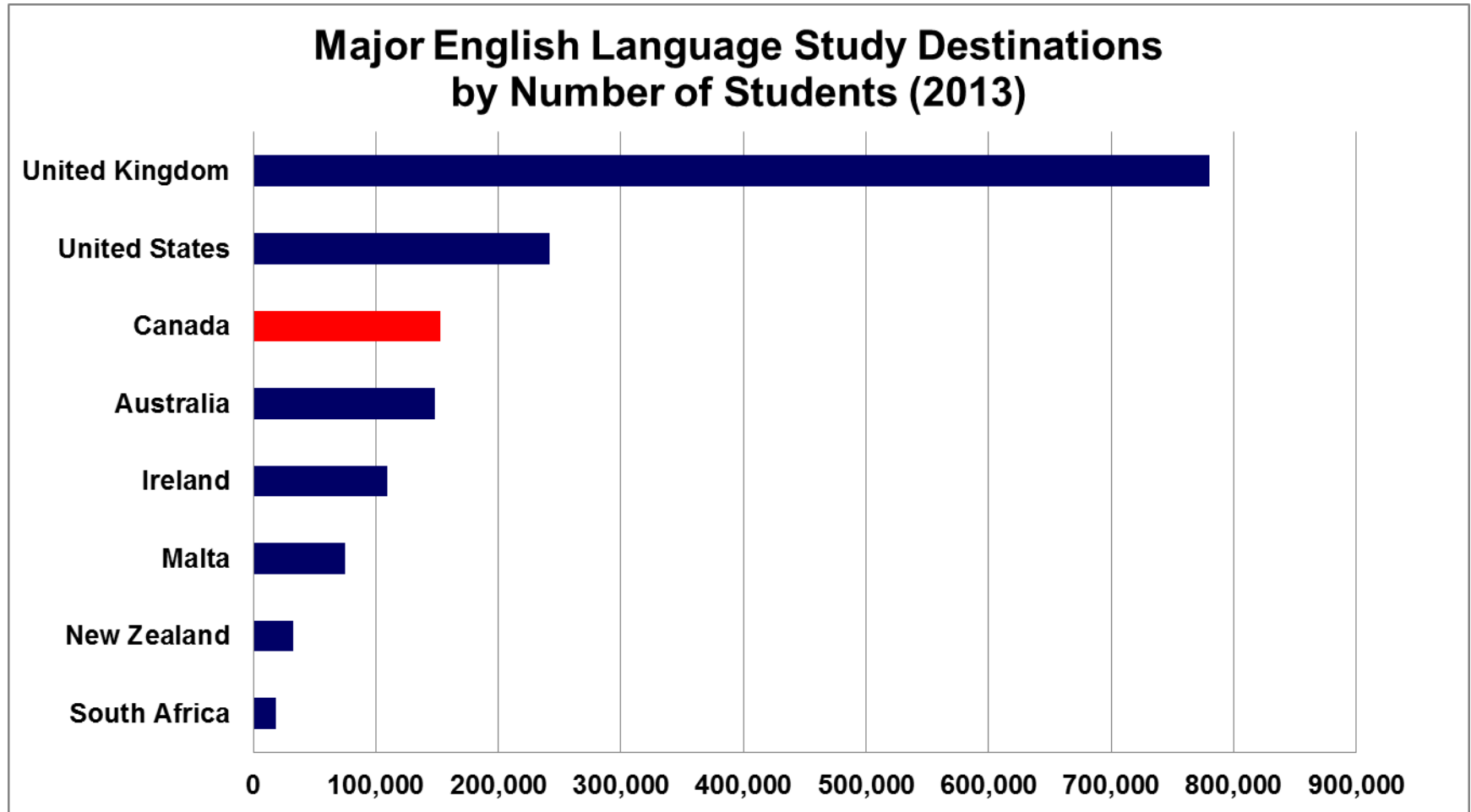
Major English Language Destinations by Revenue



Industry generates revenues of more than USD 1.5 billion in Canada

THE GLOBAL ENGLISH LANGUAGE MARKET

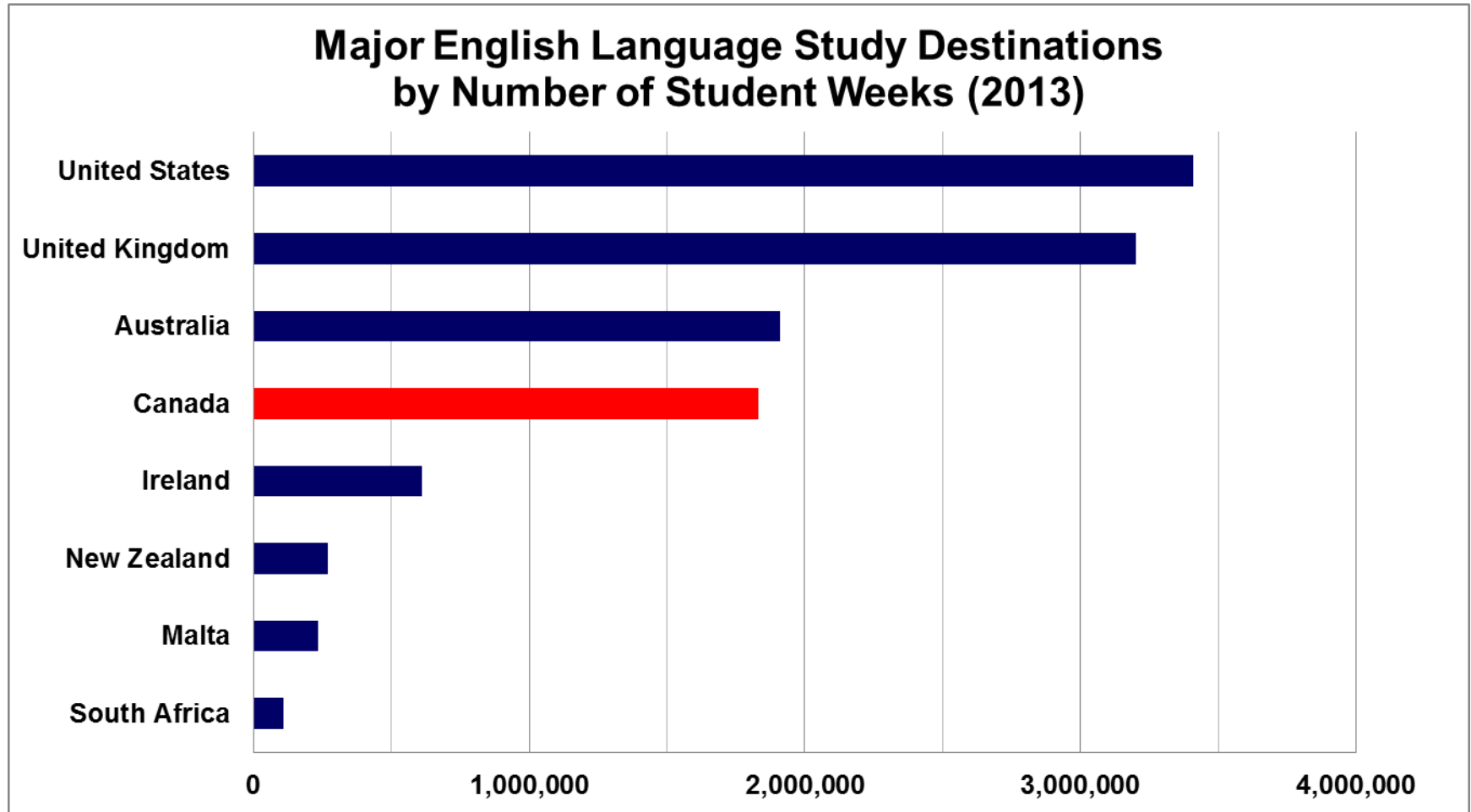
Major English Language Destinations by Student Numbers



Canada comes in third – Australia will overtake in 2015

THE GLOBAL ENGLISH LANGUAGE MARKET

Major English Language Destinations by Student Weeks



Students stay for longer courses in the U.S. and Australia – Pathways...

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DISRUPTION

Disruptive Factors in the Language Industry

- **Online learning models: From integration of learning management systems to sophisticated online/hybrid content delivery, virtual interaction, and opportunities on mobile platforms.**
- **Mergers and acquisitions: Emergence of major industry players developing global reach and diverse program portfolios to achieve significant scale.**
- **Shifts in international student mobility:**
 - **Demographic declines in traditional source countries (Japan, South Korea)**
 - **Growth of in-country opportunities (Brazil) and regional hubs (South Africa)**
 - **Increasing intra-regional mobility in higher education (Asia) changing demand patterns for English language travel**

Disruption has been an on-going dynamic for more than a decade

DISRUPTION

Online Learning Delivery Models

The screenshot displays the MOOEC (Massive Open Online English Course) website. At the top left is the MOOEC logo with the tagline "Massive Open Online English Course". To the right is a navigation menu with links for "Lessons", "Search", "About", "Partners", "Enquiries", and "Login / Register". The main content area features a large heading "MASSIVE OPEN ONLINE ENGLISH COURSE" and a sub-heading "MOOEC is a collection of free online English lessons provided by universities and colleges." Below this is a green "Start Now" button and a link that says "Login or Register to start learning English for free." To the right of the text is a video player showing a woman in a MOOEC t-shirt standing in front of a screen displaying various lesson thumbnails. Below the main content is a section titled "Popular Lessons" which contains five lesson cards: "Start English Elementary English Course" (with a chalkboard icon), a globe icon, a classroom scene, a woman pointing, and a diagram illustrating the prepositions "in" and "on". At the bottom of the page are three filter boxes: "Learn by Difficulty" with buttons for "Beginner" and "Intermediate"; "Learn by Function" with buttons for "Lifestyle" and "General English"; and "Search for Subjects" with a search input field and a search button.

Scale: Collaboration between 15 Queensland universities and government

DISRUPTION

Online Learning Delivery Models

[HOW IT WORKS](#) [FIND COURSES](#) [SCHOOLS & PARTNERS](#) [REGISTER](#) [SIGN IN](#)



Principles of Written English, Part 1

An introduction to academic writing for English Language Learners, focusing on essay development, grammatical correctness, and self-editing.

About this Course

College Writing 2.1x is an introduction to academic writing for English Language Learners, focusing on essay development, grammatical correctness, and self-editing. The five-week course comprises a review of basic grammar terminology and understanding; writing effective sentences and paragraphs; introductions and conclusions; strategies for writing longer texts; and thesis statements. The course materials will be offered via readings and videos. An optional course workbook, in ebook form, may be used for additional writing work. Students will participate in online discussions as well as peer review. Students will complete an essay for this part of the course.

In partnership with the U.S. Department of State

UC Berkeley is partnering with the U.S. Department of State to extend the reach of College Writing 2X. Participating U.S. Embassies will host in-person, facilitated discussions sessions around the course content in order to maximize the learning experience. The State Department-supported EducationUSA

Watch the Course Intro Video



School:	UC BerkeleyX
Course Code:	ColWri2.1x
Classes Start:	17 Sep 2014
Course Length:	5 weeks
Estimated effort:	5 - 6 hours/week

Prerequisites:

Students should be proficient enough in English to follow an introductory level university course.

[Enroll in ColWri2.1x](#)

I would like to receive email from The University of California Berkeley and learn about its other programs.

Student Reviews ★★★★★
62 Reviews

[Write a review](#)

by student ★★★★★
I have registered but still haven't received any lecture videos or coursework. How do I access that?

Reach & Brand: Free English preparatory programs by leading universities

DISRUPTION

Online Learning Delivery Models

Exploring English: Language and Culture

This course for learners of English looks at **British culture** and examines **English in use** to help you improve your language skills.

[WATCH THE TRAILER](#)



Download video: [standard](#) or [HD](#)

[ABOUT THE COURSE](#)

This course is for people who are learning English and who are interested in finding out more about British culture and improving their English language skills.

The course will use short videos to present a different topic each week, including English as a global language, the environment, entrepreneurship and literature. Filmed in Great Britain, these videos will help you to develop your listening skills as you watch authentic examples of people speaking English. Our experienced tutor will examine some of the language used in the videos and will draw your attention to useful points that will help you improve your spoken and written English.

[Join now - started 2 Feb](#)



FREE online course

Duration: 6 weeks

2 hours pw

Certificates available

[SHARE](#)

[START DATES](#)

2 Feb 2015 [Join](#)

IN PROGRESS,
WEEK 4 OF 6

TBA [Register interest](#)

DATE TO BE ANNOUNCED

[EDUCATORS](#)



Chris Cavey (Lead educator)

The Motherlode: Initial participation of 120,000 users from 178 countries

Housekeeping and Introduction

The Global English Language Market

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Discussion

- **The growth of the (academic) language market was fundamentally driven by a confluence of multiple factors, including: Globalization, the surge of international higher education student mobility from non-English speaking countries, technology development (Internet etc.), etc.**
- **These factors, at the same, time produced an unprecedented fragmentation of students' needs, language providers, market trends, and range and diversity of student destinations (here: tertiary institutions as well as labor markets).**
- **As a result, a wide array of products, modes, and delivery models has emerged. These have been – somewhat – consolidated in countries such as Australia and the UK owing to advanced market development. Not so at this level in Canada, yet.**

Consolidation will be on-going – and likely accelerate

FRAGMENTATION

Range of Program Offerings

The screenshot shows the KGIC website with a navigation bar at the top containing links for About, Locations, Programs, Admissions, Life, and Accommodations. The main content area is titled "Programs" and features six program cards arranged in a 2x3 grid. Each card includes a title, a small image, a brief description, and a link to learn more.

KGIC About ▾ Locations ▾ Programs ▾ Admissions ▾ Life ▾ Accommodations

Programs

English as a Second Language
Learn the English you need to succeed in life! Whether your goal is to attend university, land the job of your dreams or travel the world—KGIC's comprehensive and personalized ESL program will put you on the path to success.
[Learn English in Canada](#)

Vacation Programs
Get ready to have the experience of a lifetime! KGIC's seasonal vacation programs combine English instruction with exciting cultural and academic activities, allowing young students to improve their English in a fun and safe learning environment.
[ESL Camps in Canada](#)

College and University Pathway Program
Have you ever dreamed of studying at a North American college or university? KGIC can help you develop the skills you need to make that dream come true! We provide university placement assistance, academic English acquisition, critical thinking skills and much more.
[College and University Preparation in Canada](#)

Test Preparation Programs
Whether you require an official English score to gain entrance into a college or university, work at a multinational company or immigrate to an English-speaking country, KGIC has a proven track record for helping students improve their IELTS, TOEFL and FCE Cambridge scores. Don't just take the test, succeed at the test!
[TOEFL and IELTS Courses](#)

Business English
Learn how to negotiate, conduct meetings, understand contracts and use proper phone etiquette in English! Business English provides you with the essential skills to be successful in an English-speaking business environment.
[Business English in Canada](#)

Powerspeaking and Modern Media
Do you want to improve your communication skills? Do you want to become a more confident presenter? Do you enjoy talking about the world around you? Look no further than KGIC's successful PMM course—what are you waiting for?
[Improve your Communication Skills](#)

Programs: Short-term, long-term; ESL, test prep, business, pathways...

- The report containing analysis and benchmarking on 75 pathways programs covers universities, colleges, and private providers across Canada.
- It will contain enrollment sizing information across programs (2015), as well as a modeling of pathways seats required by 2020 across four program levels:
 - “Basic” ESL: Pre Year 1 Entry
 - ESL: Year 1 Entry
 - EAP: Year 1 Entry
 - EAP+: Year 1 Entry (with academic credits)
 - Foundation: Year 1 Entry (G11 or G12 intake, not common in Canada)
 - “Award”: Year 2 Entry (continues to be rare in Canada)
- Other analysis will comment on entry requirements, costs, duration, and curricular models.
- The report will be commercially available in April 2015.

LANGUAGE PATHWAYS: RESULTS FROM ICG BENCHMARKING

A Schematic Overview of Pathways Models in Canada (2015)

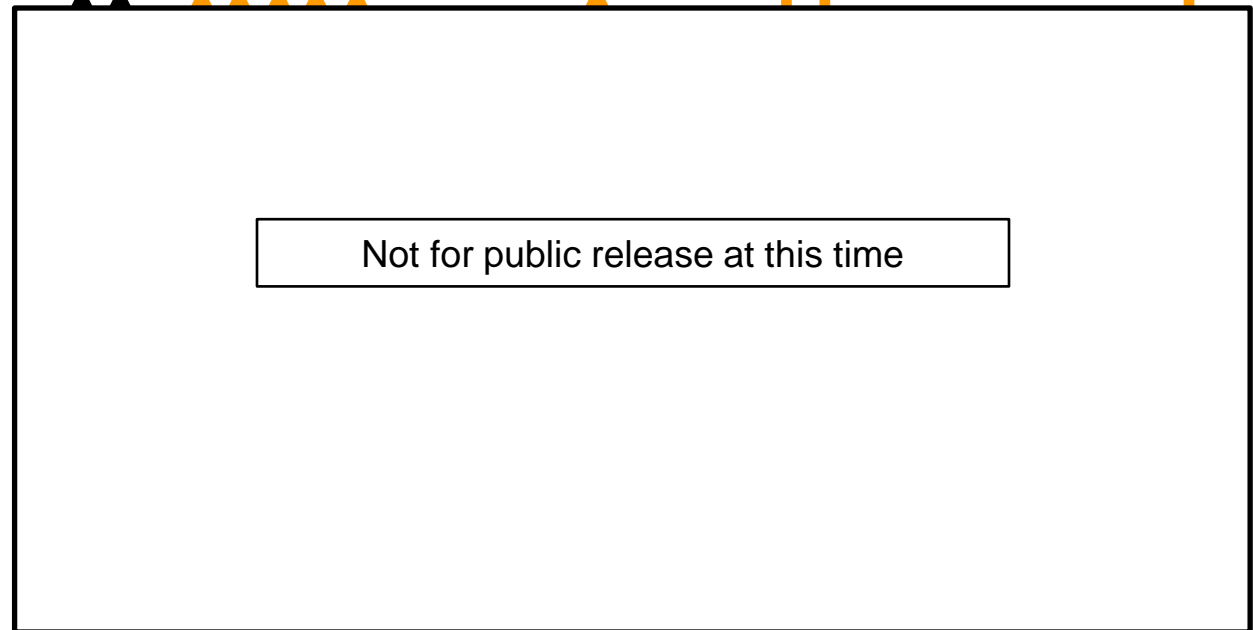
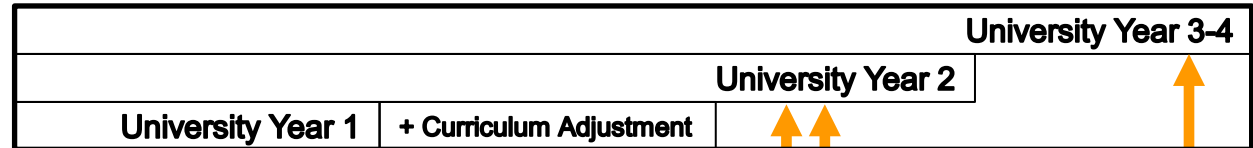
Student Success

Higher Ed.	Year 3/4 ⋮ Year 1	> 6.5
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Pathways	2 Years	5.5 - 6.0
	⋮	5.0 - 5.5
	2 weeks	1.0 - 4.5

Secun - dary	n/a	n/a
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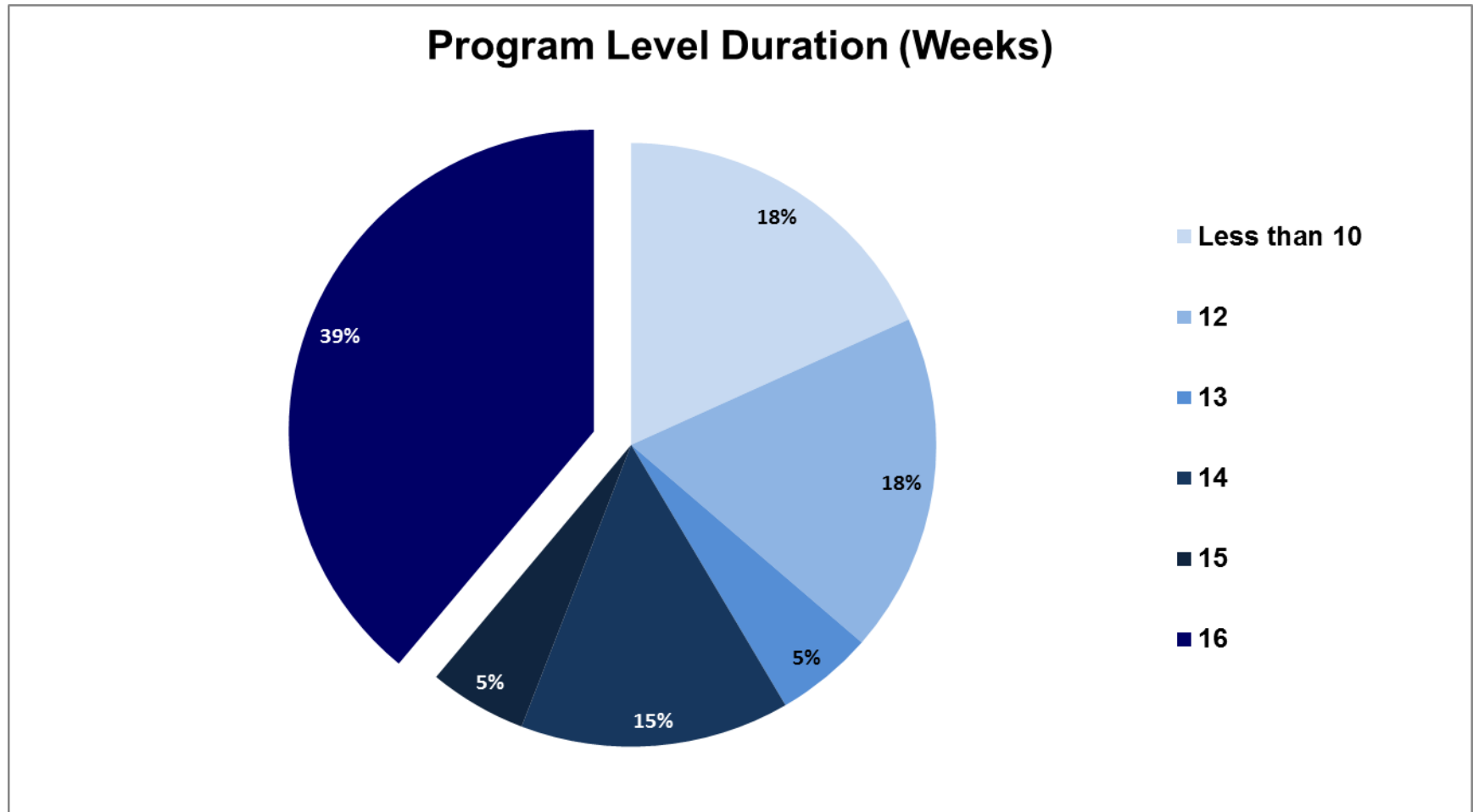
Level	Timeline	IELTS
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Direct	EAP Type Model	Award Model
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LANGUAGE PATHWAYS: RESULTS FROM ICG BENCHMARKING

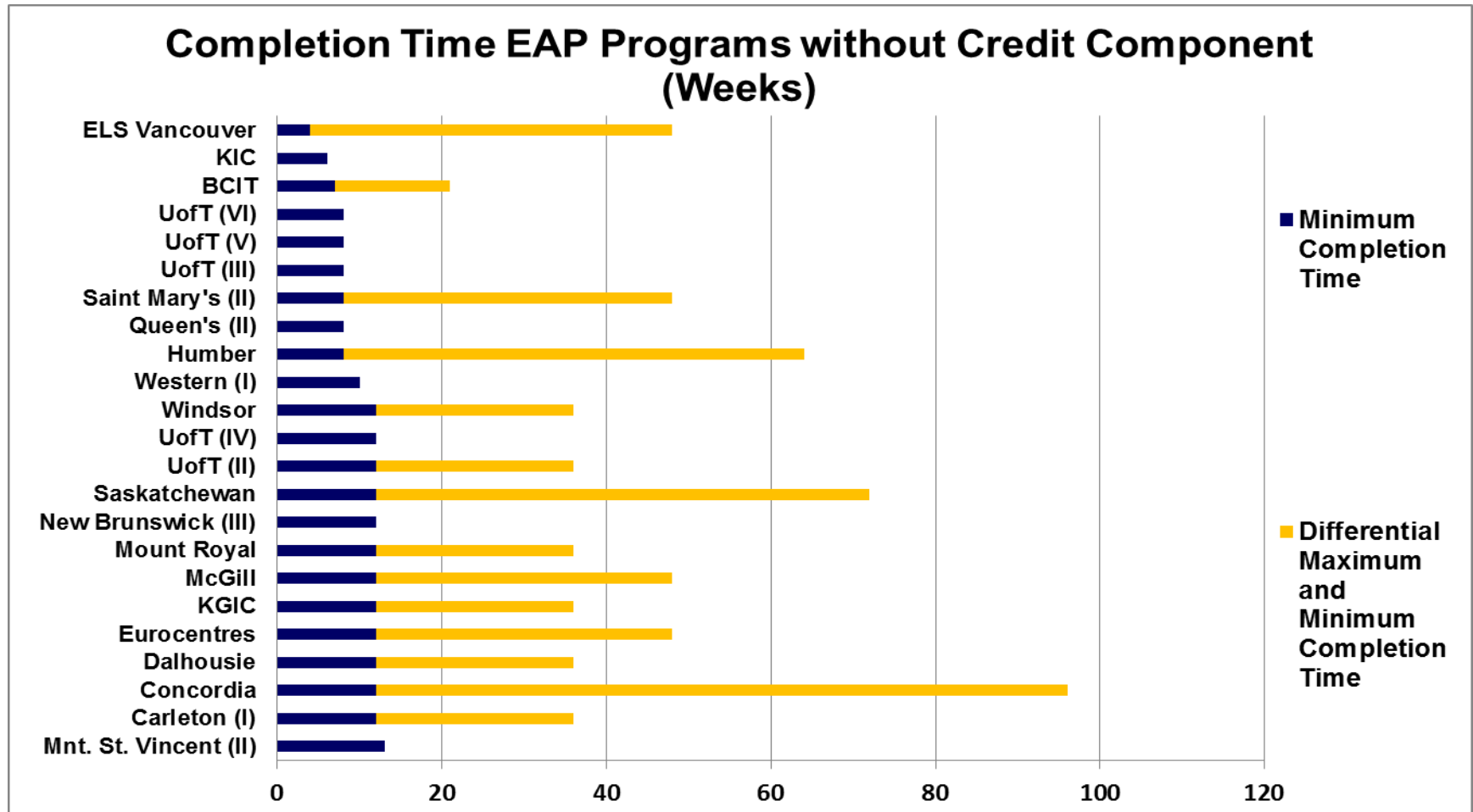
Program Durations



Longer term programs are most prominent

LANGUAGE PATHWAYS: RESULTS FROM ICG BENCHMARKING

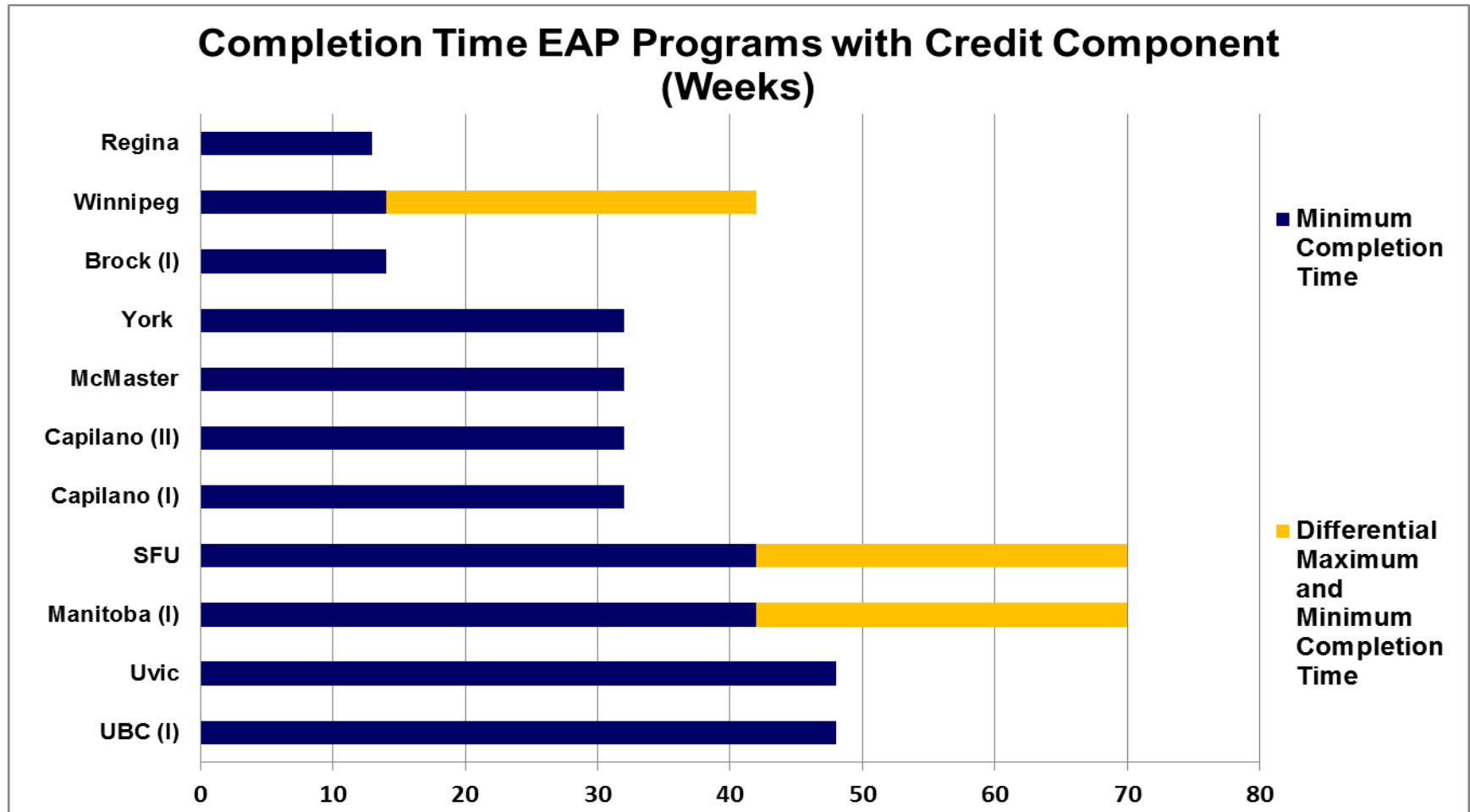
EAP without Credit Completion: Duration



Wide array of program durations

LANGUAGE PATHWAYS: RESULTS FROM ICG BENCHMARKING

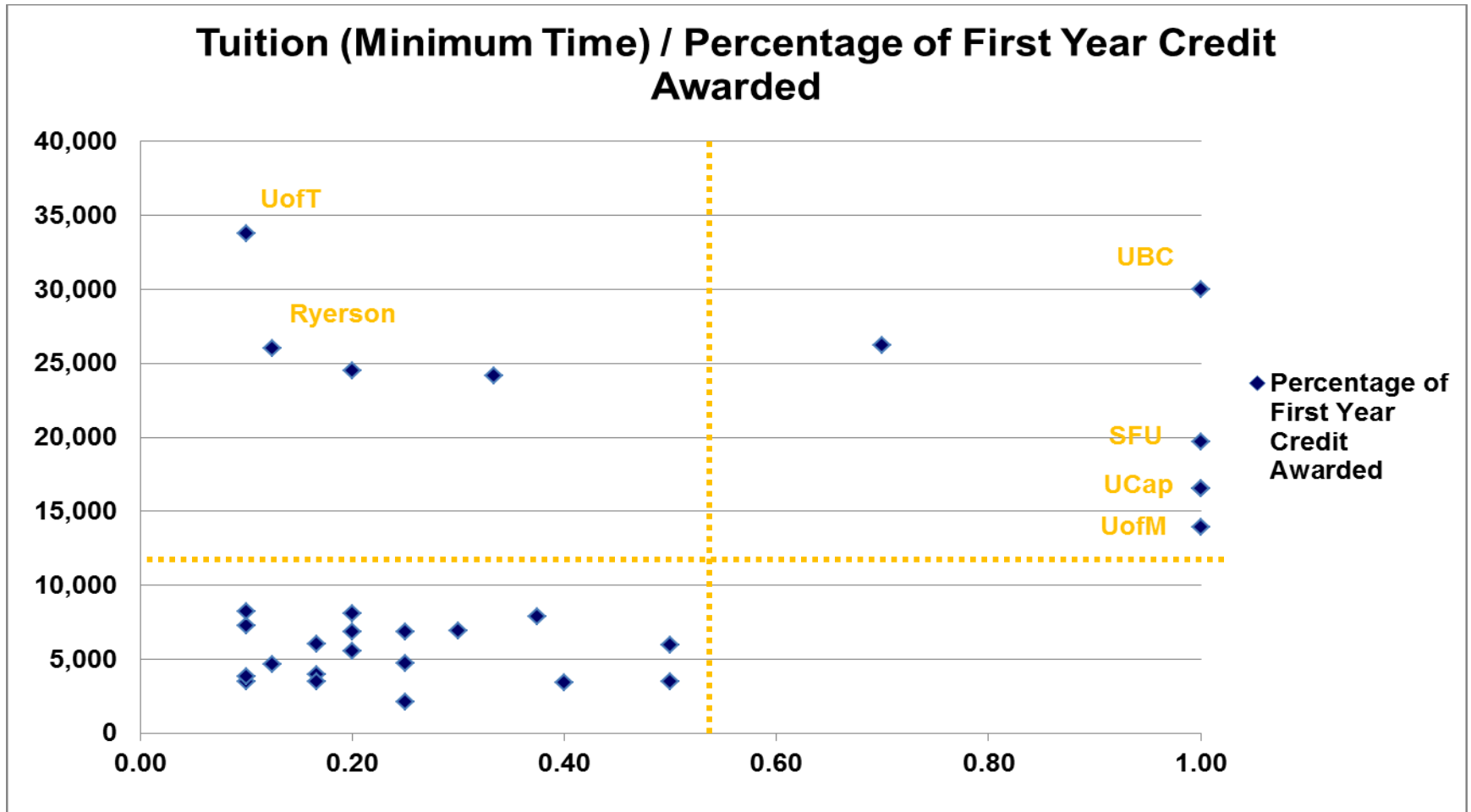
EAP with Credit Completion: Duration



Clear duration “blocks” are evident

LANGUAGE PATHWAYS: RESULTS FROM ICG BENCHMARKING

Tuition and Credits Awarded



Costs per forward credit differ significantly

Notes: 2014/15 data.

Source: ICG.

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- **Brand consolidation is the second cousin of fragmentation.**
- **Similar to other industries, specific levels of scale matter. For the language industry, this means the emergence of global players, regional heavy weights, (defensible) niche players, etc.**
- **Language school brands can be based on two elements – the brand of the institutions students transition into, or the brand of the language school itself (or a mix thereof).**
- **Externally driven brand consolidation will continue, putting sustained pressure on the Canadian language sector.**

What does this mean for Canada?

BRAND CONSOLIDATION

Mergers, Acquisitions, and Expansion

OIEG opens first US ELT school in San Diego

Posted on Jan 2, 2015 by Katie Duncan

Posted in [Acquisitions](#), [News](#), under [North America](#).

Tagged with [Eurocentres](#), [OIEG](#), [USA](#).

Bookmark the [permalink](#).

In its first US expansion move, Oxford International Education Group (OIEG) has announced that it has opened its first US school, which joins the company's existing schools, both in the UK and in the US.

ILSC in deal with Quad Partners to fund growth plans

Posted on Nov 26, 2014 by Katie Duncan

One of Canada's most sizable international education businesses, [ILSC Education Group](#) has entered into a strategic financial and advisory partnership with investment firm [Quad Partners](#). The deal is expected to expand its global footprint.

Pearson acquires ELT company in Brazil for £500m

Posted on Dec 3, 2013 by Amy Baker

Posted in [Acquisitions](#), [News](#), under [South America](#).

Education giant Pearson [announced](#) today that it has made a major acquisition that spans several countries in South America.

It's official – EC acquires LSC in Canada

Posted on Oct 11, 2011 by Amy Baker

Posted in [Acquisitions](#), [News](#), under [North America](#).

Tagged with [EC](#).

Bookmark the [permalink](#).

Ambitious education chain, EC English Language Centres, has announced that it will take over three of the four schools owned by LSC – Canada's longest-established language school, which turns 50 next year.

BRAND CONSOLIDATION

Global Brand Reach

MyELS ▾ Help Contact Us News Careers English, China

Discover ELS **Centers & Locations** English Programs University Admissions Counselor Connect

Centers & Locations

CHOOSE A LOCATION TO GET MORE INFORMATION

For more information on our Youth programs and camps, [click here](#).

Country: ▾

Map Satellite

One of several large providers operating schools in multiple countries

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- **Amidst all the consolidation dynamics, one way to differentiate a product or language school is through bespoke offerings:**
 - **Value added services:**
 - **Alumni networks**
 - **Internships**
 - **Scholarships**
 - **Elite (co-) branding with universities**
 - **On-campus (deep) integration**
 - **“Insurance” programs**
 - **Multi-destination tracks**
 - **Truly global classrooms**
 - **Others**

Some bespoke offerings can facilitate elite pricing

BESPOKE OFFERINGS

Award Pathway: UBC Vantage College

YOUR STARTING POINT TO A UBC DEGREE

Vantage One



Year 1

BA, BAsC, BMgt or
BSc Program



Year 2 to graduation

Graduation



✓ Orientation

When you first arrive at UBC, the Vantage One program will begin with an orientation. You will take care of essential needs like health insurance and setting up banking, learn what to expect and how to thrive in the classroom at UBC. You will also participate in [Jump Start](#) with other International students. Jump Start is a two-week immersion program in August and continues to support students throughout their first year at UBC.

✓ Academic Preparation

Through the 11-month program, all UBC Vantage College students will complete the equivalent number of first year university credits to gain entry to the second year of their degree program. While you will be completing the same courses as other UBC students, your classes will be tailored to you and allow for additional academic preparation through options such as smaller class sizes, alternative teaching methods, language instruction integrated with coursework, and increased faculty interaction.

✓ Program Enrichment

Your experience at UBC Vantage College is shaped by your needs and interests. In addition to regular scheduled classes, you will also have access to academic advising and academic English tutoring. These options are designed to give you every opportunity to succeed. Upon completion, you will be fully prepared and confident in your ability to enter the second year of your degree program.

11-month pathway program: CAD 51,000 all-in (more next year...)

BESPOKE OFFERINGS

Short-Term University Prep: UTSC Green Path Program

Academic Program



The University of Toronto Scarborough (UTSC) Green Path Program is comprised of three distinct parts:

1. A 12-week summer University of Toronto Academic Preparation Program
2. A 12-week summer residential experience on the UTSC campus, and
3. Admission to a four-year degree program at the University of Toronto Scarborough for those students who successfully complete the Academic Preparation Program.

Timetable

The intensive Green Path academic preparation program runs for 12 weeks from late May to the mid of August. The sample timetable for daily class is as follows:

Monday	Tuesday	Wednesday	Thursday
Test 8:30-9:00			
Communication Strategies: Academic Listening 9:00-10:30	Academic Reading and Writing 9:00-12:00	Communication Strategies and Seminar 9:00-1:00	Academic Reading and Writing 9:00-1:00
Guest Lecture 10:45-11:45			
Lunch 11:45-1:00	Lunch 12:00-1:30	Lunch 1:00-2:30	Lunch 1:00-2:30
Communication Strategies: Cultural Communication 1:00-3:30	Research Paper Focus 1:30-3:30	Portfolio Development 2:30-4:30	Life Skills (UTSC) 2:30-4:30
Soccer and Fitness 3:30-5:00	<i>Independent Research</i>	<i>Independent Research</i>	<i>Independent Research</i>

Universities focusing on specific skills development for their students

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LOOKING TOWARDS THE FUTURE OF LANGUAGE INSTRUCTION IN CANADA

Canada's Language Industry 2015

Public	Private
Award (Y2)	Award (Y2)
Foundation (Y1)	Foundation (Y1)
EAP+ (Y1) ----- EAP (Y1)	EAP+ (Y1) ----- EAP (Y1)
ESL (Y1)	ESL (Y1)
ESL (Pre Y1)	ESL (Pre Y1)

Canada's Language Industry 2020

Public / Public-Private / Private

- Limited growth in pipeline to date
- Disadvantages Canada
- Limited presence in Canada
- Australia and UK lead this segment
- Largest segment, strong growth
- Will remain fragmented
- Strong consolidation pressure
- Without value add, good luck
- Churn, margin pressure, displacement

Enrollment sizing and projections to be published in April 2015

LOOKING TOWARDS THE FUTURE OF LANGUAGE INSTRUCTION IN CANADA

- **Will sophisticated online language learning offerings significantly depress the need for language travel?**
- **Will new business models be needed which spread language teaching options and services across a wide spectrum – creating finely tiered à la carte models?**
- **Will classic language study destinations lose out to newly emerging players owing to cost and complexities entering certain countries?**
- **What are strategic options for language travel providers in the coming years?**

Who will lead?

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