ALTO Pulse – 2nd Quarter 2012

Background

This is the third issue of the ***ALTO Pulse*** and although the busy summer has caused a small drop in the participation level, we still received a very good number of responses from key destination and source countries worldwide. The ***ALTO Pulse Q2 2012*** was completed by 229 language schools and 399 educational agencies.

The survey examining the past business quarter's results and asking for predictions for the following quarter is sent to a global database of agents and schools and ALTO provides a quarterly analysis of the trends and developments.

The countries we analysed in more detail are the ones who participated in the ***ALTO Pulse*** in largest numbers. In the case of the school analysis we worked with the top 12 submitting countries and in the agents' report we analyse countries with 9 or more participants.

At the end of this report we have introduced an additional section of *"Interesting comments"* from schools and agencies that give you more detailed insight into the reasons behind the data. As the Olympic Games are on in London, there is a selection of –mostly negative- comments from educators.

Once again, thank you for taking part in this industry-wide survey. We hope that these findings will be useful and interesting to everyone involved in the language travel industry.

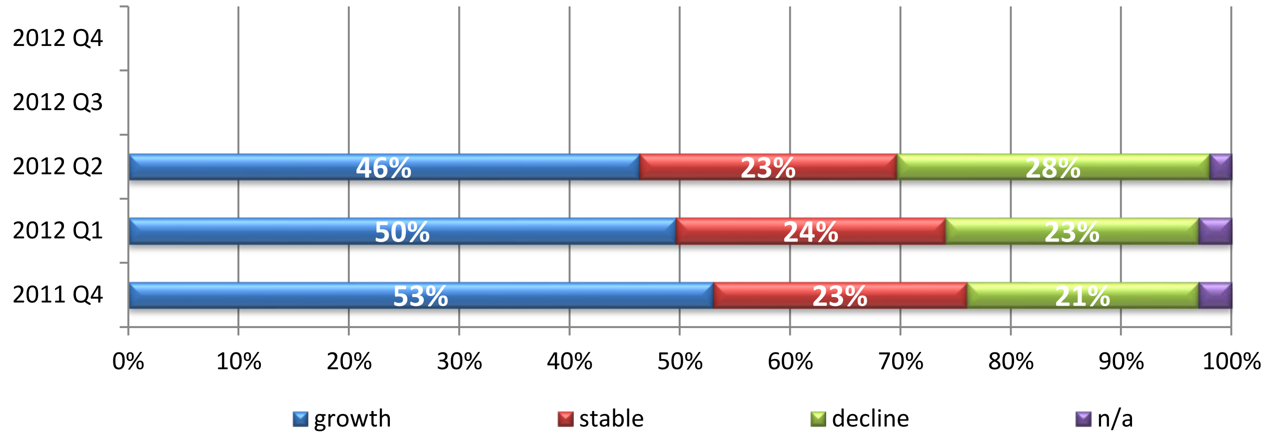
If you have any questions, please contact Reka Lenart Association Manager reka.lenart@altonet.org

The ALTO Board

Summary – Schools

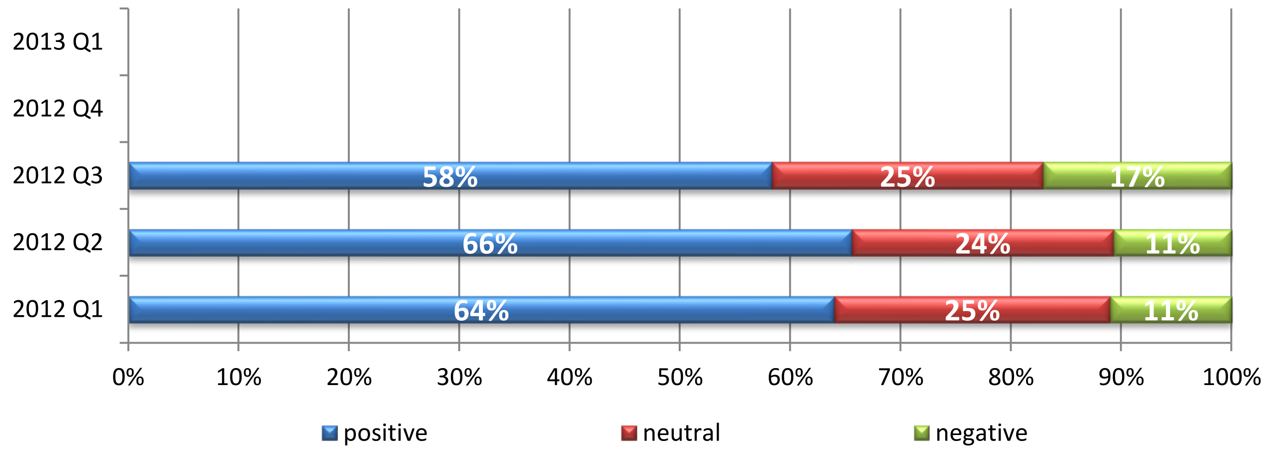
- Less than half of the participating **Schools** (46%) have reported growth for the second quarter of 2012 compared to 2011's second quarter, and since the schools with stable numbers remain steady around the 23% mark, schools with declining numbers have grown to 28%.

Schools: Has the number of international students commencing a language course with your school grown or declined compared with the same period in the previous year?



- In line with the increasing number of **Schools** experiencing declining numbers, the mood has fallen somewhat with only 58% feeling positive about forward enrolments for Q3 2012. Again the neutral camp remains similar to the previous quarter at 25% with 17% of participating schools feeling negative about the next quarter.

Schools: Do you feel positive or negative regarding forward enrolments for your school over the next quarter?

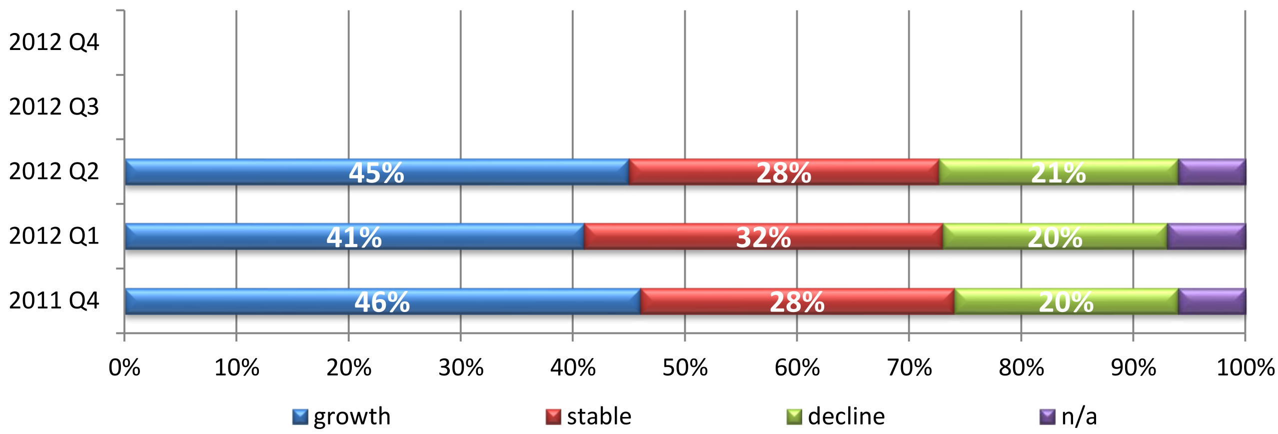


- There is great variety (and conflict) in Schools' reports of both growth markets and declining markets – but we have to highlight Brazil, which was named by 25% of all participating schools in the top 3 growing markets with Saudi Arabia (18%) and China (17%) no too far behind. In the top declining markets South Korea is highlighted by 23% of the schools while Spain is mentioned by 18%.

Summary – Agents

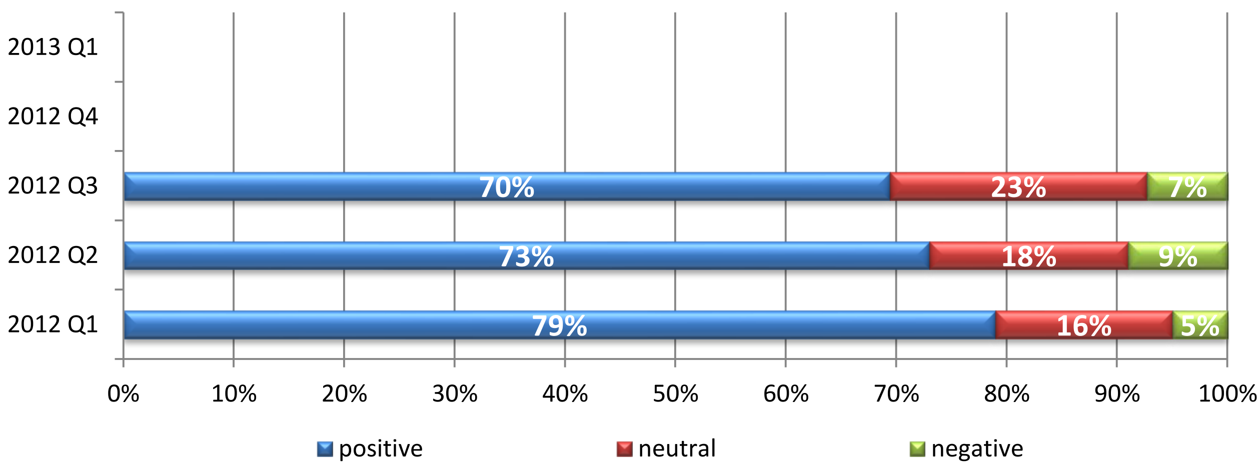
- **Agents** results have improved on the previous quarter, in Q2 2012 45% are reporting growth compared to Q2 2011, while agents with stable student numbers have decreased to 28%, and 21% show declining numbers.

Agents: Has the number of students you send overseas for a language course grown or declined compared with the same period in the previous year?



- **Agents'** optimism is showing a downward trend, however they are still more upbeat than the schools. 70% are feeling positive about the next quarter, 23% are neutral and only 7% negative.

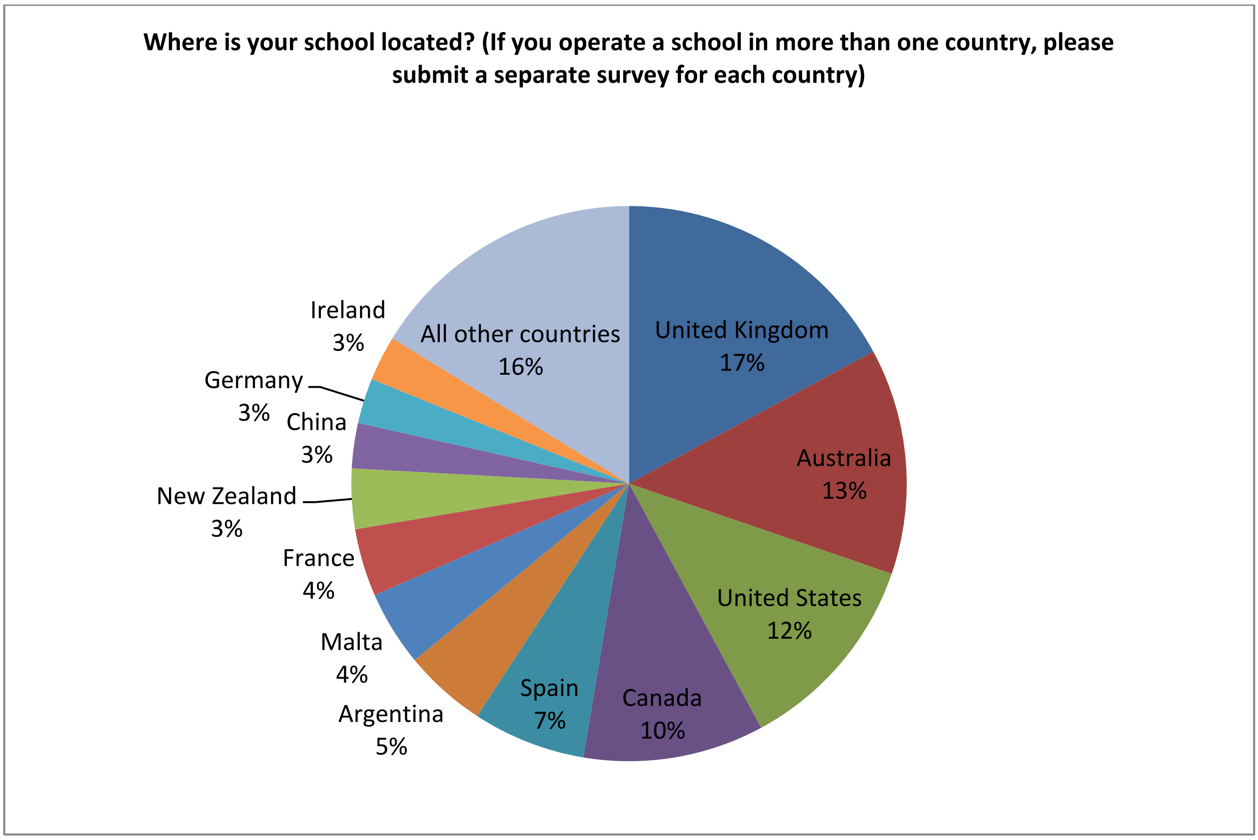
Agents: Do you feel positive or negative regarding forward business for your agency over the next quarter?

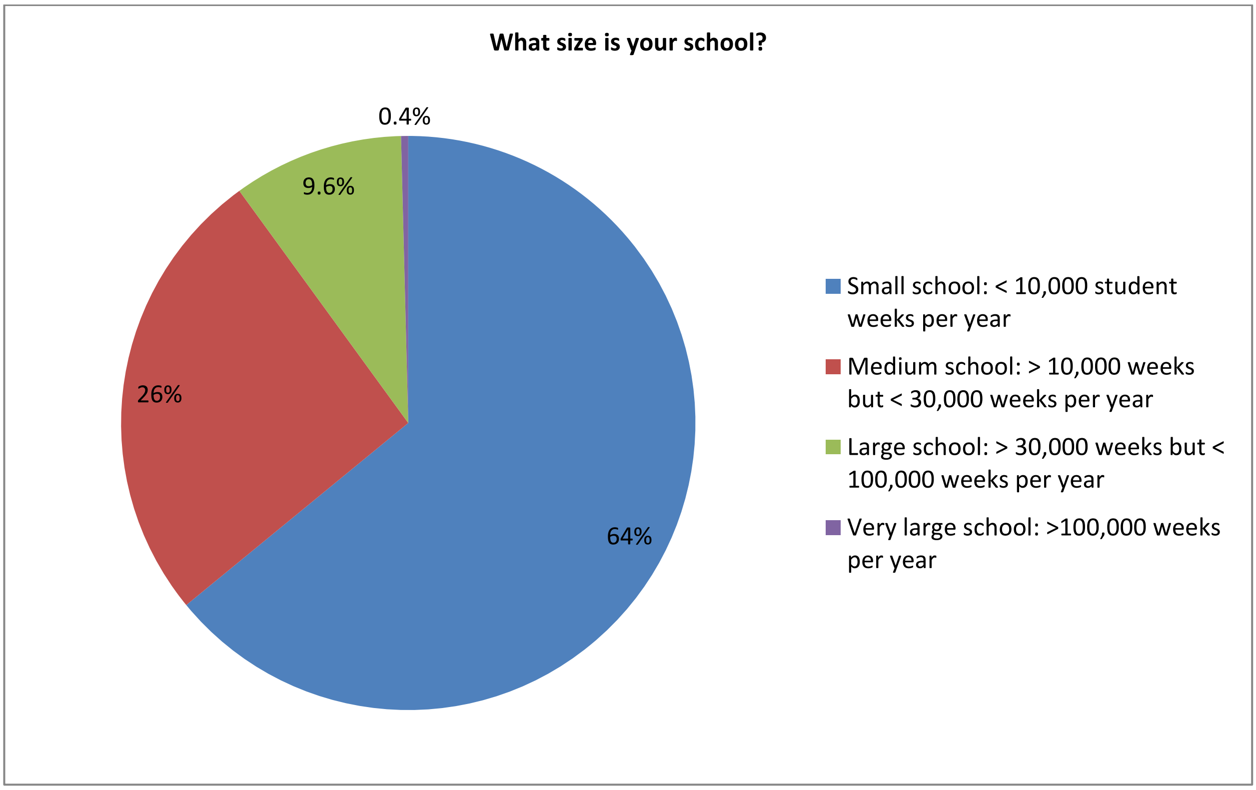


- There is also great variety (and conflict) in Agents' reports of destinations growing and declining in popularity. The country that stands out the most is the UK, which was selected by 236 agents (59% of all participating) in the top 3 of their growing markets. The US (51%) and Canada (41%) have increased in popularity as well. Australia is mentioned by 38% as a top declining destination followed by the UK picked by 32%.

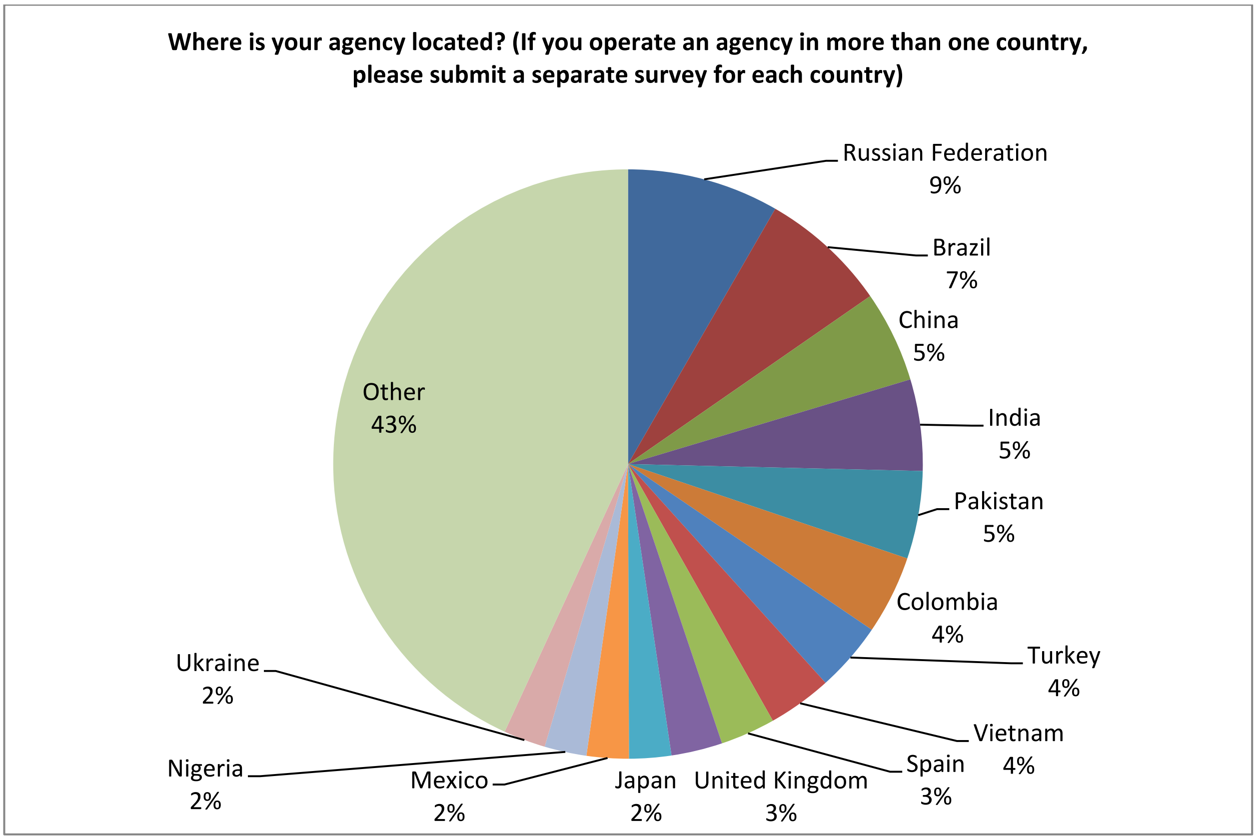
Respondents

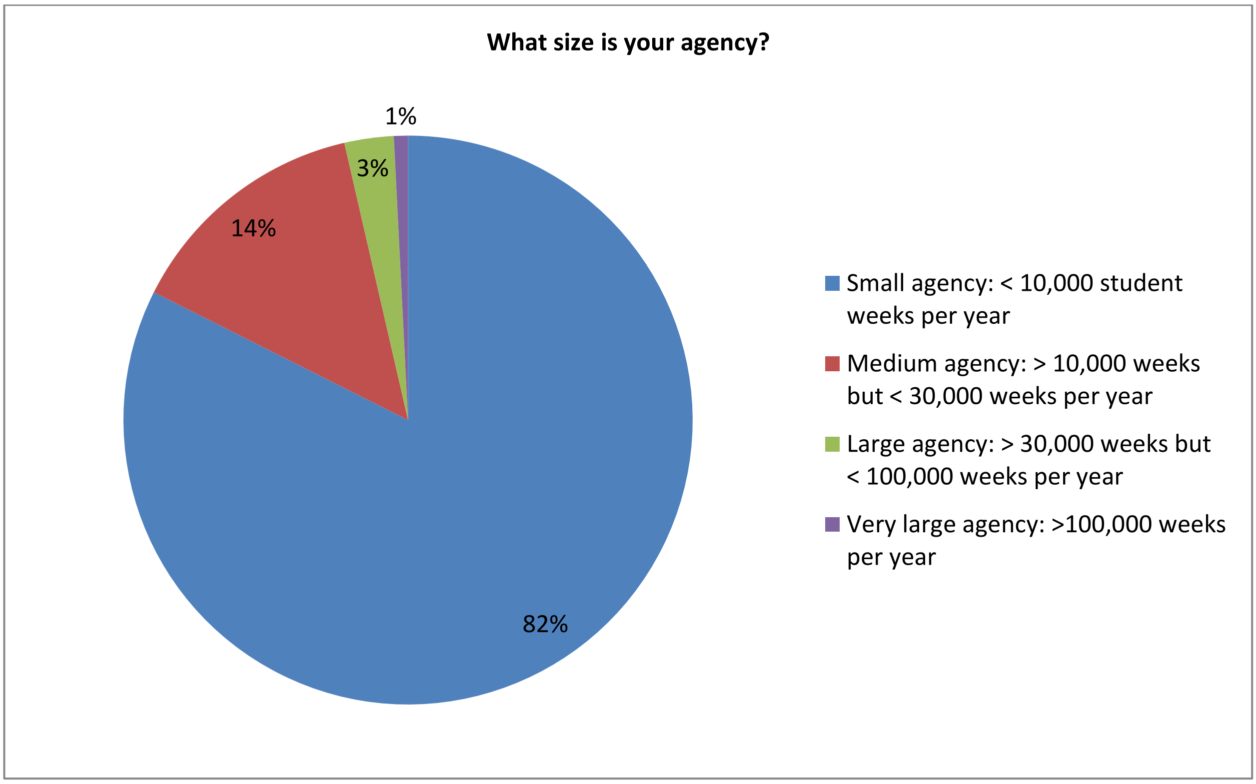
229 language schools responded to the survey, with the UK outstandingly sending in more surveys than the "other countries" category.





399 agents responded to the survey. Mexican agents have now completed the ALTO Pulse in numbers worth evaluating, while South Korea wasn't active this quarter, and could not be included in the analysis.

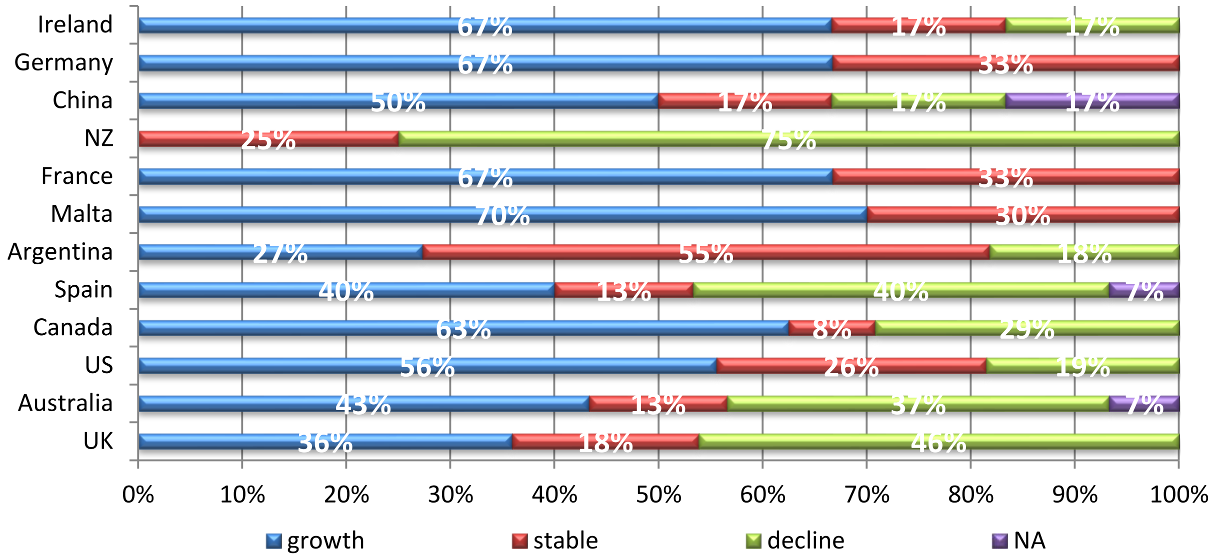




Analysis – Schools

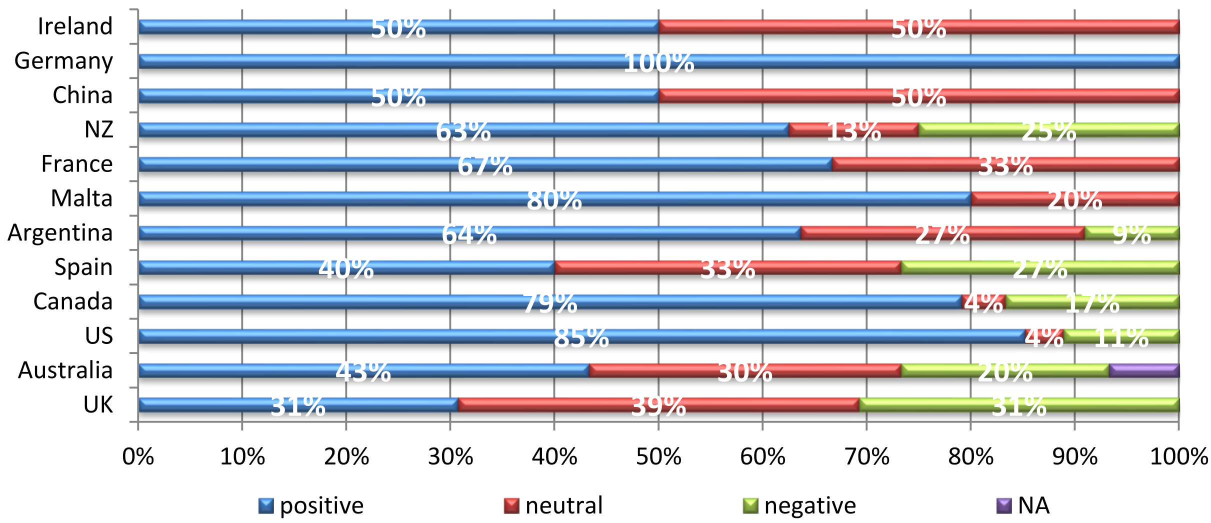
- The chart below shows growth/decline in student numbers (Q2 2012 to Q2 2011) by country (top 12). Malta leads the reporting of growth with 70% of the schools reporting growing number of students closely followed by France, Germany and Ireland (67%). Last time 39% of NZ schools reported stable numbers, but this has now fallen to only 25% receiving the same numbers, while a whopping 75% of them closing a worse quarter than a year ago. 46% of participating UK schools report declining numbers showing that the growth reported by agents is not being experienced equally across the sector.

Schools: Has the number of international students commencing a language course with your school grown or declined compared with the same period in the previous year?



- The chart below shows levels of optimism by country (top 12).
  Although with a low participation rate, Germany's respondents are 100% optimistic about business over the summer months, with the US (85%) and always upbeat Malta (80%) behind. UK schools have a low expectation of the summer with 31% predicting a worse quarter. Spain (27%) and NZ (25%) are also expecting lower numbers than in Q3 2011.

Schools: Do you feel positive or negative regarding forward enrolments for your school over the next quarter?



- The following table shows how each country ranks their key growth and declining markets.
  In some cases the schools named a wide range of countries therefore it was impossible to evaluate the answer. This breakdown highlights Brazil and Saudi Arabia as top growing markets. It's interesting that while China popped up in the international summary our top survey submitters mention the increase of Japanese students more. South Korean student numbers are down in all their traditional destinations. Although the Italian and American students seem to match them in the chart below, Spanish had a higher level of decline in the international summary.

		UK	Australia	US	Canada	Spain	Argentina
Top 3 countries showing growth:	**1**	Italy	China	Saudi A	Brazil	Germany	Brazil
	2	Bra/Rus	Japan	Brazil	Japan	Italy	Germany
	3	spread	Saudi A	China	Saudi A	UK	US
Top 3 countries showing decline:	**1**	Spain	S Korea	Mexico	S Korea	France	Ger/US
	2	Italy	China	Jap/Kor	Mexico	Ita/US	Bra/UK
	3	S Korea	Jap/Thai	Taiw/US	Saudi A	Netherl	Italy

		Malta	France	NZ	China	Germany	Ireland
Top 3 countries showing growth:	**1**	Russia	Brazil	Saudi A	US	Spain	Saudi A
	2	Italy	Jap/Kor	China	Japan	Russia	Brazil
	3	Turkey	Colombia	Jap/Kor	Ger/UK	Poland	France
Top 3 countries showing decline:	**1**	Spain	Spain	S Korea	Fra/Ita	US	Spain
	2	Germany	Switzerlar	Japan	spread	spread	Bra/Ger
	3	At/Serb	Greece	Swi/Thai	spread	spread	spread

- The following table shows how each country rates key issues in terms of their impact on enrolment levels.
  The obvious red flags have come up with Australia, Canada and the UK not happy about their visa regulations, causing very strong negative impact on their businesses. Australia was also severely affected by the high Australian dollar in Q2 2012. Again, economic issues in source countries are believed to be having a strong negative impact by all countries, in the last quarter it was Italy and now it's Spain indicating it as strongest negative issue. Germany's previously portrayed optimism shows in the table below; the only thing they really worry about is the source countries' economic situation. Quite the opposite with Ireland, all these issues listed here seem to have either minor or strong negative impact on their businesses.
  The competitor countries' and competitor schools' activities are rated as milder issues each quarter. With the exception of Ireland, all countries feel positive about their schools' initiatives.

Please rate the following issues in relation to the impact you believe they are currently having on your enrolment numbers.

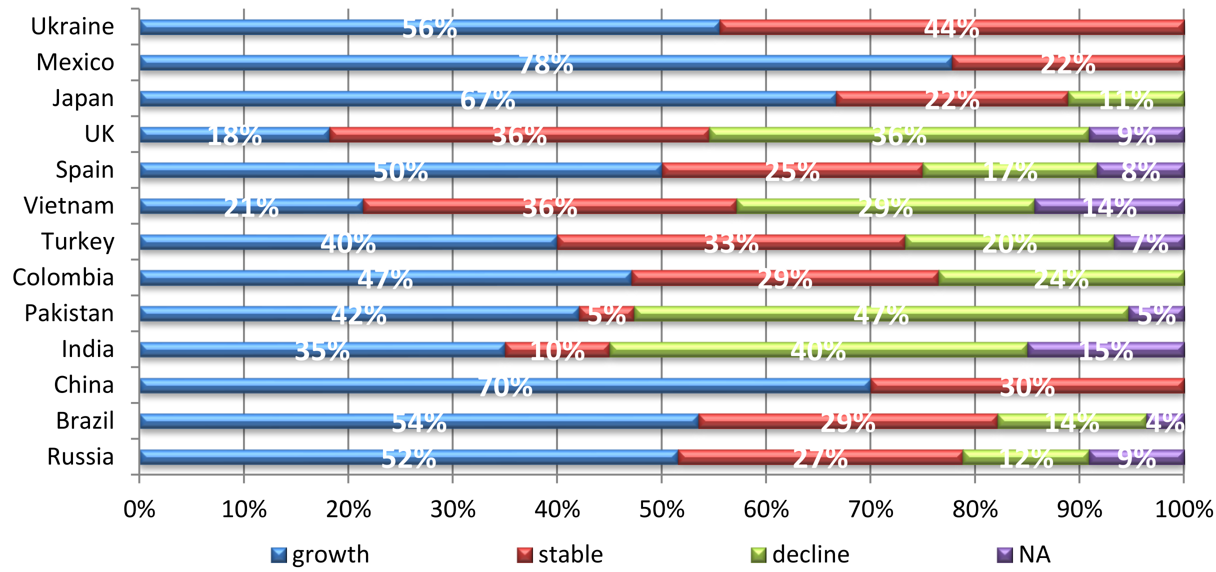
	UK	Australia	US	Canada	Spain	Argentina	Malta	France	NZ	China	Germany	Ireland
currency exchange rates							spread				spread	spread
economic issues in source countries												
my country's visa policies									spread		spread	spread
my country's government policies (non-visa related)												
competitor country activity							spread			spread		spread
competitor school activity						spread			spread			
my school's initiatives			spread							spread		spread

very strong impact (negative)
strong impact (negative)
minor impact (negative)
no impact
minor impact (positive)
strong impact (positive)
very strong impact (positive)

Analysis – Agents

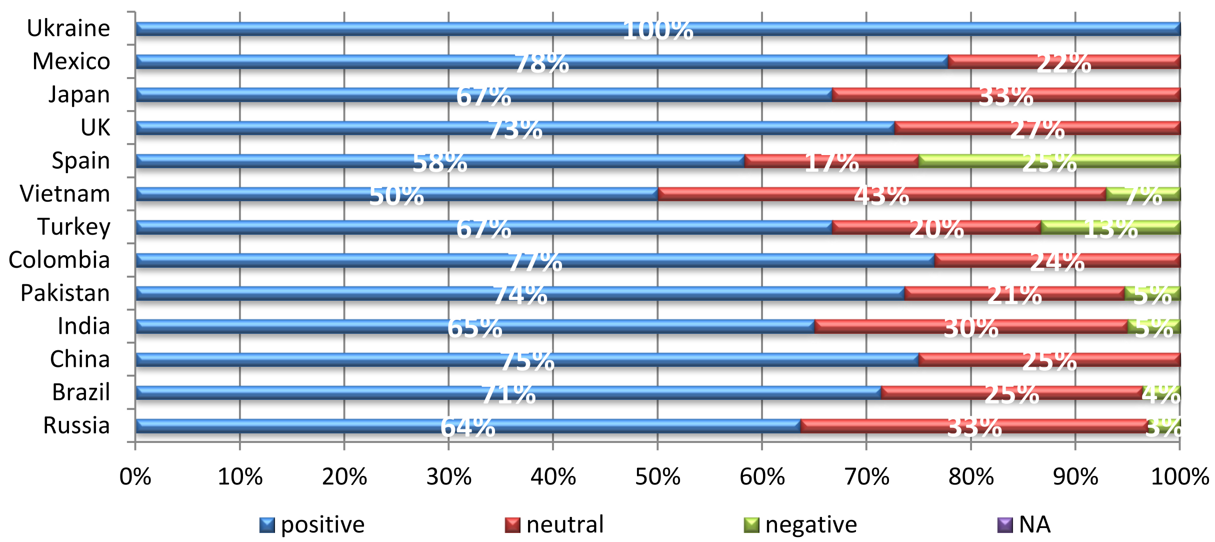
- The chart below shows growth/decline in student numbers by country (min. 9 surveys submitted). Agents' results are generally up on the previous quarter and more than half of the agents in quite a few countries below had a better Q2 in 2012 than in 2011. Mexico is new to the Pulse, and has taken over China's record with 78% of the participating agents reporting growth, China is second at 70%, and Japan follows at 67%. Pakistani (47%) and Indian (40%) agents report decline compared to last year.

Agents: has the number of students you send overseas for a language course grown or declined compared with the same periodin the previous year?



- The chart below shows levels of optimism by country (min. 9 surveys submitted). Agent's mood is just overwhelmingly positive. Ukraine is back and is leading the way with 100% of the agents predicting a better quarter to come- their results above show that they have either grown or stayed stable. Spain (25%) and Turkey (13%) are projecting declining results, whereas many countries don't even consider the option of a worse Q3 as a possibility.

Agents: Do you feel positive or negative regarding forward business for your agency over the next quarter?



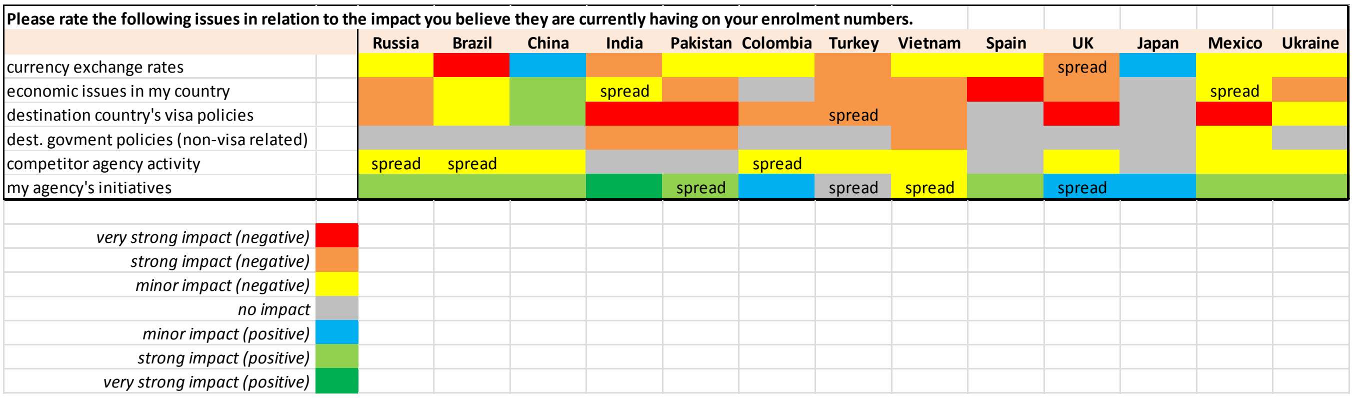
- The following table shows how each country ranks their key growth and declining destination markets. In correspondence with the international results, the UK is mentioned 12 times and the US 11 times out of 13 as a top growing destination in our analysed countries below. I see some small progress in Australia being increasingly mentioned as a growing market, but it's still a top 3 declining destination for 9 out 13 below, and together with the UK, continues to display the discrepancy of being a top climber and decliner at the same time.

		Russia	Brazil	China	India	Pakistan	Colombia	Turkey
Top 3 destination countries showing growth:	**1**	UK	Canada	US	Canada	UK	Australia	UK
	2	US	US	UK	UK	Australia	UK	US
	3	Malta	UK	Aus/Can	Aus/US	Canada	US	Malta
Top 3 destination countries showing decline:	**1**	UK/Ger	Australia	Australia	UK	UK	UK	Australia
	2	Australia	UK	Jap/NZ	Australia	Australia	Canada	US
	3	spread	France	US	NZ	US	Australia	France

		Vietnam	Spain	UK	Japan	Mexico	Ukraine
Top 3 destination countries showing growth:	**1**	Australia	UK	UK	Australia	Canada	UK
	2	UK	Canada	Canada	US	US	Canada
	3	NZ	Ger/US	US	UK	Australia	US
Top 3 destination countries showing decline:	**1**	UK	UK	UK	NZ	UK	Italy
	2	China	US	Australia	UK	Australia	Malta
	3	US	spread	US	spread	US	Ger/US

- The following table shows how each country rates key issues in terms of their impact on enrolment levels.

  The currency exchange rate received very bad marks in Brazil, but it continues to favour Japanese and now Chinese agents as well. Spain is obviously very strongly affected by the home economy and it's a negative issue for most countries apart from China (positive), Colombia and Japan (neutral). The issue still receiving the most "very strong negative" score is the destination country's visa policy. Based on the chart below, Japan and China seem to have had an "easy ride" in Q2, while not one of these issues were helping agents in Vietnam, including their own agencies' initiatives, which is thought to be a positive influence by most countries.



Interesting comments

I have handpicked some interesting details and comments from your responses here. I would like to point out that when you add a comment to a question, I can't see what your answer was or which country you're from, so it would be a great help to include that into the added note (e.g. "Q2 was 20% stronger in Panama because "…… or "we are predicting 10% growth for Q3 in Zimbabwe, because … .")

- Schools – Reasons for lower number of students in Q2 2012 compared to Q2 2011

-This is mainly due to new visa restrictions imposed by the Conservative Party of Canada and also the high $CAD.
-Mexico is still reeling from the effects of the USA Travel Warning issued by the State Department. We do not agree with the way it is worded, especially for Cuernavaca.

- Schools and the Olympic Games – predictions for Q3 2012

-We have a group from Hong Kong that normally visits the UK but have diverted to NZ due to the Olympics.
-We are suffering because of the UK's visa regime, the Olympics, and instability in Europe
-the London Olympics seems to have had a slight negative effect - people being drawn towards London instead of Spain
-Olympic Games effect
-Olympic impact has been bigger than anticipated.
-The Olympics have put students off coming to UK and especially London
-Malta is benefiting from weak Euro and the Olympics in the UK
-London Olympics, Eurozone crisis, global recession - and punitive visa policies. Not a great year for the UK.
-The Olympics! This has absolutely ruined this summer for the industry due to increased flights, fear of terrorism, traffic problems and wishing to stay as far from London as possible. Fortunately many of the groups and agents we work with are sending their students to us after the Olympic period has ended so we are expecting a busy autumn. We will be very happy when the Olympics is over!
-Olympics in London: very negative impact due to high flight and accommodation prices, overcrowding of the city, fear of terrorism.
-The Olympic Games are having a very negative impact on London Schools.
-In Q3 we are very concerned about numbers due to effect of Olympics on travel to London
-Olympic Games - so high price of flights (if available) and hotels, Chaos at Heathrow, expected chaos on the public transport system in London.

- Agents – Reasons for lower number of students in Q2 2012 compared to Q2 2011

-Compared to most of our competitor the decline has been small and mainly due to the state of the Spanish Economy.
-The effects of the 2011 revolutions in the area (Tunisia) and the weakness of the temporary religious gvnts have weakened the economic situation… Besides the European clearance visas procedures towards our countries are becoming more strict.
-As we send most students to UK the visa situation has played an important role on this decline. It is a shame to see students not being able to come due to current UKBA regulations…
-because of the ongoing unrest in Syria
-There is more student demand, however, the only obstacle for our potential student is getting a Visa, especially the UK visa which tends to be more difficult and complicated.
-Due to economic crisis in Greece
-vIsa changes issues in UK

- Agents- Q3 predictions and other issues affecting your business

-It’s difficult to say, I just hope that UK authorities stop changing the rules every six months!
-because of the ongoing unrest in Syria and my main company office been bombs and destroyed also all they students get visa refusal because of the situation in our country.
-if the $$$ situation is good .....will be good.
-Libya is now free and students are permitted and encouraged to seek knowledge by the new Libyan state, no more restrictions from the Libyan side, only destination countries!
-There is usually this last minute rush because Nigerians do not prepare ahead of events.
-the economy of Vietnam is not in good conditions, therefore, it affects the long-term study plan of many students. Moreover, there are more and more competitors which are quite aggressive.
-Ecuador is having election campaign and new economical laws and taxes do impact in our customer's businesses
-The visa delays and issues regarding the Canadian visa have us looking for other destinations.
-UK cancelling PSW TIER1 VISA and Australia offering it to all the students.
- Media plays a very important role in International student industry from India as anything they write in negative has very strong impact on the students choosing to go for
-Economical situation in Russia impacts the business quite a lot, especially the language programs which number has declined.
-Needs more strong promotions from Australian government / Institutions to attract more Japanese students to Australia. More active promotions using the Japanese media would be effective.
-EURO 2012 and Olympics in London caused huge increase in flight tickets' prices, which deterred many clients from booking language courses abroad.
-Pakistan involvement in war against terror
-Streamline Visa processing seems to have a good positive effects on Australian applicants.
-Bring the world and education even to hinterlands of the Baka pygmies
-Some schools do not respond fast, they take long time to process students application and some of them sending acceptance letter with many mistake .