



Executive Insights

Untapped Opportunity: International Education in the UAE

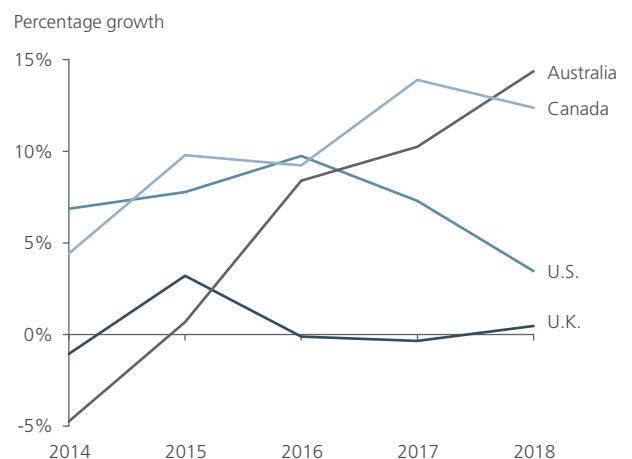
There are approximately 5 million international students globally, with over 50% from Asia. The flow of international students to each destination country is affected by factors such as visa regimes, availability of post-study work and political conditions. Therefore, some argue that the current international climate has resulted in both a great degree of instability and conditions that are no longer conducive to attracting international students, including, for example, the revocation of post-study work rights in the U.K.

Although the number of outbound students from Asia to Anglophone countries continues to grow, there has been a slowdown to the U.K. and U.S. (see Figure 1). The loss of Asian students there is somewhat offset by the increase in these students in visa- and immigration-friendlier countries such as Canada and Australia.

Demand is likely to continue to remain high, with current growth at 4% per year. New education hotspots like Malaysia are beginning to attract international students; there are more Nigerian students in Malaysia, for example, than there are in Australia.

Many countries would like to attract more international students for a number of reasons. The first is to drive enrollments (which in turn fund research) in domestic institutions. Second, high-talent international students may stay on and contribute to the host nation workforce and economy. Third, international students are active consumers while abroad, spending on housing and as consumers and tourists. Finally, international

Figure 1
Year-on-year growth of outbound Asian students, higher education (2014-18)



Outbound higher ed. enrollment Asia	~0.9M 2012-13	~0.95M 2013-14	~1M 2014-15	~1.1M 2015-16	~1.2M 2016-17
-------------------------------------	------------------	-------------------	----------------	------------------	------------------

students support soft power objectives by becoming informal ambassadors for their host countries later in life.

In this *Executive Insights*, we explore how other countries might tap into demand for Anglophone education, with a specific lens on the United Arab Emirates (UAE).

Positioning the UAE as a global education hotspot

International student demand is driven by a range of factors, and securing a proportion of international student flows will depend on meeting this demand effectively.

Executive Insights

For institutions in the UAE to effectively position themselves for international students, there are two fundamental factors to consider. First, operators of universities in the UAE need a clear understanding of what international students look for in their tertiary education. Second, institutions in the UAE must focus on student segments by key source markets in order to cater to specific demands and desires. International student priorities, and the potential focal points for institutions seeking to attract them, include:

1. Employment. Career-related factors are mentioned by 40% of students as being key drivers for studying in the UAE. To tap into demand, universities should:

- Provide students with potential career opportunities aligned to their course of choice
- Create partnerships and linkages with industry so students have a greater range of opportunities, which should be followed by strong promotion of employment opportunities
- Understand and communicate students' working rights post-study and their visa options
- Emphasize UAE visa norms that allow part-time work or internships

2. Lifestyle, culture, transport and housing. Cultural opportunities such as those for travel and exploration are the second most important area cited by students looking to study in the UAE, mentioned by 40% of UAE-bound students. To meet the needs of overseas students, universities should:

- Ensure accommodation is affordable, convenient and up to modern standards

- Create responsive, student-centric services
- Promote their institution's international outlook and diversity, its proximity to amenities, and the dynamism of the UAE
- Showcase high-quality and convenient transportation

3. Academic quality. Academic considerations are the third most important area cited by students looking to study in the UAE. To address this, universities should:

- Emphasize the academic standing of the institution
- Clearly position programs, their ranking and the caliber of faculty

4. Safety and security. Students and their families are seeking a "home away from home," where they can be safe and secure. To address this, universities should:

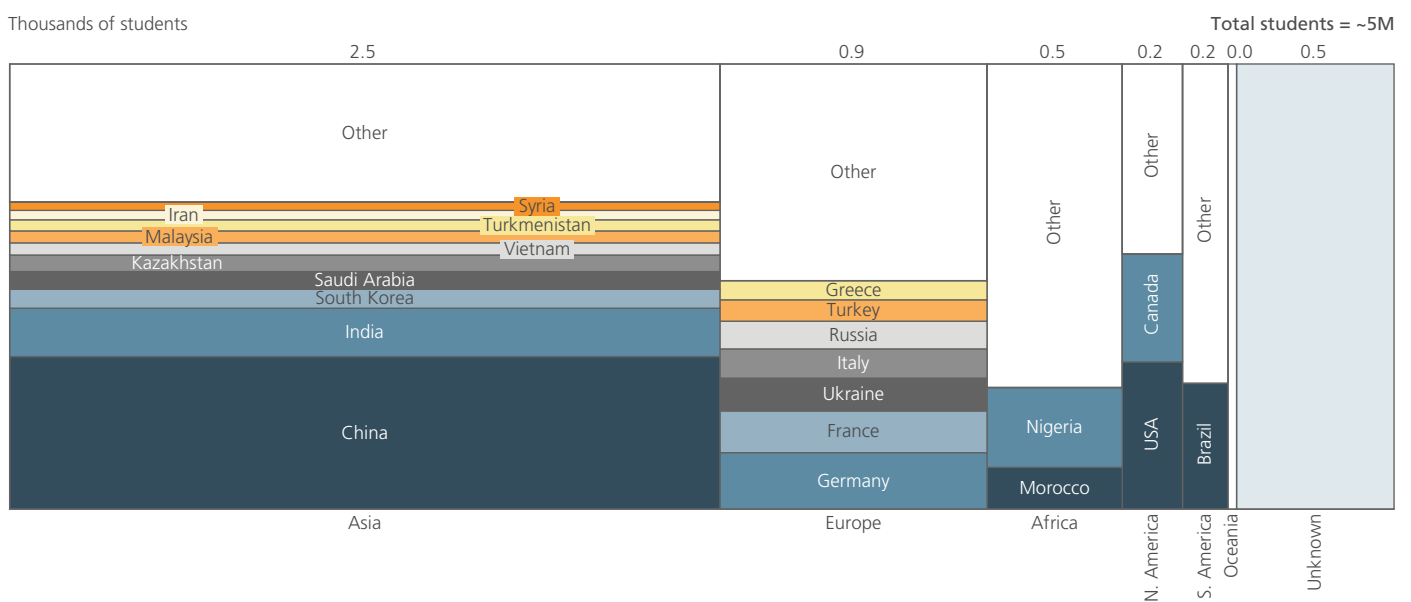
- Emphasize the safe and secure environment in the UAE, its low crime rate and the diversity of the country
- For religiously minded or conservative families, emphasize the country's alignment with their values
- Alleviate parents' concerns with regard to their child's safety

India and China: Understanding the specificity of major source markets

A focus on Asia is critical for any university aiming to secure international students, with China and India representing the key source markets (see Figure 2).

While China has historically been a core market for international students, India has now demonstrated strong potential to

Figure 2
International higher education students, by source region and country (2018)



Executive Insights

become a leading source for students seeking international education (see Figure 3). Chinese outbound student growth slowed to 4% in 2015-2018, while Indian outbound student mobility rates have grown to 17% during the same period. Key growth drivers that explain high growth in outbound Indian student mobility include:

- Rising household income and **affluence** in India
- Increasing demand for **better-quality** education
- Better **access** to the highest-ranked foreign universities
- “**Career premium**” with overseas qualifications
- Relaxation of **visa norms** across destination countries

Indian students tend to have two key areas of preference when choosing their university. First, there is significant price sensitivity in this market, and therefore competitive fees and substantial scholarships (effective discounts) are key. Second, ease of acquiring exit opportunities and employment upon completion of studies is vital.

Chinese students, on the other hand, tend to be premium seeking and value university ranking and reputation first. For universities with a lower overall rank, this requires strong positioning of discipline leadership. Chinese students also prefer city campuses as they believe this will enable an authentic experience of the destination country, with cities perceived as more convenient, exciting and vibrant. Finally, like Indian students, resume building is a fundamental objective of foreign education and so necessitates good career services and gateways into great internship programs.

India and China: Managing regional networks

In order to effectively reach these students in India and China, universities in the UAE will need to tap into regional networks, with agent management as a priority. Most university applications from Asian students tend to go through pathway providers or study-abroad agents; for example, 65% of Chinese students secure help from agents (see Figure 4). During this process, agencies have a significant impact on students’ shortlist of universities as both students and parents tend to be unfamiliar

Figure 3
Global international higher education enrollment, by source country (AY 2008-18)

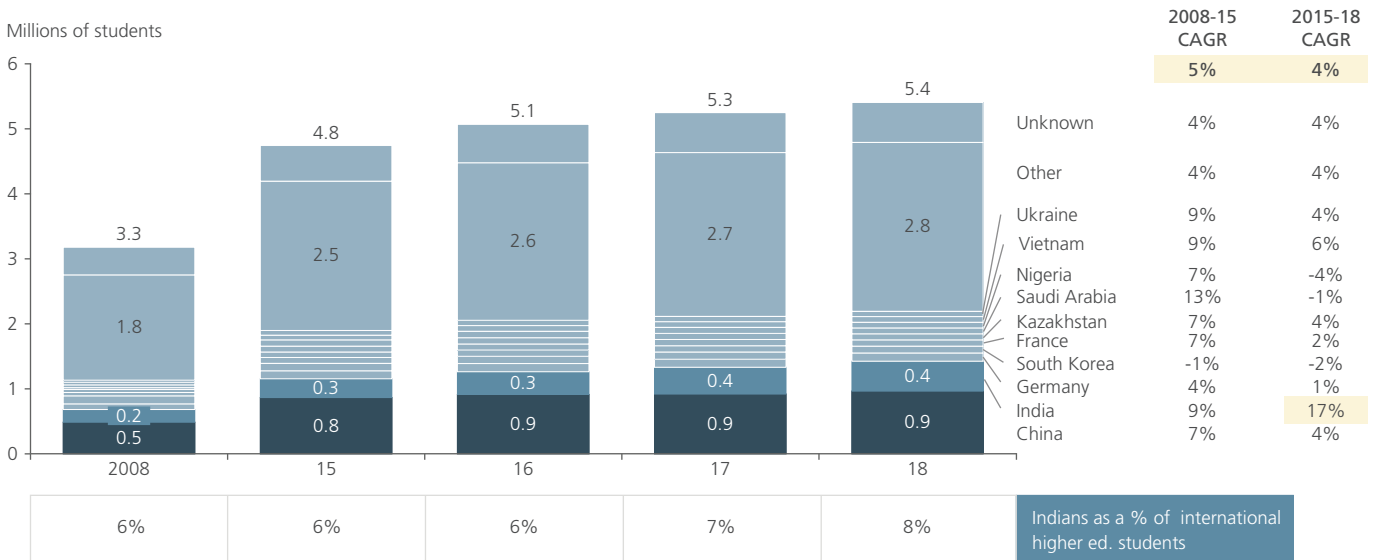
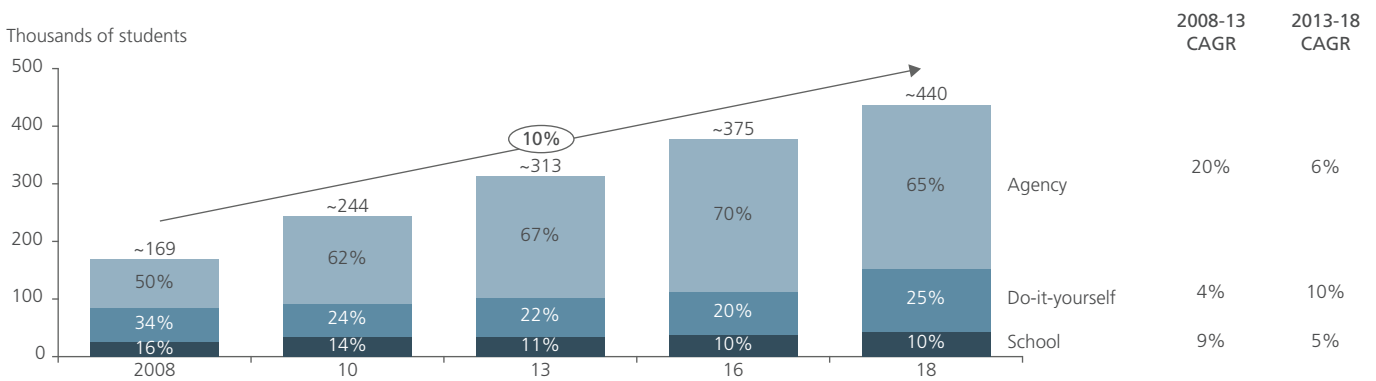


Figure 4
China study-abroad student flow, volume by channel (2008-18)



Executive Insights

with the value propositions of prospective universities at the beginning of their admissions journey.

Institutions in the UAE will need to ensure that there is enough awareness among agents about the value proposition they offer. This means that in addition to incentives, increasing student outflow from agents will require active engagement from the institution. These success factors include:

- **Liaison with large agents**, which is particularly important given that approximately 80% of students in China, for example, flow through the top 20 agents
- **On-the-ground sales support** to help engage study-abroad agents on a frequent basis
- **Training and guidance** of agent counselors to ensure the right message is communicated to potential students
- **Participation in fairs and conferences**, which forms part of an awareness and brand-building exercise and so is an additional mechanism to connect with agents

To ensure there are sufficient in-person agent touch points (i.e., contact with representatives from institutions in the market), further examples of interaction could take the form of webinars, workshops and drop-ins. In China, many agent counselors are now in touch with university staff on WeChat.

Agents aside, additional strategies may include offering scholarships (financial awards based on academic merit or sporting excellence), discounts, and bursaries (financial awards based on monetary need), that each of which take requires a different approach. For instance, there may be bursaries for different nationalities that are nonselective and open to all students of that nationality who meet the academic conditions of their course. Alternatively, scholarships could have a dynamic pricing model that offers a discount on tuition fees proportional to the student's previous academic scores; a bursary could also target disciplines that tend to be significantly more relevant to students of particular nationalities.

To realistically attain all of the above, universities will need to ensure sufficient staffing to deliver strong online and offline marketing to international students.

Completing the package: University representation in-state

Finally, university representation in national trade bodies and organizations is a great driver of success, and together with the above points, is likely to create the best possible conditions for

acquiring more international students in the UAE. The potential efficacy of such is evident in case studies of the U.K. Department for International Trade (DIT) and the British Council.

The DIT, previously referred to as U.K. Trade & Investment (UKTI), is a government body aimed at helping businesses export and grow in global markets. The Education Sector Advisory Group under the DIT does this by identification of large-scale education opportunities overseas. For instance, UKTI helped U.K. providers win GBP 1.5 billion worth of contracts, operating 16 out of 37 Saudi Colleges of Excellence until 2015.

Conclusion

L.E.K. Consulting proposes a four-step approach to develop the strategy and marketing to attract international students for higher education in the UAE:

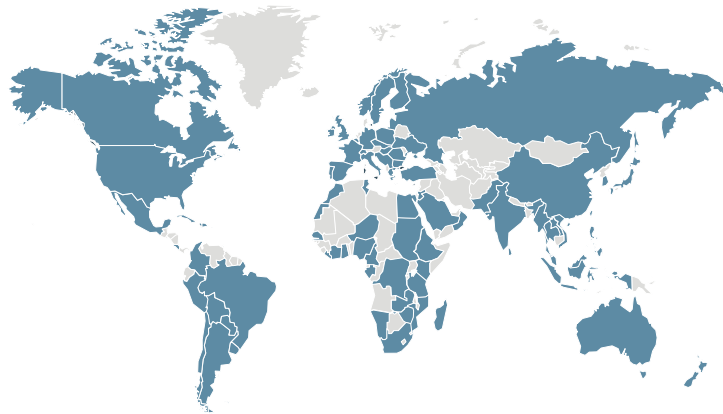
1. Identify the largest international student source markets, particularly China and India, and understand student preferences and behavior in these markets. Other promising source countries for the UAE include the countries within the Gulf Cooperation Council and markets within Southeast Asia.
2. Assess whether these markets are a good fit for higher education in the UAE. Since there is a large Asian diaspora in the UAE, this is likely to enable a strong cultural connection for many groups; the extent of fit here is also dependent on factors like good trade relationships with the UAE, visa policies and student preferences.
3. At a federal and emirate level, look at best practices that key destinations have used to attract international students. They will typically have a strong program of marketing and outreach, including participation in fairs and building the brand of their cities as education destinations — for example, the license plates in Victoria, Australia (home to the University of Melbourne, Monash University, RMIT, Deakin and other institutions that are among the most successful for reaching international students), read "Victoria, the Education State."
4. Tap into the agent channel to reach international students and identify how to best leverage these relationships, e.g., which agents to prioritize, what commission levels to offer, and what service levels to meet.

The UAE boasts many strong homegrown and branch campuses alongside a dynamic and vibrant lifestyle and excellent employment opportunities. It is therefore a compelling option for international students and should aim to become a destination of choice in the future.

Executive Insights

About the L.E.K. Global Education Practice

The L.E.K. Global Education practice (GEP) is a specialist international team whose members have gained experience in more than 650 education sector engagements across more than 90 countries. This dedicated group of 50-plus consultants and five partners and principals is based in Singapore and serves a global client base from China to Chile. Our experts bring insights on education businesses, investment opportunities, market dynamics and impact across education subsectors from K-12 to edtech. GEP leaders have experience serving CXOs and boards of some of the world's largest education sector businesses and advising on most major deals over \$200 million since 2010. Our team boasts nearly a decade of experience serving education operators, investors, and public sector clients in the UAE.



Education cases led on-ground by members of L.E.K. Global Education Practice

Leadership, Global Education Practice

Ashwin Assomull,
Partner,
a.assomull@lek.com

Danish Faruqui,
Partner,
d.faruqui@lek.com

Kaushik Mohan,
Partner,
k.mohan@lek.com

Jitin Sethi,
Partner,
j.sethi@lek.com

Anip Sharma,
Partner,
anip.sharma@lek.com

About the Authors



Ashwin Assomull, Partner

Ashwin is a Partner and founding member of the Global Education Practice at L.E.K. Consulting. Ashwin has ten years of dedicated education experience, and has worked on cases across all education verticals including K-12, higher and vocational education, international education, english language training and education technology. Ashwin frequently advises CEOs of top education companies and investors on buy- and sell-side diligences, market-entry strategy, pricing strategy, and full potential assessment. Ashwin is a frequent speaker at industry-leading conferences such as IPSEF and EdEx MENA. He holds a Bachelor of Science from London School of Economics and an MBA from London Business School.



Chinmay Jhaveri, Principal

Chinmay is a Principal and founding member and leader of the Global Education Practice at L.E.K. Consulting. With over seven years of education experience, Chinmay has worked on or led engagements across more than 30 countries. He has supported numerous education deals on buy- and sell-side diligences, worked closely with tertiary institutions on growth strategies, international student recruitment, IPO roadmaps, business and financial plan development, and more. Chinmay has led project teams across all education segments including K-12, higher education, international education, early years, english language training, and education technology. Chinmay holds an MBA from the Indian School of Business.

About L.E.K. Consulting

L.E.K. Consulting is a global management consulting firm that uses deep industry expertise and rigorous analysis to help business leaders achieve practical results with real impact. We are uncompromising in our approach to helping clients consistently make better decisions, deliver improved business performance and create greater shareholder returns. The firm advises and supports global companies that are leaders in their industries — including the largest private and public sector organizations, private equity firms, and emerging entrepreneurial businesses. Founded in 1983, L.E.K. employs more than 1,400 professionals across the Americas, Asia-Pacific and Europe. For more information, visit www.lek.com.

L.E.K. Consulting is a registered trademark of L.E.K. Consulting LLC. All other products and brands mentioned in this document are properties of their respective owners.
© 2019 L.E.K. Consulting LLC

