THE CHINA ROADSHOW

17 NOV 2019

ENGLISH UK

BONARD

ABOUT BONARD

BONARD (ex StudentMarketing) is a market intelligence and strategic development firm.

We leverage our global knowledge and connections to help our clients grow in the vibrant international education market.

4
Offices

In Europe and China

50
Specialists

Focusing on research & business solutions

282
Projects

Conducted by our certified experts

1,000
Meetings

Annual meetings with industry professionals

20,000
Stakeholders

Interviewed annually

UNWTO AFFILIATE MEMBER

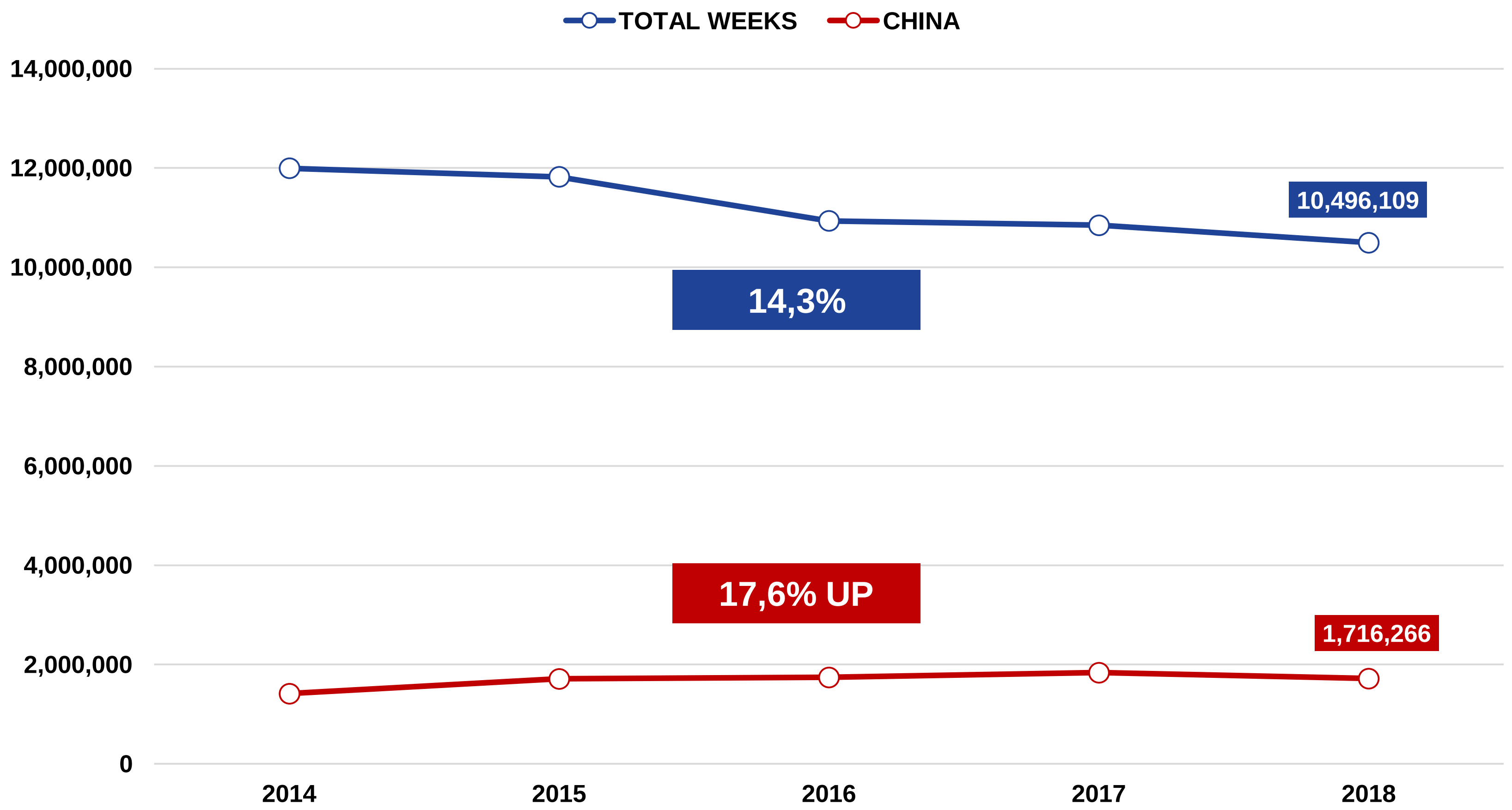
BONARD is a United Nations World Tourism Organization Affiliate Member.

BONARD staff have individual memberships in ESOMAR.

ESOMAR member

ESOMAR yes member

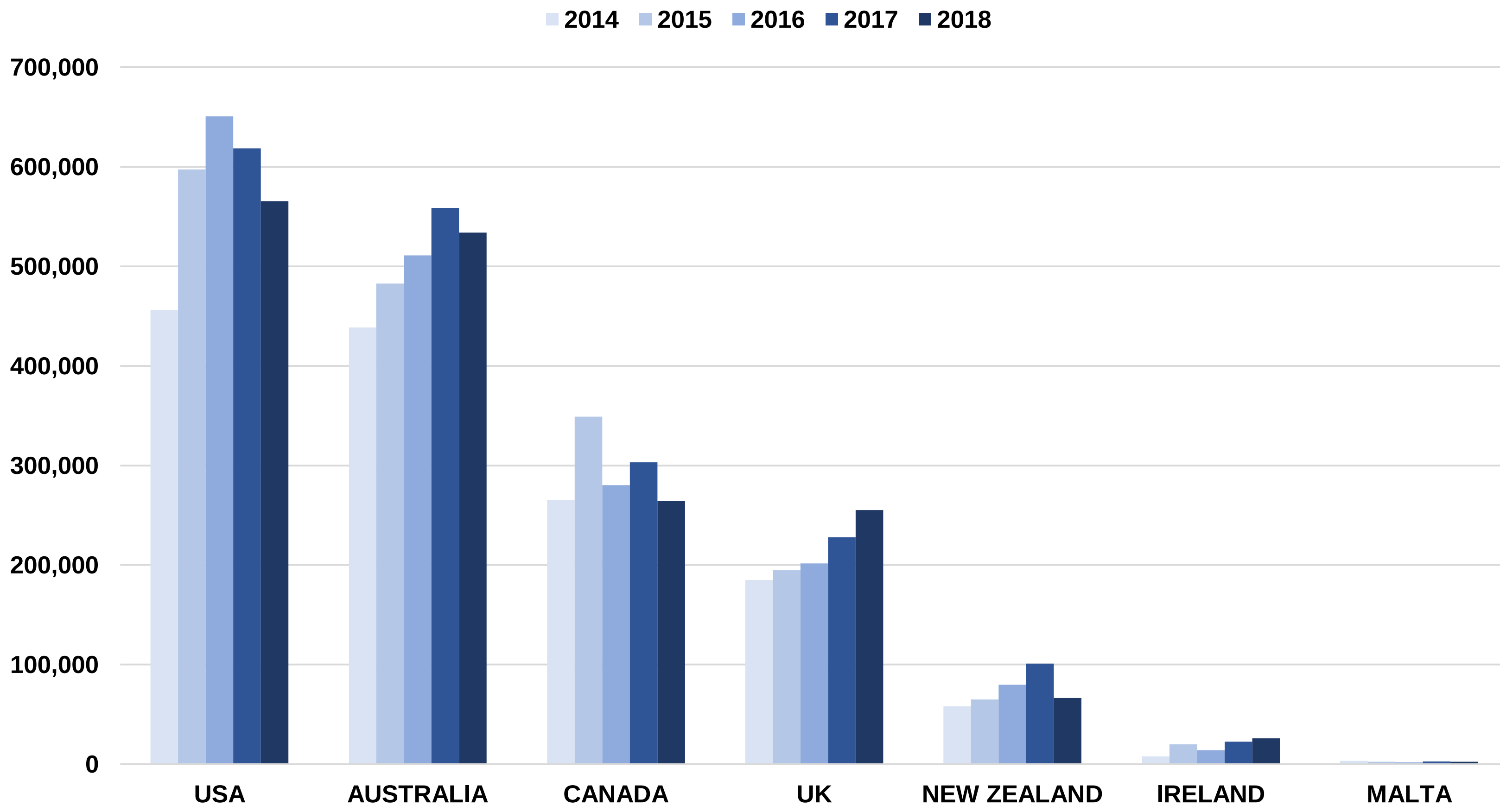
GLOBAL ELT OVERVIEW: STUDENT WEEKS



Source: BONARD, 2019; cumulative data for 8 major ELT destinations (Australia, Canada, Ireland, Malta, New Zealand, South Africa, UK, USA)

CHINA: DESTINATION OVERVIEW

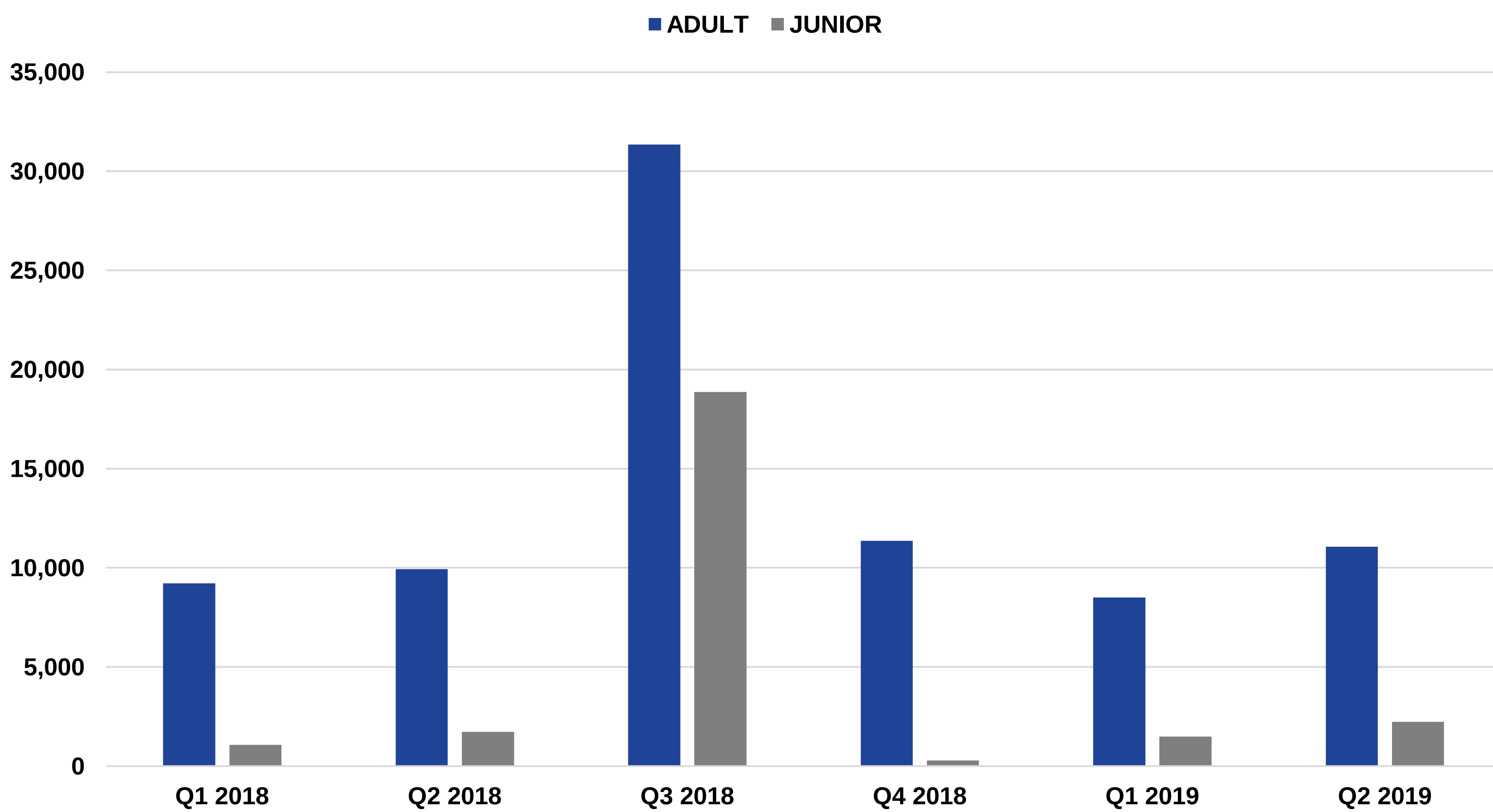
UNIT: STUDENT WEEKS



Source: BONARD, 2019

CHINA: ADULT & JUNIOR SEGMENT (UK)

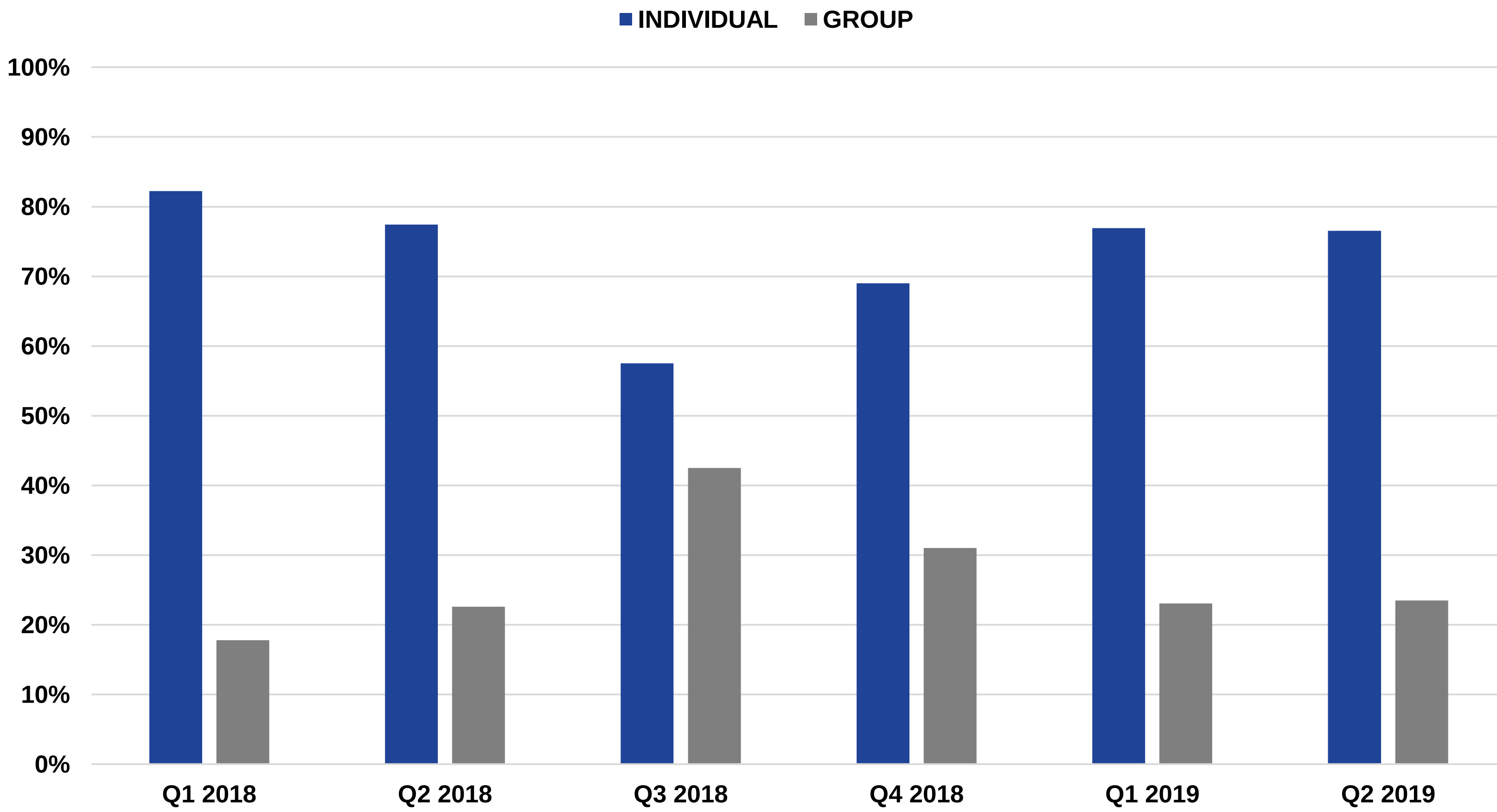
UNIT: STUDENT WEEKS



Source: English UK, 2019; based on QUIC data

CHINA: STUDENT WEEKS BY BOOKING TYPE (UK)

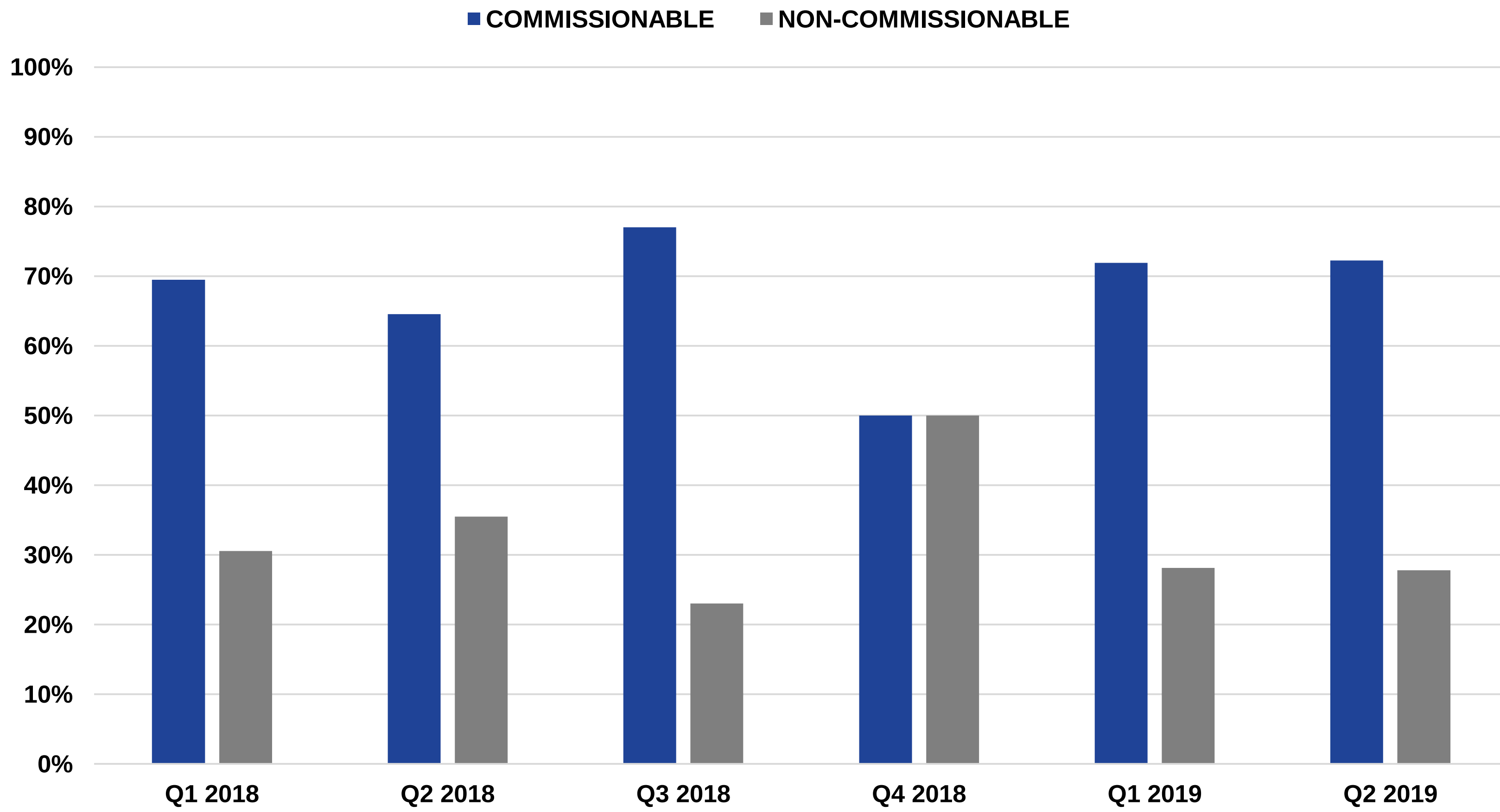
UNIT: STUDENT WEEKS



Source: English UK, 2019; based on QUIC data

CHINA: STUDENT WEEKS BY BOOKING SOURCE (UK)

UNIT: STUDENT WEEKS



Source: English UK, 2019; based on QUIC data

CHINA: STUDENT WEEKS BY COURSE TYPES (UK)

UNIT: STUDENT WEEKS

	STUDENT WEEKS BY COURSE TYPE - ADULT							STUDENT WEEKS BY COURSE TYPE - JUNIOR		
	General English	Business & Professional English	English Plus	EAP	ESP	One-to-One	Teacher Development	General English	Summer/Winter Camps	EAP
Q1 2018	7,408	135	68	1,517	48	22	35	400	363	300
Q2 2018	6,933	96	12	2,783	45	46	18	985	236	513
Q3 2018	8,931	56	357	21,596	147	90	168	4,628	14,239	0
Q4 2018	9,463	123	41	1,562	87	22	61	281	7	0
Q1 2019	6,201	87	185	1,927	64	33	6	511	916	66
Q2 2019	6,828	59	143	3,927	24	36	44	717	1,466	50

Source: English UK, 2019; based on QUIC data

CHINA: STUDENT WEEKS BY PROVIDER TYPE (PRIVATE SECTOR, UK)

UNIT: STUDENT WEEKS

Q1 2019

INDIVIDUAL

2,930

CHAIN

4,889

Q2 2019

INDIVIDUAL

3,653

CHAIN

4,974

Source: English UK, 2019; based on QUIC data

CHINA: STUDENT WEEKS BY PROVIDER TYPE (PRIVATE SECTOR, UK)

UNIT: STUDENT WEEKS

	Student weeks by source		Student weeks by age		Student weeks by booking type	
Q1 2019	Commissionable	Non-commissionable	Adult weeks	Junior weeks	Individual bookings	Group bookings
Chain	76%	24%	88%	12%	88%	12%
Individual	82%	18%	69%	31%	70%	30%
Q2 2019						
Chain	76%	24%	97%	3%	96%	4%
Individual	84%	16%	58%	42%	59%	41%

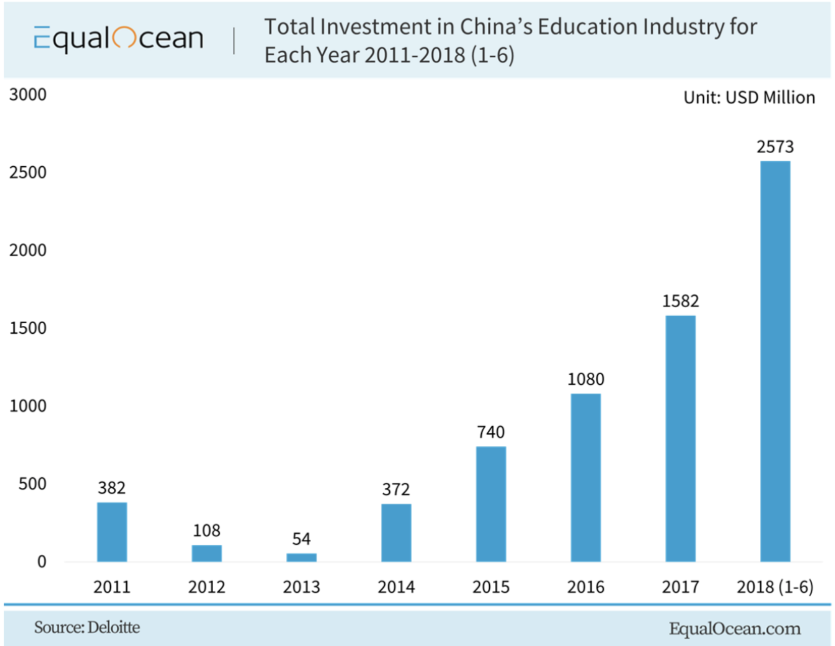
Source: English UK, 2019; based on QUIC data

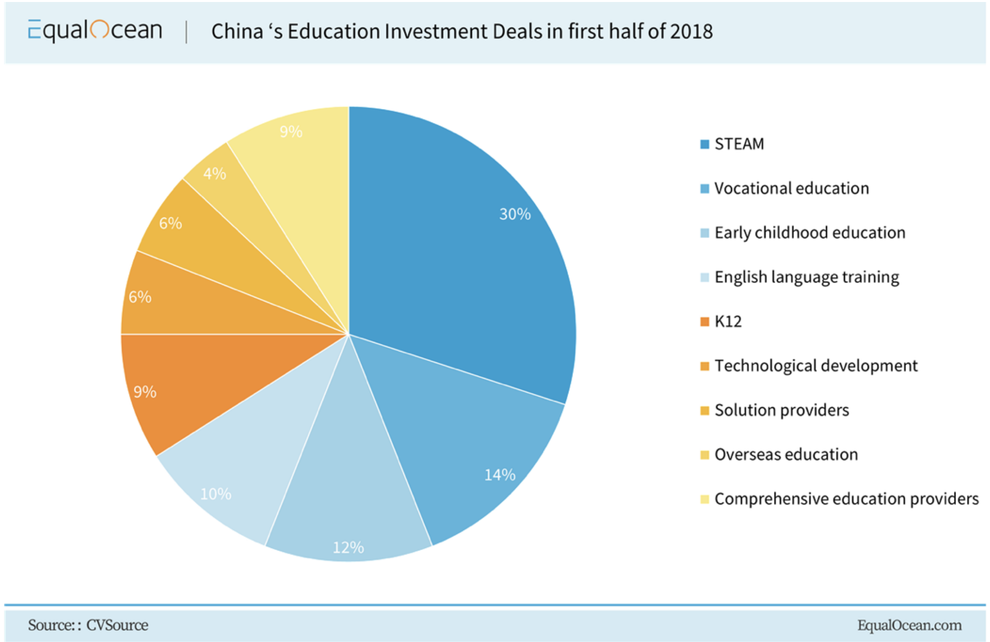
CHINA EDUCATION MARKET TRENDS

INVESTMENT IN CHINA EDUCATION

Four hot sectors for education investment in China:

1) Primary & secondary online education
2) Test-oriented education
3) Vocational education
4) English language training





Source: BONARD, 2018/2019; EqualOcean 2019

CHINA EDUCATION MARKET TRENDS

DOMESTIC ELT MARKET OUTLOOK

According to estimates from Chinese government as well as other international research firms there are between **300 - 400 million English learners** in China presently.

As of 2016 there were ca **150,000 pre-schools (74% private**) in China enrolling **44 million children aged between 3-5** offering and delivering English based study curriculum.

By 2018 there were **563 international schools** in China enrolling **245,000 Chinese K-12 students** in English medium high school and IB curricula.

Domestic ELT market growth forecasted at **CAGR 22.03%** for period **2018-2022.**

Total market value anticipated at **365.9 billion yuan (US$ 53.2 billion) by 2023.**

Source: BONARD, 2018/2019; ISC Research 2018, TechNavio 2018, China Daily 2019

CHINA EDUCATION MARKET TRENDS

ENGLISH & ONLINE LEARNING

There is approximately **25 domestic ELT chains each having between 100-200 branches** across China's Tier 1 – Tier 3 cities. Overall there are ca **50,000 English training centers** in China delivering ELT curriculum.

Most notable providers include: **EF English First, New Oriental, TAL Education Group, Puxin, Xueda Education Group, Berlitz, Disney English, ChinaEDU, iTutorGroup, Pearson ELT, Sprout4Future, Meten, Wall Street English.**

Online education sector valued **at 251.76 billion yuan in 2018 (25.7% y-to-y)** and expected to **grow 16-24% over the next 5 years**.

Currently there **are 179 million online English learners in China**. This figure will more than double by 2025.

Most notable online English learning providers: **17ZuoYe** (一起作业), **VIPKID**, **Yuanfudao** (猿辅导), and **ZuoYeBang** (作业帮).

Source: BONARD, 2018/2019; EqualOcean 2019

CHINA EDUCATION MARKET TRENDS

DOMESTIC ELT MARKET NUANCES

There is a significant **quality gap** in the ELT market.

The upper market is characteristic by chains such as EF, Wall Street or Meten offering expensive tuition with native teachers and legally employing trained native teachers.

The lower market is characteristic by thousands of small boutique training centers (often just one or few branches) employing mostly untrained Chinese teachers or natives and non-natives without qualifications or proper work permits.

Average cost of **4 week General English:**

Top 3 driving factors to learn English:

1) Career development (29%)
2) Life Experience (17%)
3) Confidence/Self-esteem (15%)

Source: BONARD, 2018/2019

CHINA EDUCATION MARKET TRENDS

OUTBOUND ELT MARKET

There were approximately **149,957** Chinese students traveling abroad in 2018 for the purpose of furthering their English proficiency, representing **11%** of ELT students globally and **16%** of ELT student weeks globally.

Chinese equivalent for ELT overseas: **Individual Adult Study Tours & Junior Group Study Tours**

Only 10% of the Chinese outbound ELT student/weeks are purely for ELT purposes.

The prevailing 90% are for higher education purposes enrolling into foundation and pathway programs delivered by educational groups (INTO, Kaplan, Navitas, Shorelight, etc.) or universities and colleges directly.

Source: BONARD, 2018/2019

MARKET ANALYSIS

CHINESE AGENTS SURVEY – STAND-ALONE ELT (E.G. NO PATHWAY)

To better understand agencies' perspective on outbound ELT student mobility from China, in 2017 BONARD carried out an in-depth qualitative survey of **43 Chinese agencies** to following outcomes:

63% of agencies confirmed to be able to process ELT inquiries

10% of agencies actively promote ELT programs overseas

5 – 10% annual market growth (pure ELT)

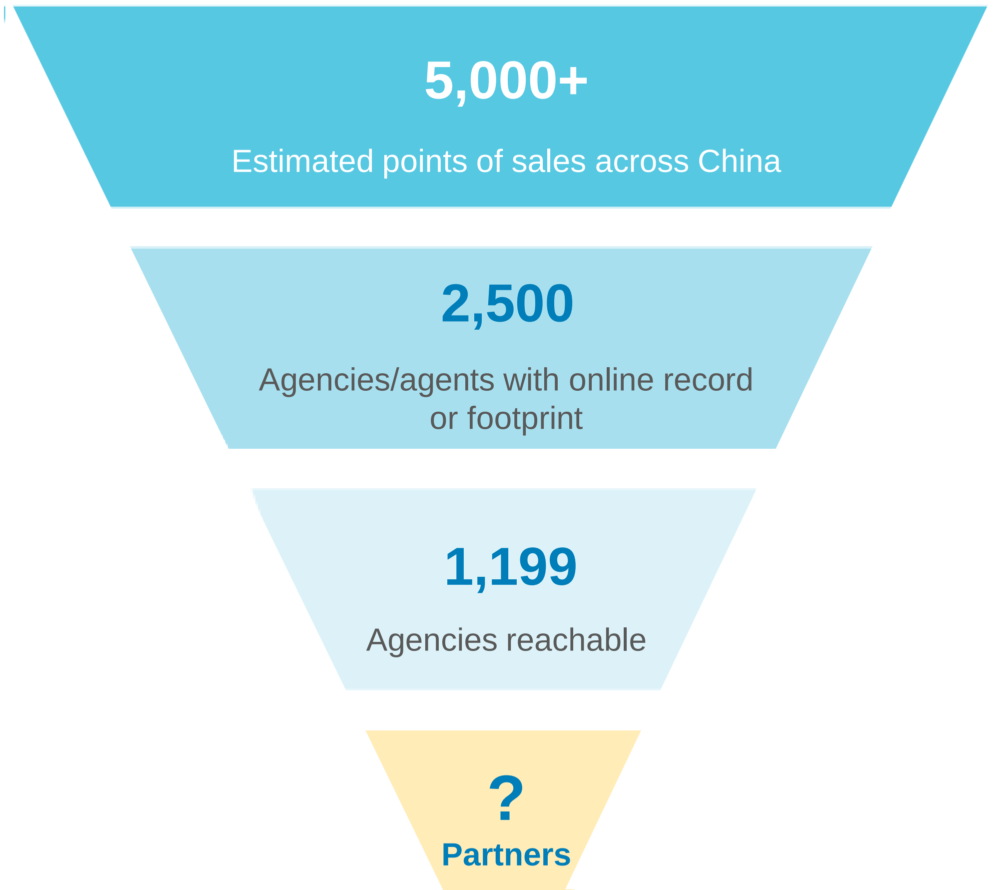
EIC, EF, New Oriental considered market leaders

Sending numbers: EF ca 2,000; EIC ca 600; New Oriental ca 100 per annum

Overall pure outbound ELT market is expected to be in **low thousands**

Source: BONARD, 2018/2019

AGENT MARKET



Large market: By official estimates, there are over **5,000** education agencies, agents and other related businesses in China.

Government deregulation: Agencies no longer need a special license making it easy to set up an agency. The market is in "free competition" thus **less controlled**.

Agency market: BONARD research group assessed there are ca. **2,500** agencies visible on-line. Among those, **1,199** agencies are reachable and open to new cooperation (HQs only).

Cooperation: Due to the high diversity of agency services and the mixture of reliable and less reliable, it's difficult to identify suitable and trustworthy partners.

Source: BONARD, 2019

CHINESE EDUCATION AGENCIES

DISTRIBUTION MAP

TIER	CITY	# OF AGENCIES
1	Beijing	182
1	Shanghai	110
1	Guangzhou	57
1	Shenzhen	38
New 1	Chengdu	32
New 1	Nanjing	30
New 1	Hangzhou	24
2	Dalian	22
New 1	Shenyang	21
2	Fuzhou	20
3	Weihai	20
New 1	Qingdao	19
2	Xiamen	18
New 1	Zhengzhou	18
New 1	Wuhan	18
3	Luoyang	17
New 1	Xi'an	17
2	Harbin	16
New 1	Chongqing	16
2	Kunming	16
New 1	Changsha	14
2	Nanning	13
New 1	Suzhou	13
2	Weifang	13
3	Lianyungang	12
3	Yangzhou	12
2	Changchun	12
New 1	Tianjin	12
3	Zibo	12
2	Nanchang	11
2	Yantai	11
2	Taiyuan	10
New 1	Ningbo	10

TIER	CITY	# OF AGENCIES
3	Shantou	9
2	Baoding	9
2	Shijiazhuang	9
3	Linyi	9
3	Zhuhai	8
3	Tangshan	8
2	Hefei	7
New 1	Dongguan	7
3	Haikou	7
3	Yancheng	7
2	Xuzhou	7
New 1	Wuxi	7
3	Jilin	7
2	Jinan	7
2	Urumqi	7
2	Foshan	6
2	Guiyang	6
3	Qinhuangdao	6
3	Daqing	6
3	Tàizhou	6
2	Nantong	6
3	Hohhot	6
3	Jiangmen	5
2	Huizhou	5
3	Sanya	5
3	Handan	5
3	Baotou	5
3	Yinchuan	5
3	Jining	5
3	Mianyang	5
3	Bengbu	4
3	Tongling	4
3	Wuhu	4
3	Xinxiang	4
3	Xuchang	4

TIER	CITY	# OF AGENCIES
3	Ganzhou	4
3	Anshan	4
3	Chuzhou	3
3	Zhangzhou	3
2	Lanzhou	3
2	Zhongshan	3
3	Guilin	3
3	Zunyi	3
3	Cangzhou	3
3	Xingtai	3
3	Nanyang	3
3	Xinyang	3
3	Jingzhou	3
3	Xiangyang	3
3	Yichang	3
3	Zhuzhou	3
2	Changzhou	3
3	Huaian	3
3	Zhenjiang	3
3	Shangrao	3
3	Heze	3
2	Jiaxing	3
2	Jinhua	3

TIER	CITY	# OF AGENCIES
2	Shaoxing	3
2	Wenzhou	3
3	Huzhou	3
3	Zhanjiang	3
3	Fuyang	2
2	Quanzhou	2
3	Zhaoqing	2
3	Liuzhou	2
3	Huanggang	2
3	Changde	2
3	Hengyang	2
3	Xiangtan	2
3	Suqian	2
3	Xining	2
3	Xianyang	2
3	Qujing	2
2	Taizhou	2
3	Putian	1
3	Chaozhou	1
3	Shangqiu	1
3	Yueyang	1
3	Jiujiang	1
3	Yichun	1
3	Deyang	1

MAP LEGEND

CITIES

- Tier 1 Cities
- New Tier 1 Cities
- Tier 2 Cities

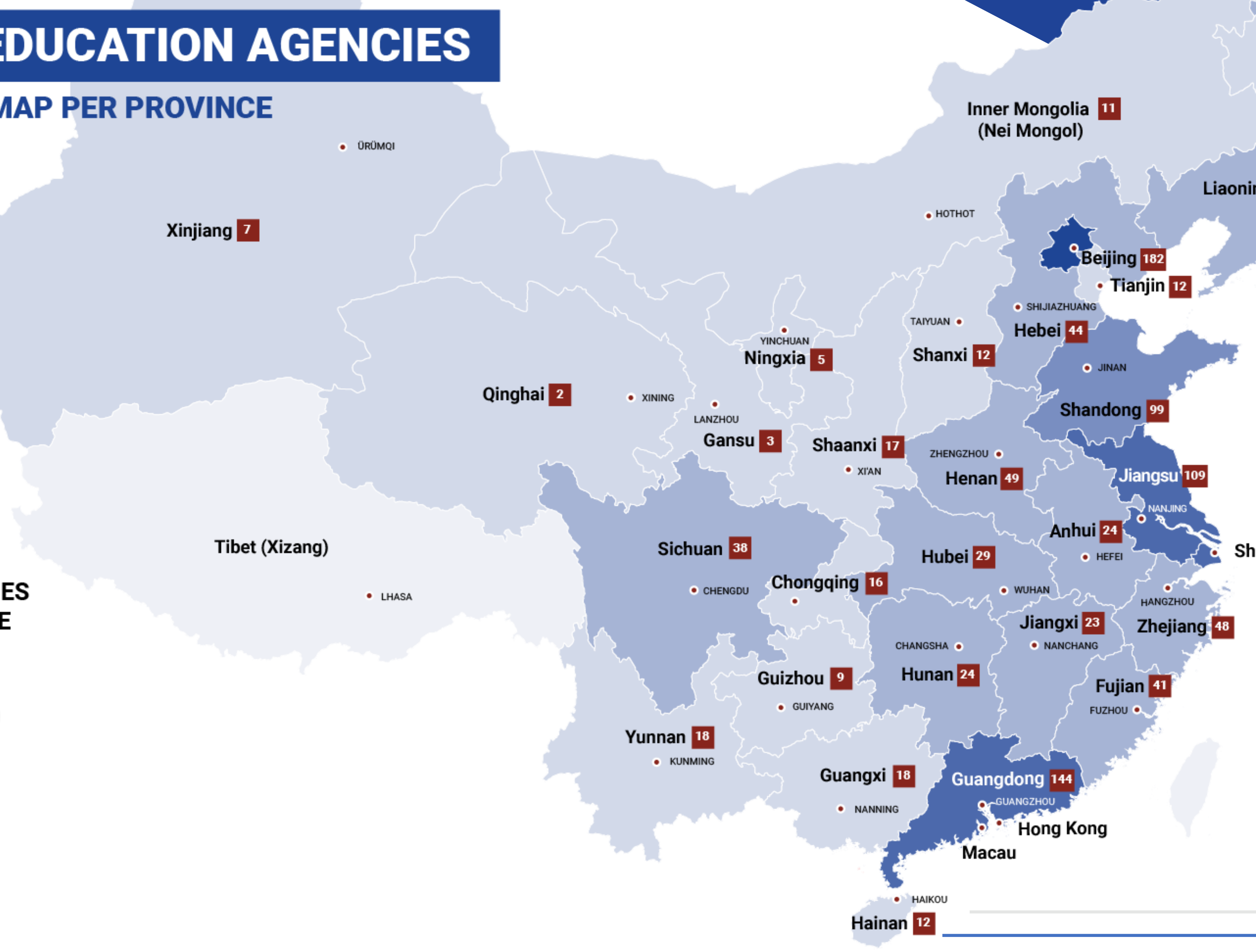
NUMBER OF AGENCIES (HQs) PER CITY

- Tier 1 Cities
- New Tier 1 Cities
- Tier 2 Cities

Source: BONARD, 2019

CHINESE EDUCATION AGENCIES

DISTRIBUTION MAP PER PROVINCE



NUMBER OF AGENCIES (HQs) PER PROVINCE

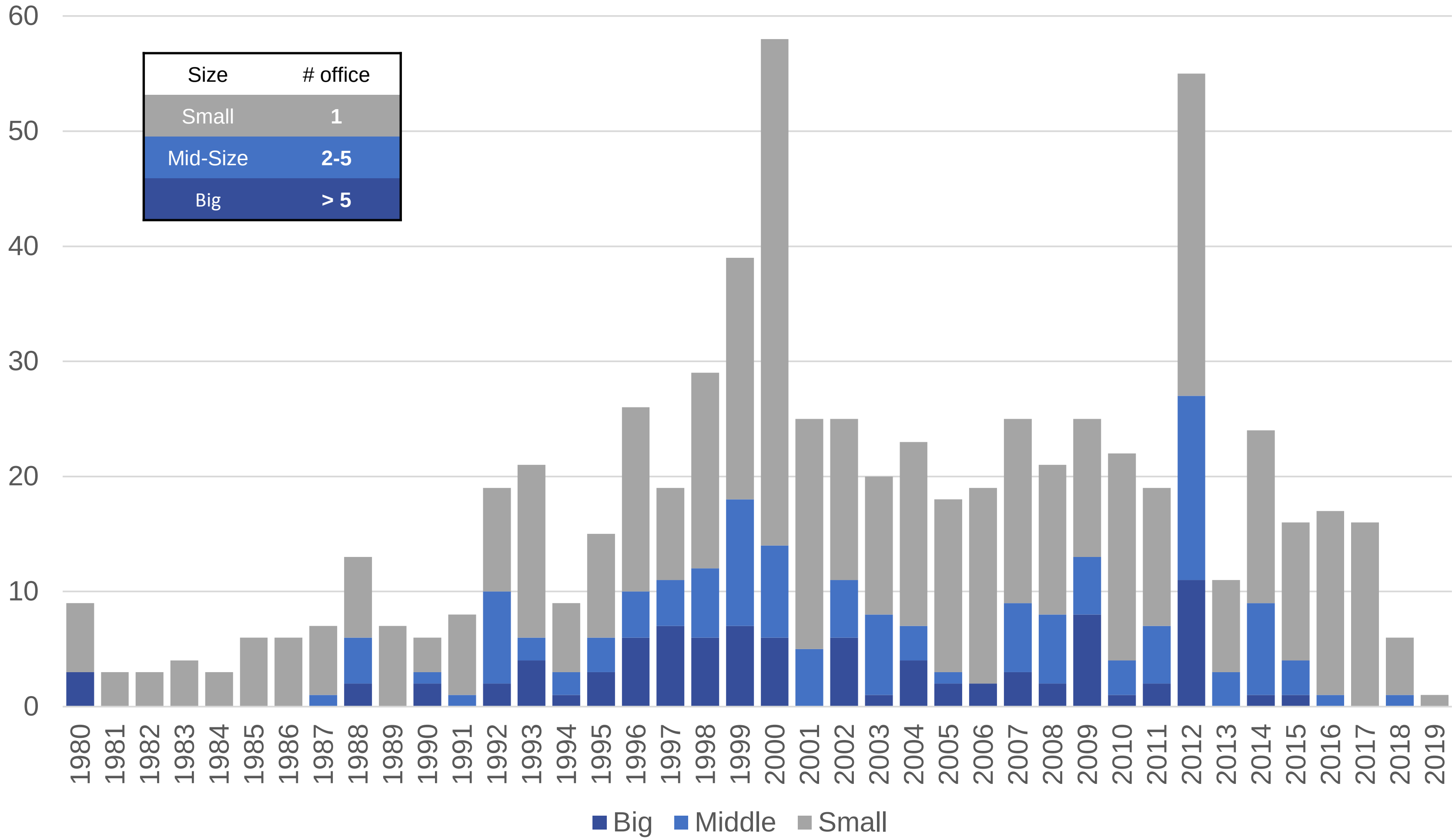
- 150+
- 100 – 149
- 50 – 99
- 20 – 49
- 1 – 19
- 0

Source: BONARD, 2019

AGENCY PROFILE

YEARS OF ESTABLISHMENT & SIZE

Size	# office
Small	1
Mid-Size	2-5
Big	> 5

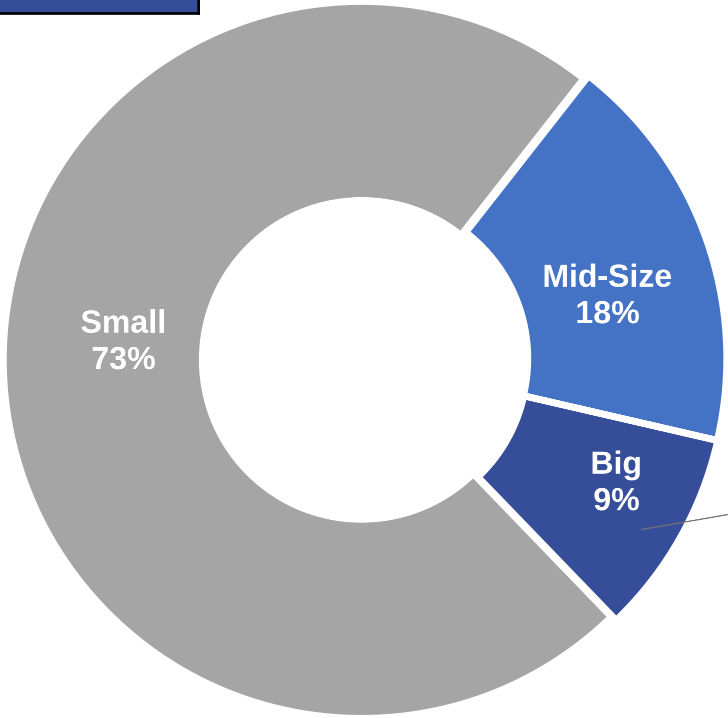


Source: BONARD, 2019

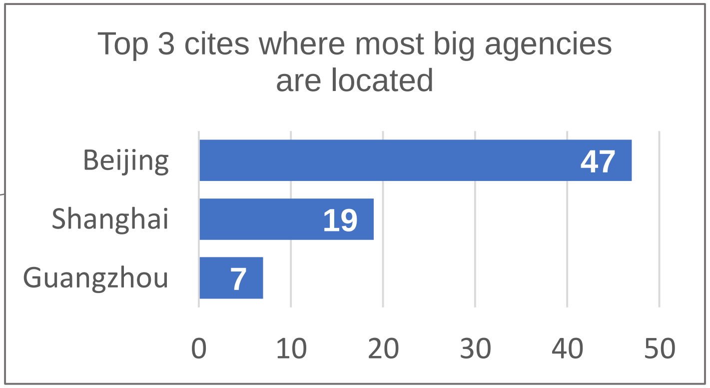
AGENCY PROFILE

SIZE

Size	# office
Small	1
Mid-Size	2-5
Big	> 5



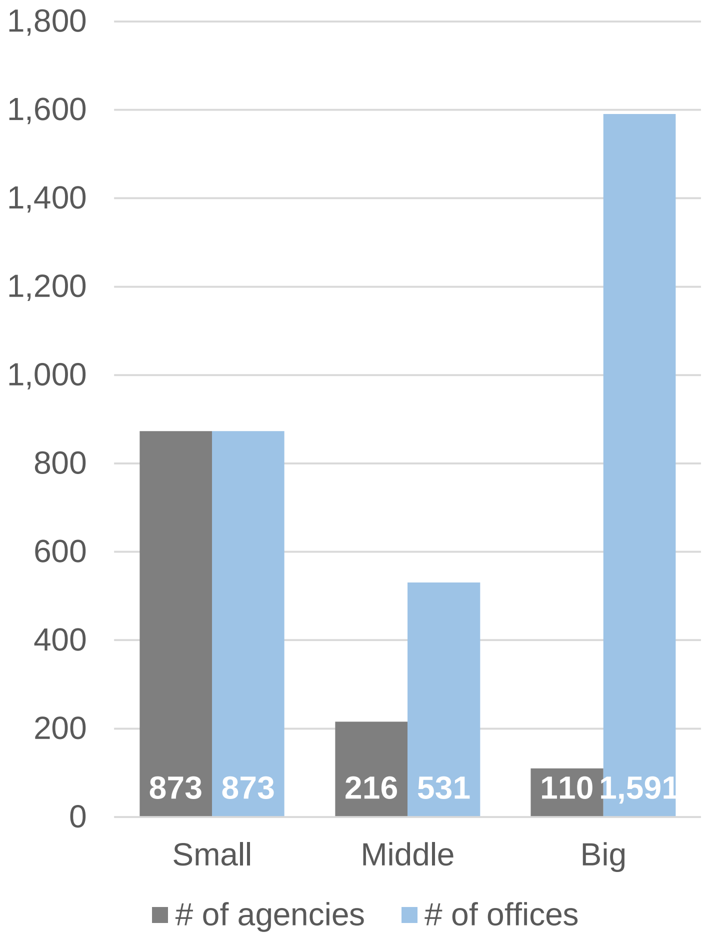
- Some agencies run large sub-agency networks
- There are 1,199 agencies **with 2,995 offices** between them in China
- The majority of agencies have only 1 office
- Big agencies with more than 5 offices are mainly located in Beijing, Shanghai and Guangzhou



Source: BONARD, 2019

AGENCY PROFILE

SIZE

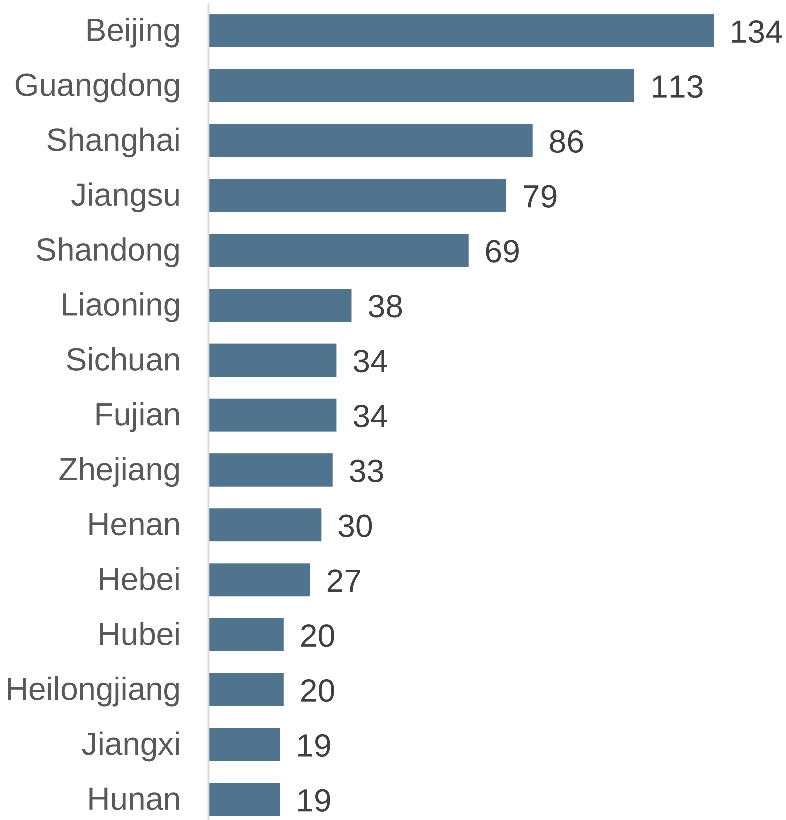


Source: BONARD, 2019

- There are **873** agencies with only 1 office
- There are **216** agencies with more than 1 office but fewer than 6. The average is **2.46** offices
- There are **110** agencies with more than 5 agencies, and the average number of offices is **14.45**

DESTINATION: USA

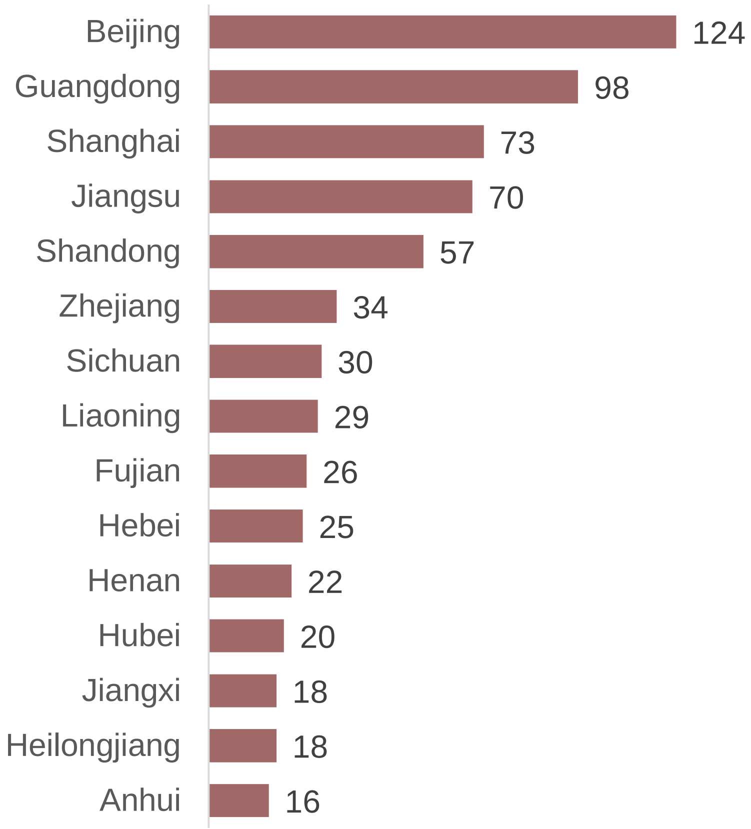
THE NUMBER OF AGENCIES PROMOTING USA (PER PROVINCE)



Source: BONARD, 2019

DESTINATION: UK

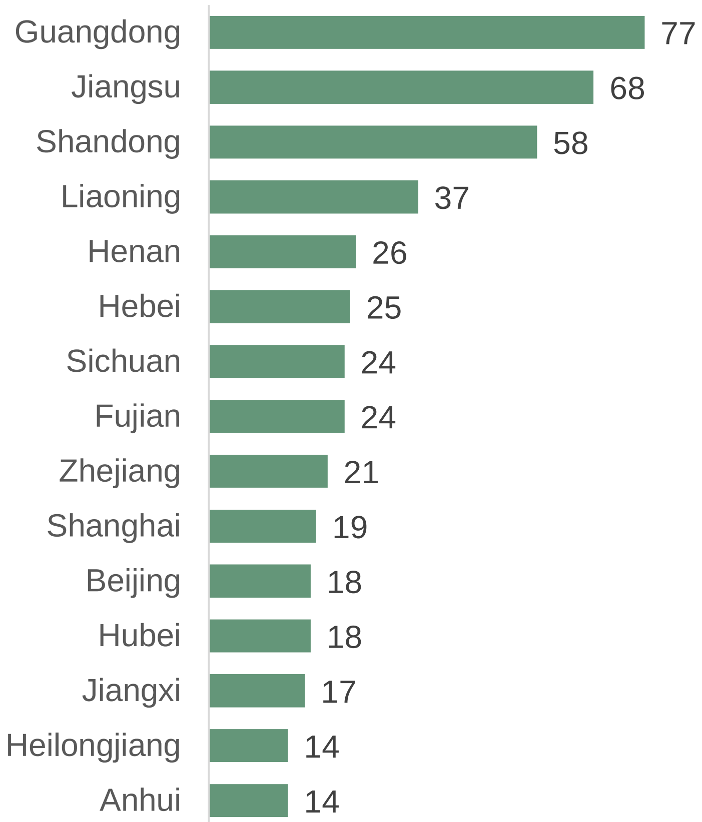
THE NUMBER OF AGENCIES PROMOTING UK (PER PROVINCE)



Source: BONARD, 2019

DESTINATION: AUSTRALIA

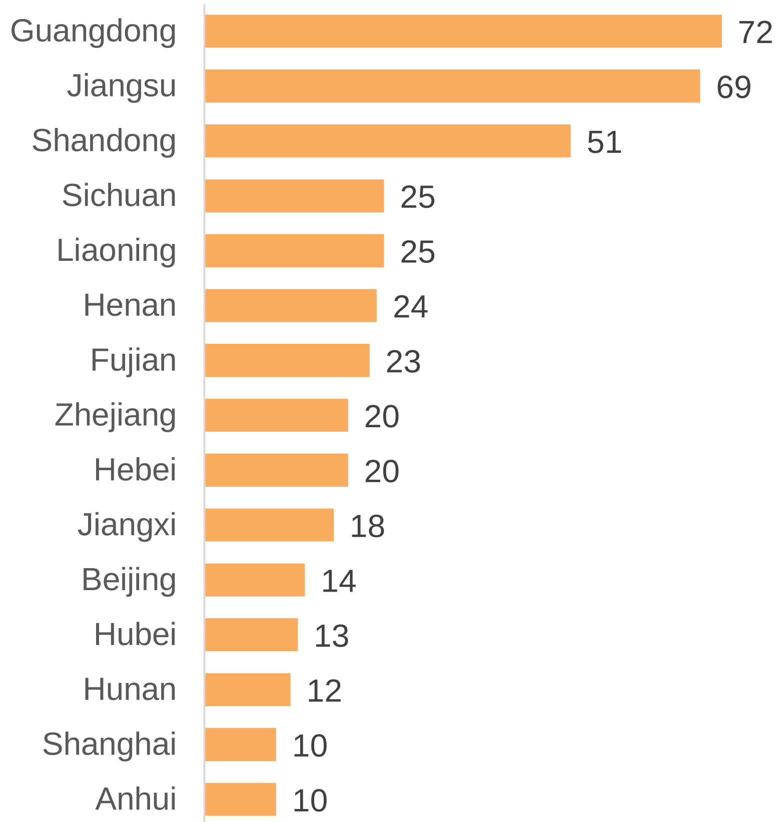
THE NUMBER OF AGENCIES PROMOTING AUSTRALIA (PER PROVINCE)



Source: BONARD, 2019

DESTINATION: CANADA

THE NUMBER OF AGENCIES PROMOTING CANADA (PER PROVINCE)



Source: BONARD, 2019

MARKET ANALYSIS

CUSTOMER PROFILES

What are Chinese parents like?

- Decision-makers
- Savers
- Frugal
- Competitive
- Investors
- Traditionalists
- Peer-oriented

What are Chinese students like?

- Indecisive
- Non-conformist
- Digizens
- Ambitious
- Exam-oriented
- Sea-turtles
- Idol-oriented

Source: BONARD, 2017

MARKET ANALYSIS

CHINESE AGENTS SURVEY

STAND-ALONE ELT CUSTOMER PROFILE

Age: **25-35 (70%); 17 (10%) 18 (20%)**

Predominantly **young professionals** and **white collar managers**

Stable job & income (monthly avg. income **10,000-20,000 RMB**)

Able to afford tuition fees on their own (**90%** of Chinese students are self-funded)

Higher likelihood to obtain visa (if financially stable, married, owning property & positive track record)

Able to travel during holidays: Summer break (Jul/Aug), **Spring Festival (Jan-Feb); Golden Week (Oct**)

Able to spend/stay **max 2 weeks** (annual leaves in China are 10 days avg. in a year)

Ca **30%** of them have a clear goal while ca **70%** need further counseling and guidance

Top primary destination choices: **USA & UK;** secondary: **Australia, Canada, NZ, Ireland, Asia, EU**

Program preferences: **English + Activity** (Immersion, Skill training, Leisure, Experience, Travel)

Source: BONARD, 2018/2019

MARKET ANALYSIS

CHINESE AGENTS SURVEY

OHER POTENTIAL TARGET AUDIENCES

TRAVELLERS – English experiential programs combining travel + English tuition

COLLEGE STUDENTS – Those seeking faster exam prep through full immersion (IELTS, TOEFL)

GAP YEAR/SABBATICAL STUDENTS – low potential, no tradition in China

JOB SEEKERS – niche market to offer English+ programs tailored to improve language proficiency & skills

IMMIGRANTS – people seeking to invest overseas to secure immigration prospects require English & cultural training though it is a very niche market

TEACHERS – Chinese teachers of English seeking overseas credentials (CELTA, DELTA, TEFL, etc.)

Source: BONARD, 2018/2019

MARKET ANALYSIS

BARRIERS

General belief (public, corp. sector, government) that ELT study abroad is **not needed/advantageous**

Robust domestic supply and ELT market (pre-school, K-12, test/exam prep, etc.)

Disruptive online learning market is booming (fracture of in-class cost; no geog. barriers)

Visa application process perceived as difficult and high risk of rejection (general misconception)

Relatively low ROI/high maintenance in comparison with higher education or K-12 programs

Lack of tangible value (absence of rankings, no domestic credibility, vague ROI)

Lack of marketing / awareness building (by government, media, large agencies)

Employers do not encourage demand (domestic suppliers preferred for corporate training)

Pure English study **perceived as a means** towards other objectives, not an objective itself

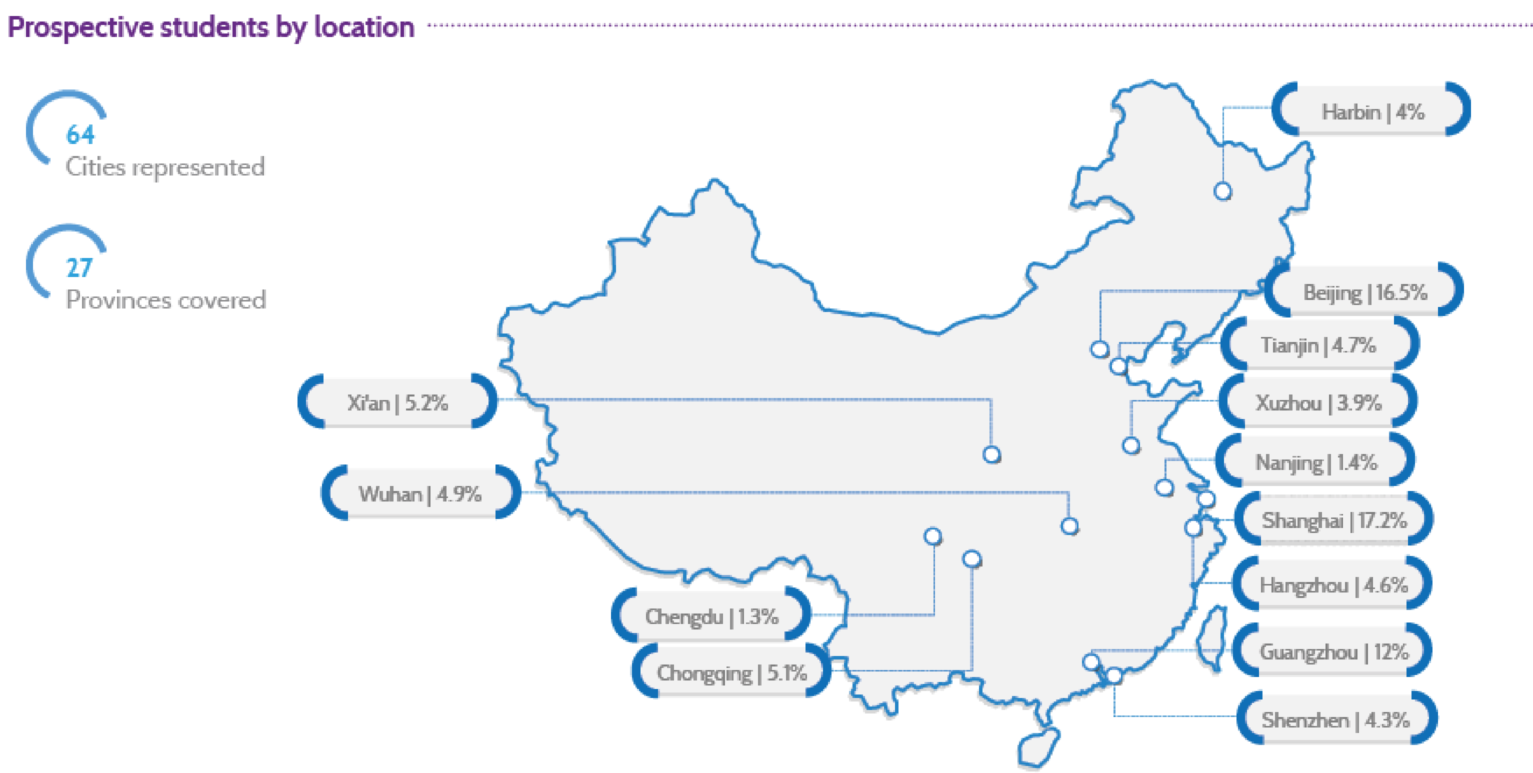
Travel patterns are inconsistent with ELT providers or int. mobility trends (short limited stays)

Source: BONARD, 2018/2019

MARKET ANALYSIS

CUSTOMER SURVEY

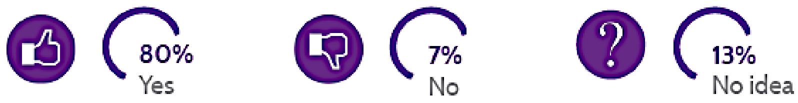
In 2017, BONARD carried out a nation-wide b2c survey on customer preferences (prospective students) in relation to overseas ELT programs.



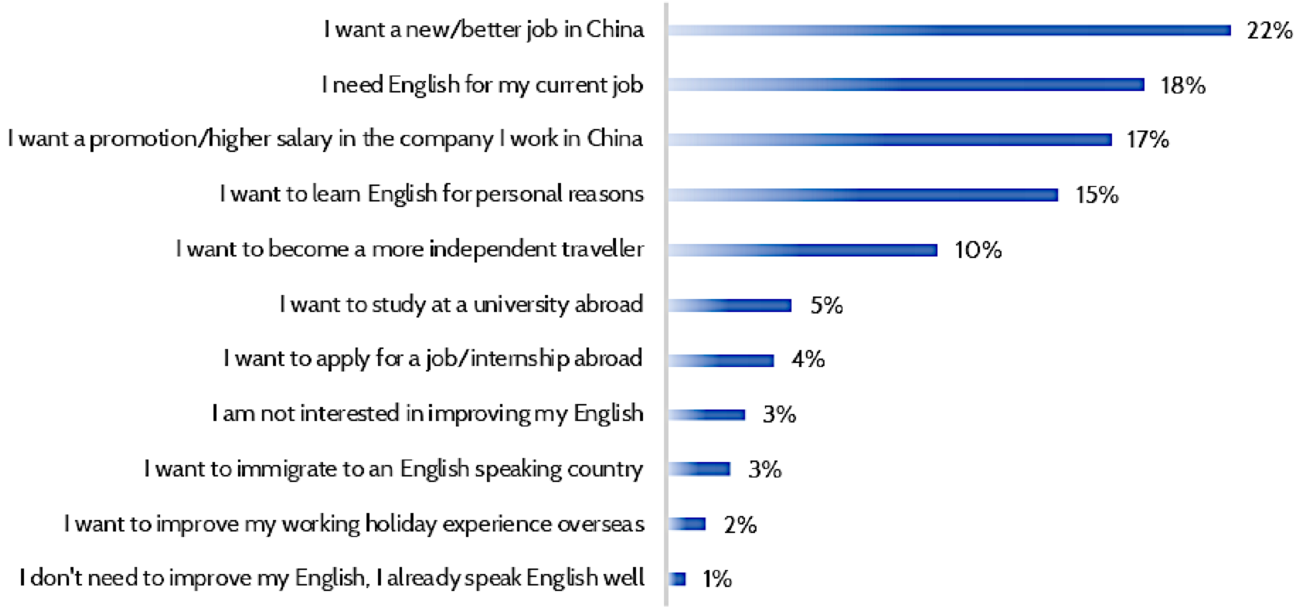
Source: BONARD, 2018/2019

MARKET ANALYSIS

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



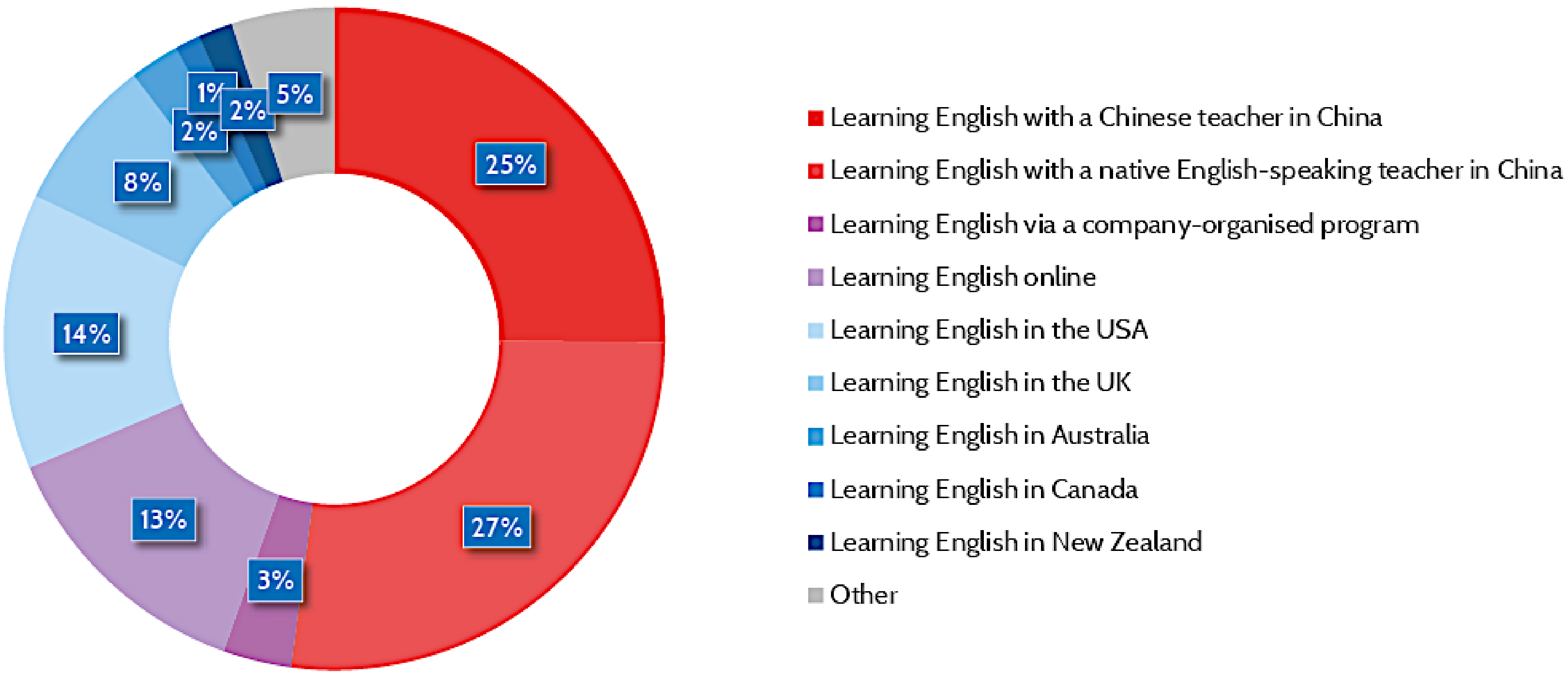
Motivation to learn English



Source: BONARD, 2018/2019

MARKET ANALYSIS

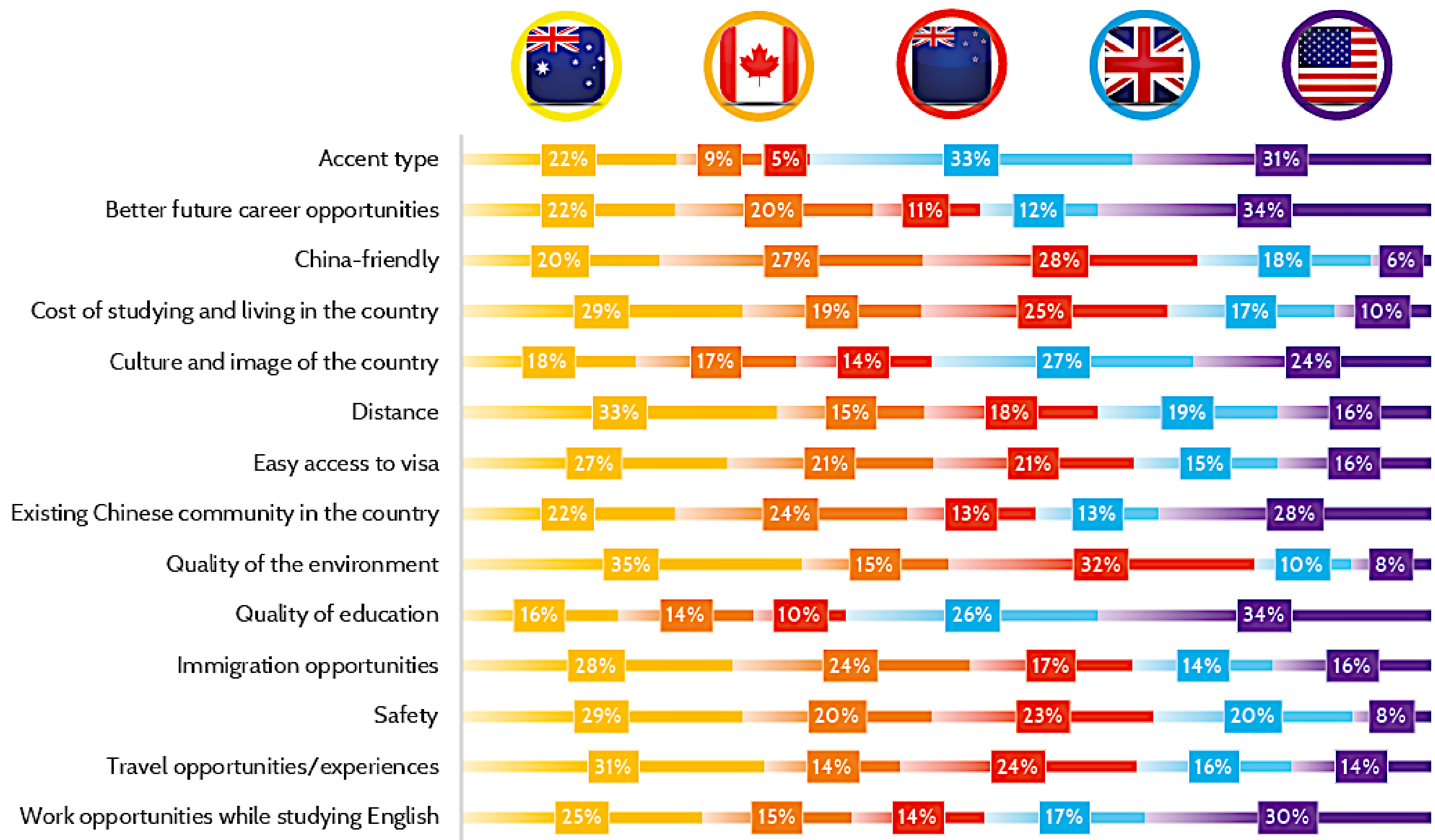
Preferred methods of learning English



Source: BONARD, 2018/2019

MARKET ANALYSIS

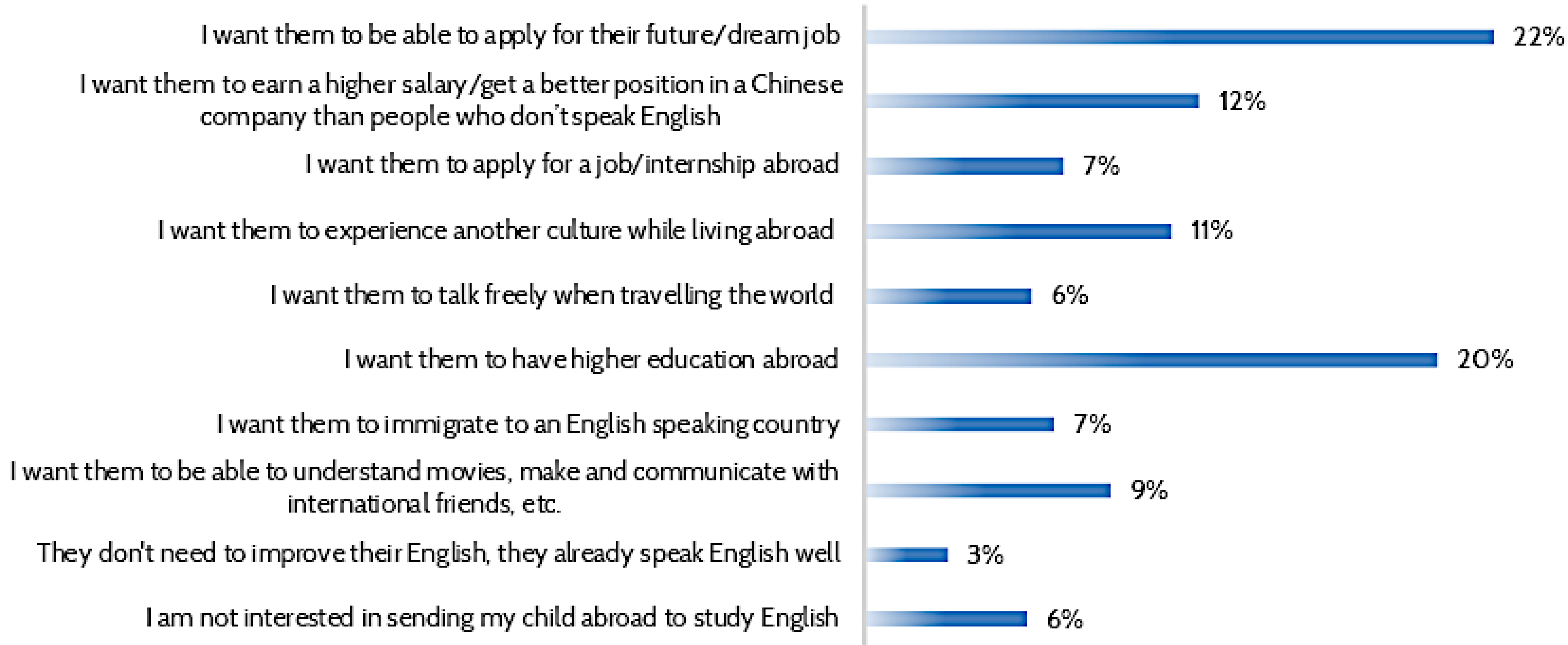
Percentage of students preferring a particular destination by selected factors



Source: BONARD, 2018/2019

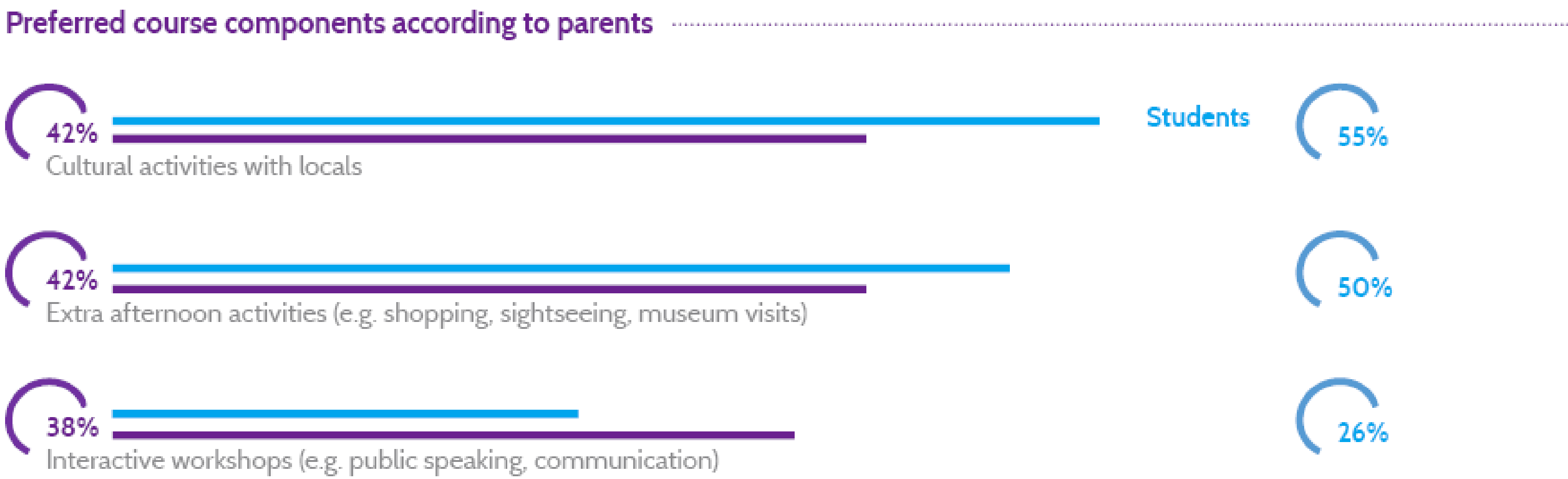
MARKET ANALYSIS

Motivation for parents to send their child to learn English abroad



Source: BONARD, 2018/2019

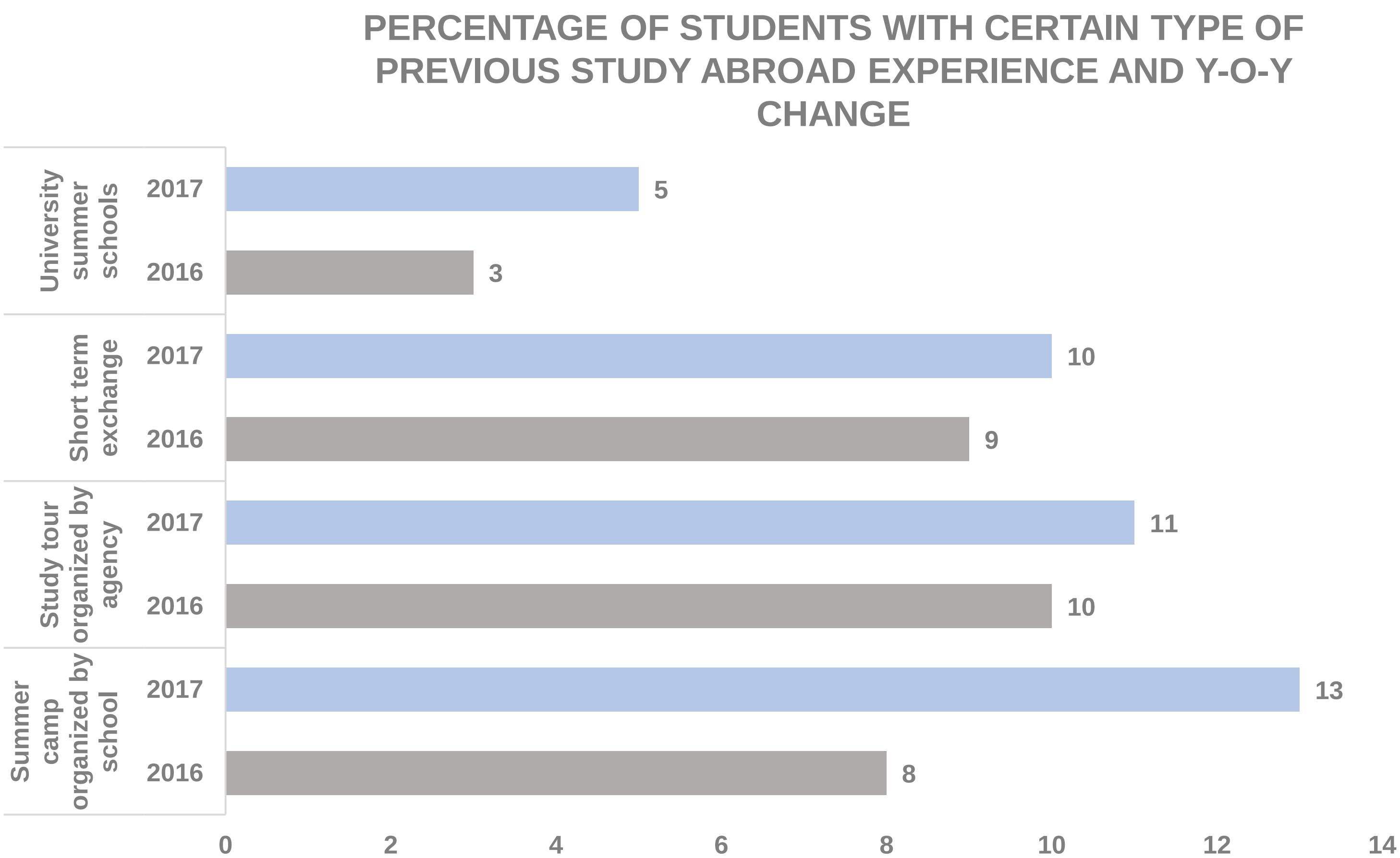
MARKET ANALYSIS



Source: BONARD, 2018/2019

MARKET STRATEGY

PROGRAMME/COURSE TYPE PREFERENCES

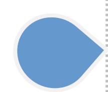


Source: Report on Chinese Students Overseas Study, New Oriental 2017

MARKET STRATEGY

ELT BOOKING PATTERNS

DIRECT *VS* AGENT BOOKINGS

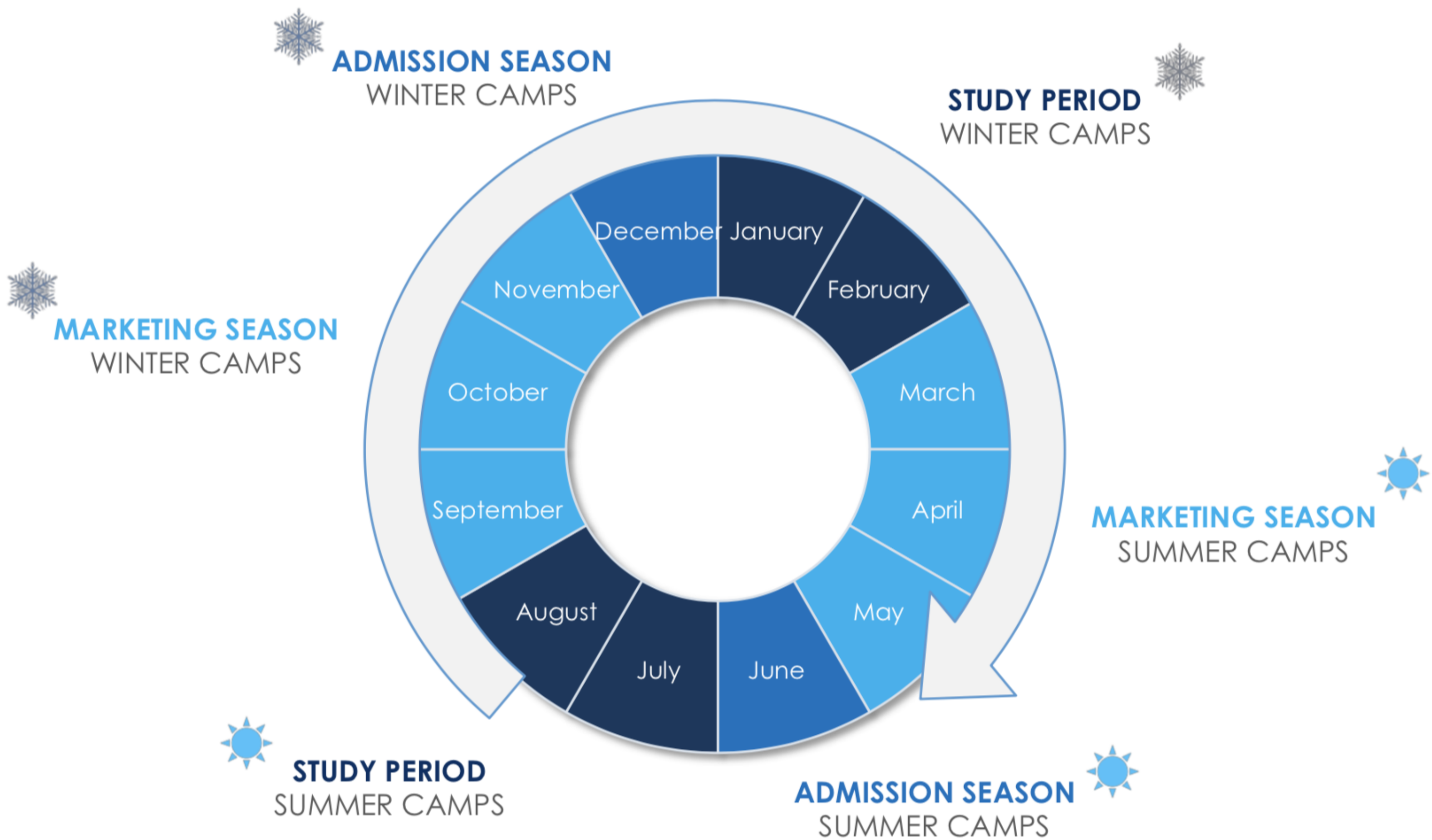


DIRECT
27%

AGENT
73%

Source: BONARD, 2018/2019

MARKETING STRATEGY | MARKET CYCLE OF JUNIOR PROGRAMMES



Source: BONARD, 2018/2019

MARKETING STRATEGY | MARKETING COLLATERAL

Source: StudentMarketing, 2018

MARKETING STRATEGY | CHINESE DIGITAL LANDSCAPE

Source: StudentMarketing, 2018

TIPS & TRICKS | STUDY TOURS

- **Boomed** in recent years and currently peaking (10-15%)
- Market is **price-sensitive**
- Demand for **more quality** and **practicality**
- Agents try to differentiate and look for **unique programs**
- **Not agent-dominated** any more (schools, tour operators, OTAs)
- **July & August** are main dates
- Prices: **20,000 – 30,000 RMB** (47%)

Source: BONARD, 2018/2019

TIPS & TRICKS | STUDY TOURS

Programme specifics and challenges:

- **Safety is #1** priority
- **Broad age** limit and mixed age (5-20+ years old)
- Agents demand **tailored programs** (one week programs no exception)
- Demand is after **lower-cost excursions/experience-focused** programs
- **Specialized** programs (manners, leadership, college tours)
- Lower group leader per student **ratio (1:10)**
- **Clash** of cultures and expectations (upon arrival)
- **Accommodation and food** quality make a difference
- **Private and family transport** is highly preferred/expected
- Agents are **selective** and **compare providers** (most flexible succeed)
- Agents like to "**test**" providers (don't expect volumes with first groups)

Source: BONARD, 2018/2019

TIPS & TRICKS | STUDY TOURS

TO DO:

- Emphasize the **USPs** of your programs
- Focus on **volume & margin**
- Develop **specialized programs**
- **Safety, Accommodation and food** are highly important
- Nationality mix between **30-50%**
- **Private and family transport** is highly preferred/expected
- Leverage first groups as an **advertisement**
- **Establish sister school agreements & do high school visits**

Source: BONARD, 2018/2019

TIPS

STAND-ALONE ELT

- Are **gaining awareness** but still far from mainstream
- English still merely a **means/tool** to enter college or university abroad
- **Strong** domestic ELT market
- Only **1 in 20** agents offer some sort of ELT
- **Growth expected** due to shift in economy, growing middle class and tourism
- Agents not focused on ELT send only a handful of students (upon inquiry)
- Big agents focused on ELT sending up to **200-300 individuals** per year (trending up)

Source: BONARD, 2018/2019

TIPS & TRICKS | ELT

- China represents **10%** of all ELT students globally and **15%** of student weeks (**top source market** in terms of student weeks).
- However, the market is **award-driven** and standalone ELT is estimated at **low thousands of students**.
- There is **low** natural demand and an ever-present **lack of information** about English language study opportunities on all levels - students, parents, as well as agents
- Market development is **driven by a few agencies**

Source: BONARD, 2018/2019

TIPS & TRICKS | ELT

TO DO:

- Don’t wait, start promoting now
- Educate your agents
- Focus on top travel destinations
- Target your audience and tailor curriculum
- Promote ELT programs as a means to achieve more, not an end
- Provide thorough visa training & support

Source: BONARD, 2018/2019

CONCLUSION

1. **Be strategic** – target audience, territory, recruitment channels
2. **Be rifle** – select agent partners carefully
3. **Be present** – develop and maintain your local presence or visit often
4. **Be China-friendly** – adjust your product & collateral; practice guanxi
5. **Be patient** – results will come but with time (3 years ROI)

Contact

Xinkai Road

300011, Tianjin

China

www.bonard.com

info@bonard.com

+43 650 612 4527

BONARD