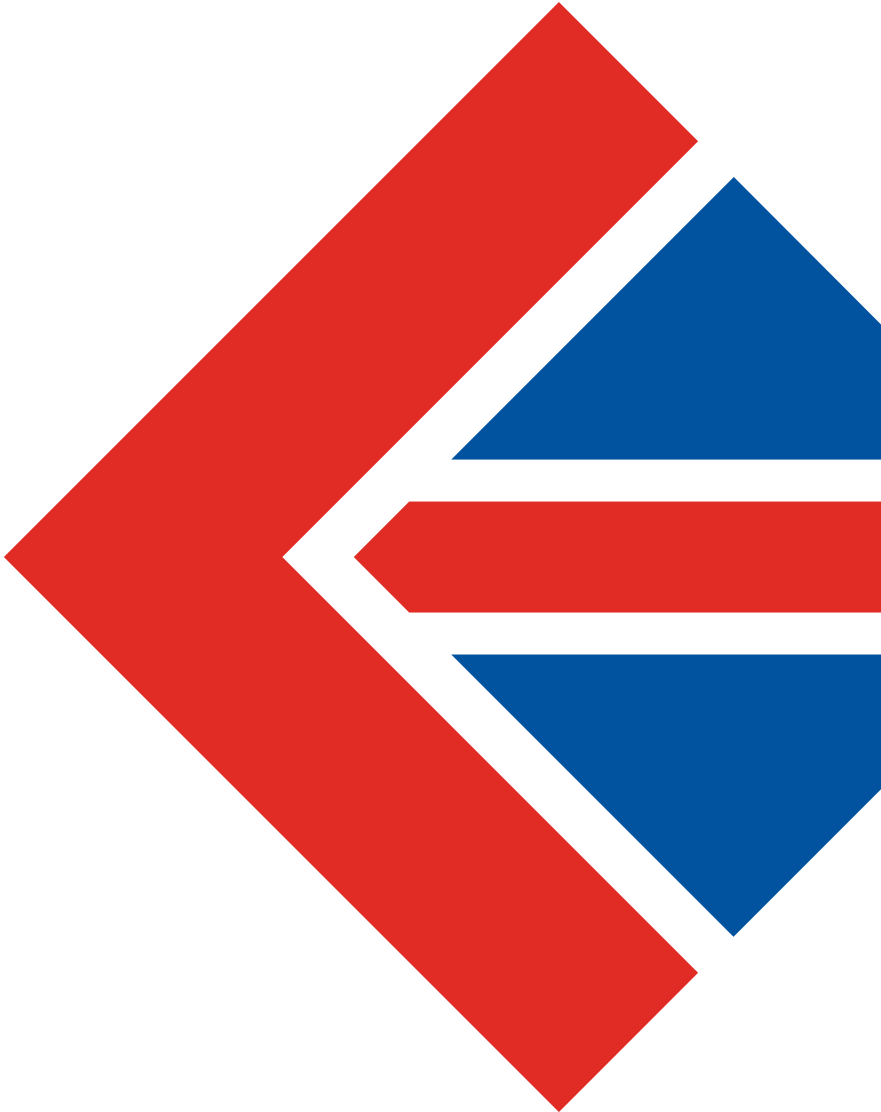


BRAZIL MARKET REPORT
JULY 2008



Market Report: Brazil

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1. Executive Summary

Brazil is a key market for English UK members and poses great opportunities for attracting students to the UK to learn English. The success is largely due to the country's recent economic growth into a thriving regional powerhouse with an increasingly wealthy population which is not only keen on further education, but is also attracted to the UK market as a destination to learn English. On the other hand the competition for the language travel sector is not only other closer English speaking host nations, but also a growing provision of English language teaching within the country.

The language travel market in particular is thriving as English continues to be an important skill in the employment market. Consulting agents is very popular, making it worthwhile for centres in the UK to focus on good relationships with their agents in this market. The majority of operators are members of BELTA (Brazilian Educational and Language Travel Agents Association, founded in 1992). The British Council is well represented in the market and offers a number of marketing opportunities for UK institutions.

There are no major problems affecting students coming to the UK from Brazil and visa applications are processed relatively efficiently.

2. Market Background

a) Overview

The Latin American country declared independence from its Portuguese rulers in 1822 and became a republic in 1899, although Portuguese is still the main language. In recent history, Brazil overcame more than half a century of military intervention in its governance when in 1985 the military regime peacefully ceded power to civilian rulers. The country today continues to enjoy industrial and agricultural growth and a healthy development and has evolved as South America's leading economic power with over 191 million inhabitants.

b) Political and economic situation

A democratic republic since the mid-80s, Brazil has the 8th largest economy in the world by GDP largely driven by the service sector followed by its industrial and agricultural industry. Inflation appears to have been stabilised and the currency has in recent years been appreciating against the dollar and the pound and increases in employment and real wages have been recorded.

Productivity gains coupled with high commodity prices contributed to the surge in exports. Following his second inauguration, President Lula da Silva announced a package of further economic reforms to reduce taxes and increase investment in infrastructure.

c) Social and cultural situation

Brazil is a predominantly European-influenced society with a strong urbanisation of lifestyle and home to 14 cities over 1 million people. While known to have a relatively young population with over 40% aged under the age of 21, a rise in the population age is expected due to improvements in health care provision resulting in longer life expectancy overall. The literacy rate is relatively high with 88.6%.

Brazil has a relatively unequal distribution of wealth with a majority of the population continuing to live in poverty and some large disparities between the developed cities and the countryside.

The market for international education is therefore limited to the main centre of prosperity - Sao Paulo city and state. Here, there are indicators of high individual disposable income, making international travel and education desirable and affordable. In addition, business is increasingly becoming globalised and exports into the EU have doubled in the last decade. English is widely used as a working language, making the UK an attractive country as a travel and study destination. For example, in 2006 VisitBritain record 112,000 visitors to Britain from Brazil, 14% of which came over to study.

d) Internet usage

In 2007, there were 42.6 million internet users, which equals a population penetration of 22.4%, that is 46% of the total South American population. Brazil has the third largest broadband penetration within the Americas. A survey amongst Brazilian adults revealed that 40% used the internet from home, while 30% access the Internet from a public access location such as an Internet café. Smaller percentages went online at work or at school. Popular websites include Google, Orkut (social networking site) and Facebook.

3. The Education and Training System in Brazil

a) Overview

A new legislation brought about massive changes in the Brazilian education system in 1971. Education today is viewed as a right for all, duty of the State and of the family and recognised as a tool to develop individual persons to prepare them for the responsibilities as citizens and to qualify them for employment. As a result, Brazilians strongly believe in the importance of education. Education is compulsory and is funded by the public sector and through investment by the private sector where tuition fees are payable. 25% of state and local tax revenues are allocated to education.

Education is under the supervision of the Ministry of Education and Sport, which has control over higher education and the Federal Council of Education acts as standard setting agency.

The Brazilian academic year runs between March and November, plus exam days. The year is divided into two semesters with some institutions also offering courses during a summer term (January and February).

b) Primary and fundamental education

The compulsory fundamental schooling covers eight grades. Admission is usually at 7 years old although children older or younger can be admitted.

The curriculum consists of a core and a diversified part. The core is taught throughout the whole country and comprises Portuguese, Social Studies (including History and Geography), Physics, Biology and Mathematics. The diversified part will vary depending on the local needs and characteristics and the individual schools' plans and different student needs.

c) Secondary education

Secondary education is spread over at least three years and can include vocational education. Completing secondary education is necessary for entry into higher education and also required for a range of jobs. English is the first foreign language taught in Brazil.

d) Higher education

Higher education is taught at colleges and universities. Higher education studies at a college will involve a course for a specific profession. Universities must in addition promote basic and applied research, as well as provide services to the community in the form of courses and other extension activities. Higher education is available at two levels: undergraduate and graduate studies.

Duration of the course depends on the subject, but will typically be four to six years at undergraduate level (bachelor degree, teaching degree or professional degrees) and two to four years at graduate level (Master's degree courses) or four to six years (doctoral degree courses). To enter undergraduate education, the student must pass a qualifying entrance examination, which is specific to each course and includes an English language test. Enrolment at graduate level requires entrants to have completed undergraduate studies.

e) Universities, colleges and vocational education

There are around 35 federal universities, 15 state universities, 2 municipal universities and 31 private universities, as well as a considerable number of other establishments/ colleges offering higher education and vocational education.

About one-ninth of Brazilians aged 18–24 are enrolled at a university, most of them in the South and Southeast. Compared with developed countries, university attendance is limited in Brazil; higher education remains largely the prerogative of the wealthy and the aspiring middle class. However, since the 1990s schools have been offering more weekend and extension courses to accommodate more segments of society.

Usually there is at least one university in the Federal District and each of the states. The largest of the national institutions is the Federal University of Rio de Janeiro. The next largest universities are those of Minas Gerais and Rio Grande do Sul, followed by those of several cities in the Northeast. The University of São Paulo is the largest and most important state university, with the country's largest graduate student

population. Cândido Mendes University in Rio de Janeiro is among the more notable private schools. The Roman Catholic church administers further universities and other colleges throughout Brazil.

Other institutions in Brazil include schools of medicine, public health, law, social sciences, engineering, and mining.

4. The English language teaching market

a) In-country provision

English remains the essential language to learn in Brazil and is part of the university admission examination, and a lot of Brazilians supplement their school English lessons with courses at private language schools.

Private English schools can be found throughout big and smaller sized cities. The private teachers market for one-to-one and group tuition is thriving and big schools like CNA, Wizard, Fisk, CCAA can be found throughout the country. More expensive and renowned schools include CEL-LEP, Alumni and Cultura Inglesa.

b) Current market

Overseas language study travel is popular due to the increasing importance of English in the job market. In the 2007 survey by Language Travel Magazine (LTM) participating agents stated that their businesses were on an upward trend. There was also mention of mainstream travel agents diversifying into educational travel, underlining the assumption that international education continues to be well in demand.

English UK statistics show Brazil as 4th largest market with 7.33% market share in 2007, estimated over 104000 student weeks over all centres (this is up from 5th place in 2006 at 6.43% market share and up from 11th position in 2002!).

Next to the UK the top destinations for language study, are Canada, the USA and Australia. VisitBritain states that 'British English' has a certain 'snob value' over these competitors, which results in Britain being well respected for English language education.

The most popular types of English courses given by agents surveyed for LTM were

1. General
2. Intensive
3. Language plus work experience
4. Summer vacation
5. Business language

The main reasons given by students wishing to go on a language study course abroad is to improve their job prospects as well as to enhance their academic study.

According to a recent BELTA survey, the main factors influencing choice of study

destination are:

- costs of fees/living;
- ease of obtaining a visa;
- ability to work while studying.

c) Agents

Brazilian agents tend to be members of BELTA. The members constitute around 90% of the Brazilian language travel trade. However, some renowned agencies do not hold membership of BELTA but offer very good service and are well informed about the UK. The majority of operators are located in Sao Paolo. The busiest booking period is September to November prior to spring of the following year. Brazilians continue to rely heavily on agents to book international trips and business has been going well for language travel agents according to the 2007 survey by Language Travel Magazine.

The popularity of consulting agents to book an overseas study course may be the reason why a lot of general tour operators seem to now be diversifying into language travel, according to the above survey.

VisitBritain also states that for travel agencies in general increased operating costs seem to be forcing smaller agencies to close or merge with larger, better-equipped agencies and operators. They expect this to lead to a stronger travel trade structure in the future.

To make contact with the Brazilian trade, VisitBritain strongly advise producing information material in Portuguese. In fact, the British Council have confirmed that the Portuguese language version of the English in the UK Guide is very well received. One of the best ways to target the trade is to make contact with them face to face.

d) The British Council and promotion of ELT

The British Council works from four offices in Brazil, each equipped with an information office advising prospective students on education in the UK including ELT. The offices are based in Rio de Janeiro, Brasilia, Curitiba and Recife. The local Education UK website, run by the British Council in Portuguese language, has an online information service.

A number of promotional activities are carried out throughout the year for UK institutions and programmes including ELT providers. Participation in relevant events and prize draws for students are part of the promotional calendar and every month a UK institution visits the British Council in Brazil to promote their work. Advertising is carried out through specialised magazines and newspapers. The main education exhibition takes place in October/ November each year and features a special ELT zone to improve access to the sector by prospective students.

Past campaigns for the ELT sector included:

- Active promotion of the StudyWorld Fair in London
- Promotion of the Let Your English Grow Campaign, organised as contribution of the English language sector to PMI2
- Leaflet distribution
- Talks in the main offices of the British Council about "10 steps to find the perfect English programme for you".

e) Other marketing channels

A number of events taking place in Brazil for the promotion of English in the UK include ExpoBelta (<http://www.expobelta.org.br/expobelta/>) FPP Media fairs (<http://www.fppmedia.com/default.asp>), ExpoStudy and British Council visits to a number of small events in schools throughout the year.

The British Council receives good discounts for the placement of advertisements in magazines and newspapers¹ through their media agency. These discounted rates are available to any UK educational institution. Contact the British Council for further information:

Raquel Dieguez , Education Promotion and Liaison Officer, British Council, Rua Ferreira de Araujo, 741 - 3º Andar, Sao Paulo-SP CEP: 05428-002 – Brasil, T +55 (11) 2126 7573, F +55 (11) 2126 7599, raquel.dieguez@britishcouncil.org.br

f) Notes from ExpoBelta 2008

English UK attended ExpoBelta in March/April 2008 visiting São Paulo, Porto Alegre, Belo Horizonte, Brasília, Salvador and Rio de Janeiro. The exhibitions in São Paulo and Rio de Janeiro attracted high numbers of visitors and some quality enquiries. As expected, the other cities were quieter but on the whole, still attracted some serious and well-informed prospective students. The British Council exhibited and provided a student counselling service at all venues.

- According to the British Council, students travelling to the UK to study English are predominantly drawn from 3 main groups – those in senior high school wishing to take short courses of up to 3 months (they can take this much leave without having to repeat the year), university students wishing to take a semester break from their studies and post-university students with a high-level of English looking to improve their career prospects. They are also receiving an increasing number of enquiries from more mature 'career-break' students.
- ESP (particularly medicine/healthcare) and English Plus courses offering the chance to study an academic/vocational subject of choice are popular.
- London is probably the most requested destination, but a large number of students are also interested in centres in other areas where they believe there will be fewer Brazilians and costs will be lower.
- The opportunity to work part-time in the UK while studying is a huge draw for Brazilian students – a common question is 'will the school/college/centre help me

¹ The main media used are: Folha de São Paulo (São paulo newspaper), O Globo (Rio newspaper) and Correio Braziliense (Brasília newspaper). Mainly the Sunday issues of these papers are used for advertising

to find a job?' Centres that can offer this assistance should ensure that this message is included in their communications strategy for the Brazilian market.

- The main concerns voiced were about visas (there seemed to be much confusion among students and the British Council are no longer allowed to give advice about this topic – see below) and the costs involved in studying in the UK (tuition fees and cost of living).
- The British Council emphasised the importance of in-country representation and agents.
- A relatively high number of enquiries were from students with high-levels of English interested in taking the CPE.
- One agent reported that many students enquire about taking an MA/postgraduate course, but in reality their English is not of a high enough standard. However, they worry about being able to afford both a pre-masters course and university tuition fees.
- South African schools had a high profile at all venues, but this is still a niche destination (English and safari) and there is very little market in the northeast (Bahia) where the African culture is strong.
- The weather and friendly culture of Australia/New Zealand are attractive, but many students are discouraged by the huge expense of flights there.
- The event in Salvador was the smallest in terms of the number of exhibitors. However, anecdotal reports from agents were positive about the market in the northeast, especially as there are good flights from London to Salvador via Lisbon (TAP).
- Providers of work + study programmes (particularly to the USA and Canada) were well-represented at all venues.
- The highest number of enquiries at the English UK stand in all cities was from university students wishing to take a 'gap' semester, if possible studying English plus a subject related to their university degree or ESP.

5. Visas

Short term visitors to the UK from Brazil do not currently require entry clearance. A visa is required for a stay that is longer than six months meaning that English courses lasting less than six months are easier to attend.

However, there have been worries at Government level for some time about delinquency among Brazilians (illegal working, overstaying, etc) and Brazilians are currently advised to get leave to enter the UK before they departing Brazil. Following the first global review of UK visas, tougher new visa rules (visa-national status requirements) could be introduced for Brazil in 2009 (along with 10 other countries highlighted in the review) - <http://www.homeoffice.gov.uk/about-us/news/first-global-visa>. No final decision will be taken until early 2009, but it seems likely that visa requirements for short-term visitors from these 11 countries will be introduced, unless 'they significantly reduce the risk they pose to the UK by the end of the year'.

A comparatively low number of visa refusals are reported for Brazil and there are no apparent problems for students to obtain a visa. According to the British Council, the number of visas issued relates closely to the number of Brazilian students enrolled at a UK institution.

One problem affecting the willingness to enrol in a course in the UK appears to be the availability of information on the visa process. Unfortunately information on visa applications is no longer available through, for example, the British Council offices, but the WorldBridge, a commercial information service on visa issues, may be contacted via <https://www.visainfoservices.com>).

UKVisa's (now UK Border Agency) Entry Clearance statistics from 2006/07 show a refusal rate of 19%, with 685 applications and 575 issued visas.

6. Conclusion and SWOT analysis

A SWOT analysis for the Brazilian market in relation to the UK ELT sector:

<p>Strengths</p> <ul style="list-style-type: none"> • Growing economy • Compulsory schooling and high literacy • English required for university admission • No current major problems with visa applications for the UK (<u>BUT</u> see Threats) • Well-established market for ELT • UK is popular destination 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Unequal wealth distribution making only part of the population potential market • Proximity to USA, Canada etc • Cost of pound sterling compared to US\$
<p>Opportunities</p> <ul style="list-style-type: none"> • Areas with high disposable income • Willingness to travel • Urban, young, European-influenced society as clear target segment • High internet usage • Well-established UK brand • English language desirable in job market • British Council promotions available throughout the year 	<p>Threats</p> <ul style="list-style-type: none"> • Competition from USA, Canada, Australia • Strong in-country English language provision • Internet and other media make English available at home • Rising travel costs • Changes in currently positive perception of UK brand • Visa-national status requirements possibly introduced early 2009

Strengths: a growing economy has brought about an increase in wealth particularly in cities; as a result there are already established markets for ELT. There are no current major problems with visa issuance, but this may be set to change as it looks likely that Brazil will be subject to visa-national status requirements by early next year. An

increased readiness to travel abroad for career furthering education should work in favour of the UK as a study destination.

Weaknesses: only a part of the total population is attractive to the overseas study market due to a very unequal income distribution. Closer geographical proximity of other English-speaking countries and the high cost of the pound may work in favour of the US and Canada in terms of students choosing their destination.

Opportunities: marketing can be highly targeted in terms of geography - for instance, the main audience can be primarily found in the cities where there is a predominantly urban, young population with enough disposable income. High internet usage figures mean that the medium is well-established in Brazil. In addition, a strong positive brand image for the UK can be used to market ELT institutions and the local British Council is already very active in promoting UK education and offers a number of opportunities to tap into.

Competition (*threat*) from other countries such as Canada, USA or Australia as well as a well-established network of in-country providers is strong and they may gain advantage when, for example, travel costs rise or the image of the UK gets dented in any way. The likely visa changes ahead are also a concern but hopefully should not be too damaging, providing there is timely communication to the market about the new requirements and the proper infrastructure (visa application centres) is put in place to deal with the demand.

Conclusion

Brazil continues to be an attractive market for the UK English language teaching sector. With an economy on the rise and a very positive and an outward looking orientation amongst businesses and society, international education and in particular proficiency in the English language are becoming more and more desirable and affordable. The main market for UK English language centres is within the major cities where the highest levels of disposable income can be found. This should allow for highly targeted and localised marketing campaigns, which are facilitated through familiarity with the media amongst the target audience, as well as the fact that British English is highly respected despite strong competition from Canada, USA and Australia for English studies.



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