





Mapping global mobility trends in education

As the number of outbound students seeking an education abroad rises every year, data indicates that the majority of this population comprises Chinese students. How can universities reduce their dependence on a single country as the biggest driver of growth in international student numbers? **Ashwin Assomull** and **Sudeep Laad** of L.E.K. Consulting highlight how India and other nascent markets offer promising potential and a means to safeguard enrolment rates for universities

An increasingly globalised world is seeing more and more students leave their home countries to secure university degrees from overseas institutions. About six million international students are enrolled in universities globally, and this cohort is expected to continue to expand.

Enrolments by overseas students have been growing consistently by upwards of 5% year-on-year, and with an ever-increasing demand for international exposure, this growth rate is expected to remain on the same trajectory. Anglophone countries such as the UK, US, Australia and Canada continue to be the most preferred destinations for students seeking an overseas education, currently attracting 40% of the global student base.

Robust demand drivers underpin these gains. A growing proportion of households can afford an international education. In addition, the quality of English-language teaching outside Anglophone countries is still constrained in many markets, and the desire to migrate for better employment opportunities after obtaining a globally recognised degree continues to propel students overseas (see *Figure 1*).

Visa- and immigration-friendly Anglophone countries, such as Canada and Australia, are the fastest-growing markets for international student intake, while the US has slowed in recent years due to its anti-immigration stance.

The UK market is rebounding due to a newly introduced post-study visa policy that allows students to seek work for two years after completing their degrees.

Countries such as the UK have good reason to reach out to international students, who pay more in student fees than domestic ones, with top-tier institutions in particular managing to charge higher tuition than lower-ranking schools. Moreover, universities are facing public funding constraints, and rely on their overseas customers as a means to maintain revenues.

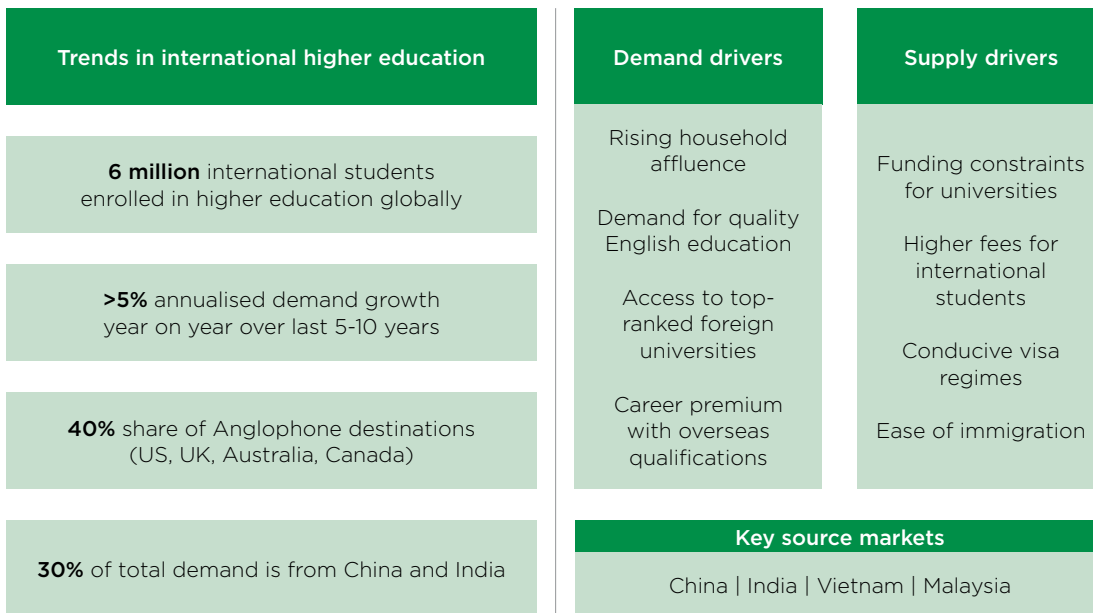
Historically, universities were allocated funding based on their expected intake demand; as these numbers continued to grow, so did their coffers. However, with financial pressures and a view to improve the sustainability of higher education, such funding has been capped by many governments, driving domestic students to choose less-expensive private colleges over non-funded public ones. This makes the international student base all the more lucrative to higher education providers.

The Sino-Indian equation

Asia has long been seen as a critical market for universities aiming to secure international students, with China and India accounting for nearly half of the international student base in Anglophone countries. ►



FIGURE 1: GLOBAL MOBILITY TRENDS IN EDUCATION



Note: National government datasets (highest quality) have been used for Anglophone destinations, for years published (2014-18). UNESCO data has been used for other destinations. Source: UNESCO; HESA, Government of UK; SEVIS Department of Homeland Security, USA; DET, Government of Australia; Citizenship and Immigration Department, Government of Canada; L.E.K. research and analysis

While growth from China has historically been strong, a slowdown has been reported and further anticipated due to a number of factors, such as demographic decline and moderation in economic growth.

Moreover, China has successfully been investing in improving the quality and ranking of its universities for nearly a generation, with ambitions to achieve 40 universities within the top 200 by 2050. The country is now attracting nearly 500,000 inbound international students per year – growing at 10% a year – indicating the attractiveness of its domestic higher education market. Not only that, but a number of foreign institutions are opening up partnerships in China, creating affordable and more proximal alternatives to studying abroad, thus moderating the phenomenal growth in overseas enrolments which was the trend in the past decade.

And while gaining English fluency is a major driver for enrolments in Anglophone countries, there has been growth in the number of bilingual schools that provide English-based education at the primary and secondary levels. In addition, options for learning the language are constantly increasing in China, with the proliferation of apps such as Liulishuo and online English-language training providers like VIPKid. This has specifically had some impact on demand for foundation and preparatory courses, hitherto popular among Chinese students.

In addition, more recent developments, such as the US-China trade war and its negative impact on the Asian country's economic growth, are posing roadblocks to growth.

Given that these students make up a significant chunk of the international student base, institutions across the world should develop an imperative de-risk approach to safeguard their enrolment rates, hence diversifying student intake. Meanwhile, China's neighbour India seems very well poised to step in and handle the shortfall (see Figure 2).

Globally, Indian students now comprise the second-largest group of outbound international students, with more than 400,000 seeking places abroad. This number is growing faster than nearly any other outbound population internationally, at roughly 15%-20% year-on-year since 2014.

China's neighbour India seems very well poised to step in and handle the shortfall

Understanding the Indian student

In order to effectively reach Indian students, global universities and higher education platforms need to understand the factors motivating this group and tap into regional networks, with agent management as a priority.

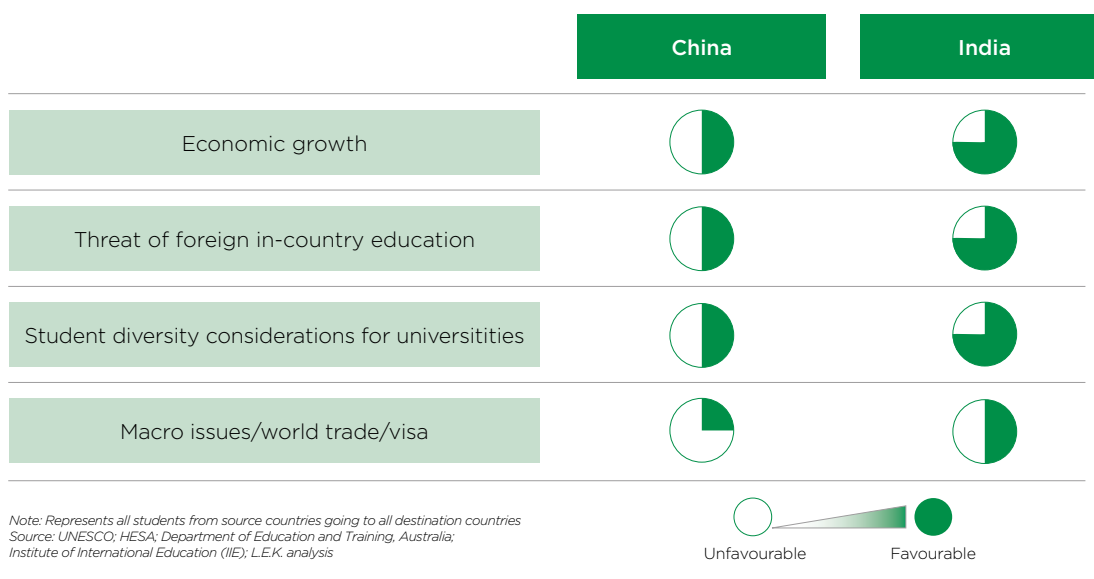
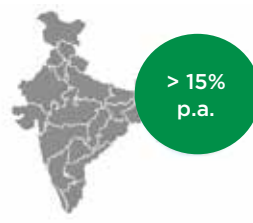
Based on consumer research, Indian transnational students have different motivations for studying abroad.

One cohort of students focuses on academic attributes, and chooses programmes by the brand of the university or for the target discipline. These students are typically drawn to top-ranked universities because these schools match the students' superior academic performance. Moreover, they thoroughly analyse course structures and are cost conscious. While they are willing to pay a premium for top-quality schools, they are self-driven and aware, and there is limited scope to influence their decisions.



FIGURE 2: OUTBOUND INTERNATIONAL EDUCATION TRENDS IN CHINA AND INDIA

Growth in international higher education enrolment – China and India (2015-2018E)
Percentage



For another large segment of students, the primary objective is to find tertiary education programmes that help them relocate from India. Typically, having low or medium scores, this type of student is likely to prioritise cost over reputation and depend on an agent, given students’ low awareness of opportunities abroad.

While there are students who are academically driven and attracted to top universities, a large part of the Indian student population is driven by the desire to emigrate. This is in sharp contrast to China, where students tend to go back home after completing their education because foreign degrees command a higher premium in the domestic employment market.

Since migration is a strong motive, ease of acquiring exit opportunities and employment upon completion of studies is vital for Indian students (see Figure 3).

Indian students also tend to be more cost conscious, which implies that there is significant price sensitivity in this market. The direct result is that students tend to seek shorter courses, such as one-year postgraduate degrees, rather than more costly four-year undergraduate qualifications abroad. Postgraduate students tend to put lower reliance on agents compared to undergraduate students. In addition, programmes that are flexible and help facilitate earning while studying are likely to be more popular among this student cohort.

As Indian students typically opt for postgraduate programmes, and English is already taught widely at the school level, Indian students typically don’t face linguistic barriers. In fact, international schools in metropolitan areas such as Delhi, Mumbai and Bangalore are expected to burgeon into a \$600 million industry, enrolling over 110,000 students in 2019.

The regulatory regime

When deciding on a destination country, international students principally take socio-political factors, the quality of universities, cost and visa availability into consideration. More favourable post-study work visa regimes have Australia and Canada taking a higher share of the Indian student population than the UK and US, which have hardened their anti-immigration stances in recent years.

This mix is changing fast, though, with recent regulatory changes altering the landscape. The UK is beginning to lure overseas students once again, with Prime Minister Boris Johnson’s government taking a number of steps to rehash the country’s immigration policy. The country recently introduced a point-based system for skilled immigration. While the general idea is to promote skill-based immigration and curb low-quality immigration, this is likely to increase the UK’s competitiveness, in comparison to other Anglophone countries. ▶



FIGURE 3: INDIAN STUDENT PROFILES



► Australia remains a popular destination, but regulatory changes are afoot. While some of the recent changes have meant tighter scrutiny of students on merits as well as financial stability, this is not likely to deter demand. Moreover, recent statements by the Australian government also indicate that international students and other migrants could be incentivised or compelled to settle in regional and rural areas outside of urban hubs such as Sydney and Melbourne, providing a boost to regional universities.

Action plan for universities and higher education institutions

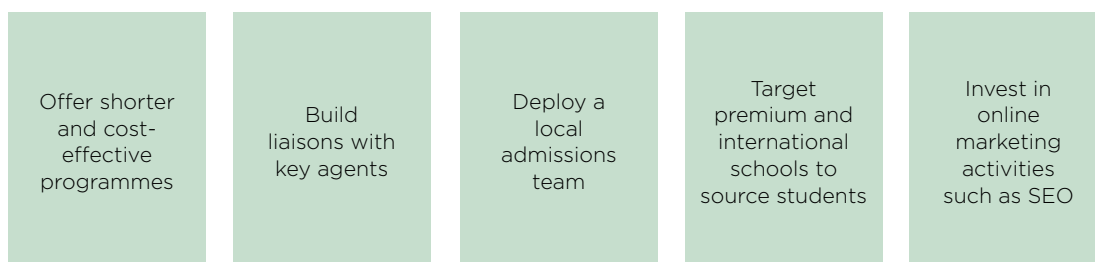
Given the tremendous potential posed by an expanding Indian student population, here are some steps universities can take to make their value proposition even more attractive (see Figure 4).

- **Shorter, cost-effective programmes:** Degrees awarded at a lower cost and achieved in a shorter period of time continue to bring Indian students overseas, as these provide better return on investment. UK institutions, including top-tier universities, have been successful at attracting Indian students to one-year master’s degree programmes, which are about 60% cheaper than similar qualifications in Australia.
- **Liaisons:** Institutions will need to ensure that there is enough awareness among agents about the value proposition they offer. This means that in addition to offering attractive commissions, increasing student

outflow from agents will require active engagement. This can be achieved by building relationships with large agents, training agent counsellors to ensure the right message is communicated to potential students, providing on-the-ground sales support, and participating in fairs and conferences to increase brand awareness.

- **Local admissions teams:** Given that the Indian agent market is relatively fragmented, with few large players active in the market, universities should consider having an in-country model with a specialist admissions team on the ground.
- **International schools:** International curricula are gaining share over local systems, as parents are increasingly preferring an overseas undergraduate qualification for their children. Subsequently, a majority of children enrolled in such schools pursue a foreign degree. Rising affordability has also brought these schools within the grasp of many households. In all, these schools provide a pipeline from which universities can source future students. Universities could also consider partnerships or tie-ups with such schools to ensure a steady stream of students.
- **Marketing:** Universities would do well to put money in online advertisements to build their brand profile and make themselves more visible to Indian students. Spending on search engine optimisation would help improve visibility in Google searches, while Facebook ads and physical brochures and fact sheets at agent offices could also help expand reach and recognition.

FIGURE 4: STEPS UNIVERSITIES CAN TAKE TO MAKE THEIR VALUE PROPOSITION MORE ATTRACTIVE





Looking beyond India

While China and now India have proven to be the biggest drivers of the growth in international student numbers, there are a number of other nascent markets. Here is a brief look at each of these regions.

Latin America: The region is becoming a popular source for transnational students to Anglophone countries, although Spain and Portugal also continue to be attractive because of linguistic similarities. Outbound international students from Latin America to Australia, for example, grew at 5% from 2014 to 2019, largely driven by growth in Brazil.

Nepal: Outbound enrolment from the country is expected to grow at 10%, driven by rising affordability. Australia is the destination of choice for Nepalese students due to the presence of previous diaspora, which help secure employment opportunities.

Vietnam: The number of students from this Asian country is expected to grow abroad as improved affordability increases access.

Middle East & North Africa: About 30% of international students from the Gulf Cooperation Council or the Middle East and North Africa region head to Anglophone countries, although Abu Dhabi, with its growing base of foreign university campuses, is emerging as a competitor in its own right.

In conclusion, universities and higher education platforms would do well to reduce their reliance on

China, given its slowing growth, and turn their attention to other markets. Of all these, India holds the most promise, being closest in size and economic might to China. While India presents a tremendous opportunity, universities should allocate time and money to better understand the parameters of the local market and tailor their offerings to appeal to an extremely price-conscious population that is most intent on securing high-paying jobs and even passage out of the country. In addition to India, other source markets such as MENA, LATAM, Vietnam and Nepal could be included in the mix of international student recruiting to de-risk the portfolio.

Impact of coronavirus on international student flows

While it is too early to fully evaluate the exact impact of Covid-19 on demand for international education at this stage, we would expect a significant decline in AY 2021 enrolments. As governments across the globe (both in source and in destination markets) implement various measures to curb the spread of the virus, the impact on students, teachers, parents and schools is already being felt.

Whilst the long-term outlook for international student flows remains robust due to the fundamentals described in the article above, the economic impact on household income and affordability in key destination markets in the short term cannot be underestimated. ■

Ashwin Assomull and Sudeep Laad are partners in L.E.K. Consulting's global education practice. Contributors to the article edit include Hitakshi Arora and Akansha Baradiya.

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. The L.E.K. global education practice is a specialist international team of 60-plus consultants and seven partners who have completed more than 700 education sector engagements across more than 90 countries, serving CxOs and boards of some of the world's largest education organisations. Our experts bring insights on education businesses, investment opportunities, market dynamics and impact across segments from K12 to ed tech.

For feedback or comments on this piece, please contact Ashwin Assomull at a.assomull@lek.com or Sudeep Laad at s.laad@lek.com

L.E.K.