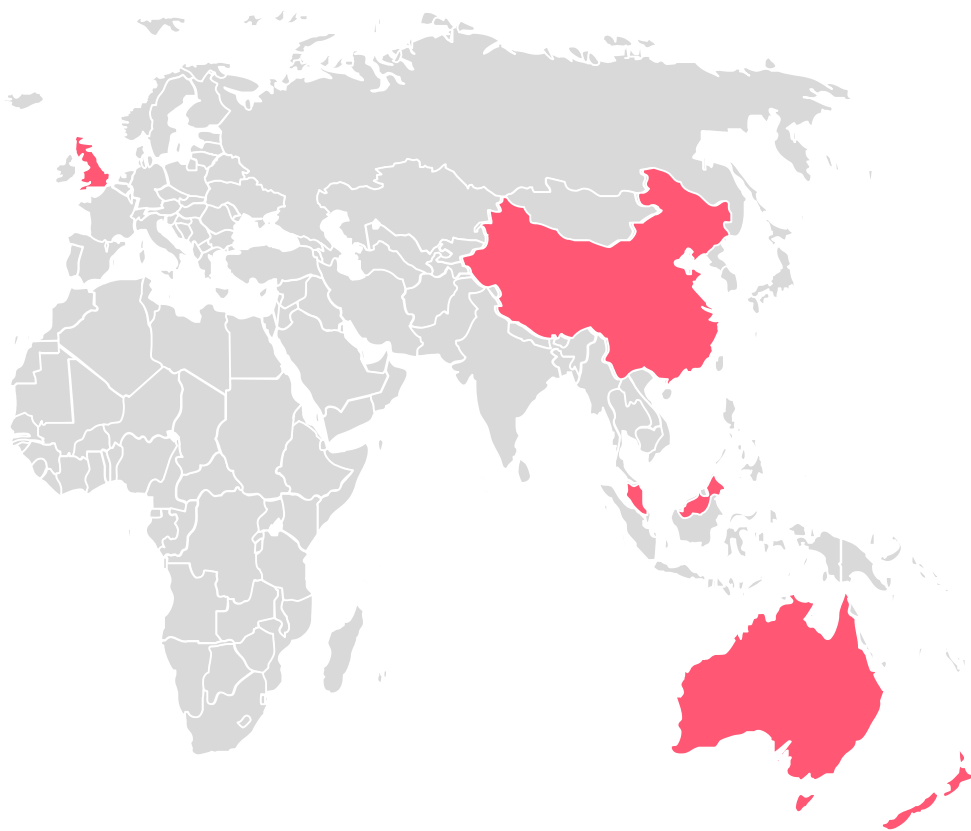
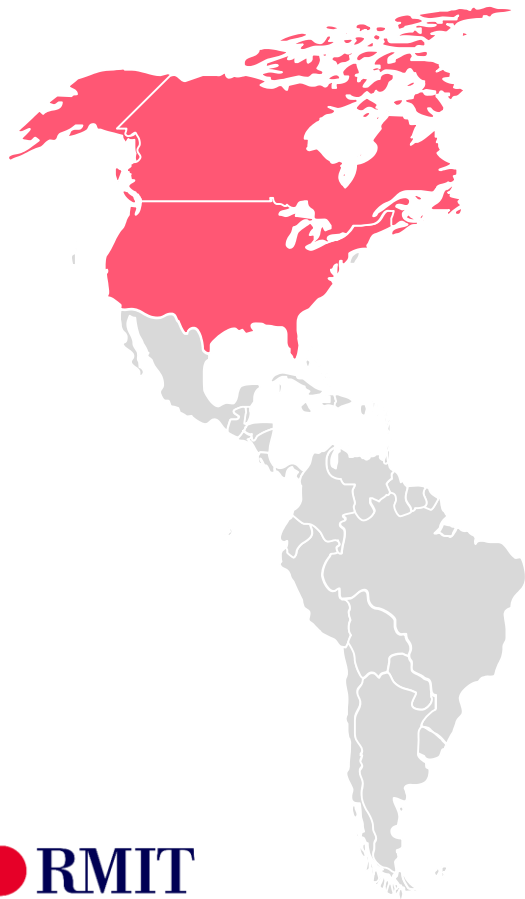


Shifting the Market

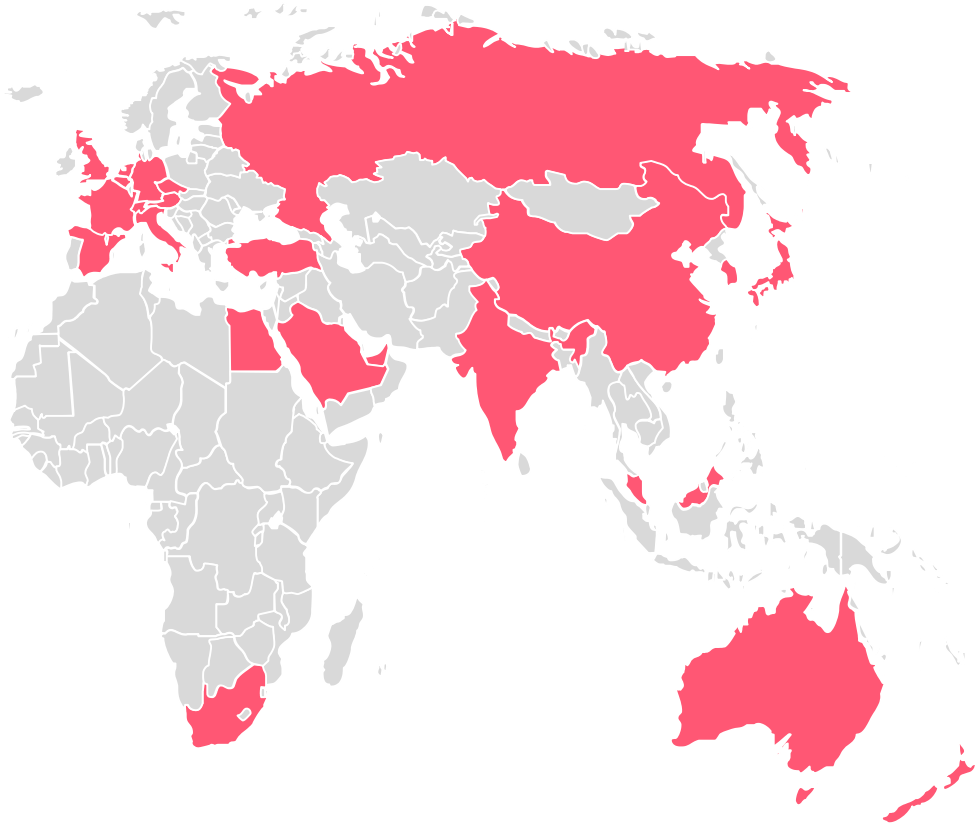
Impacts of political and other world events
on international education

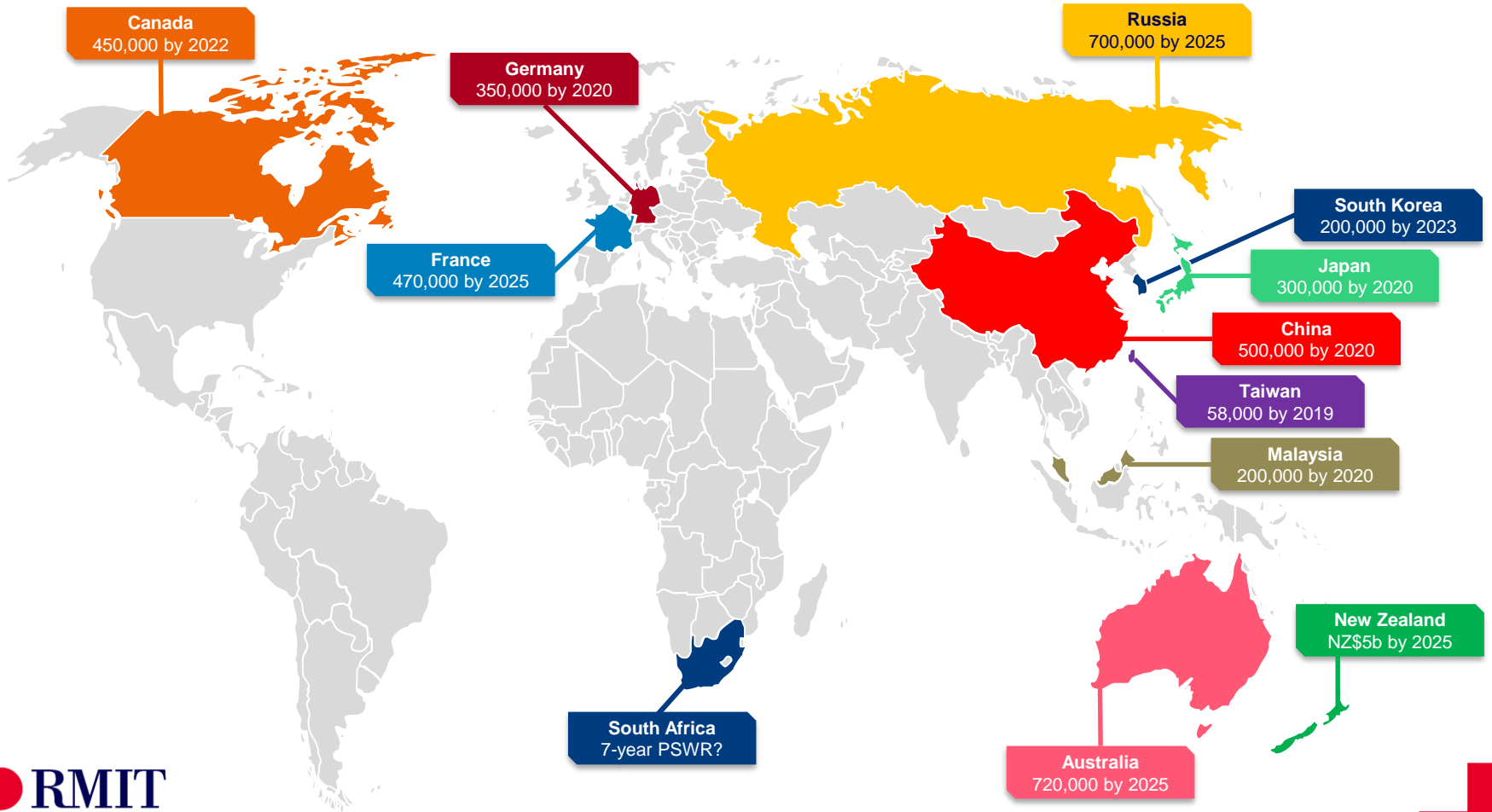
Grant Watson

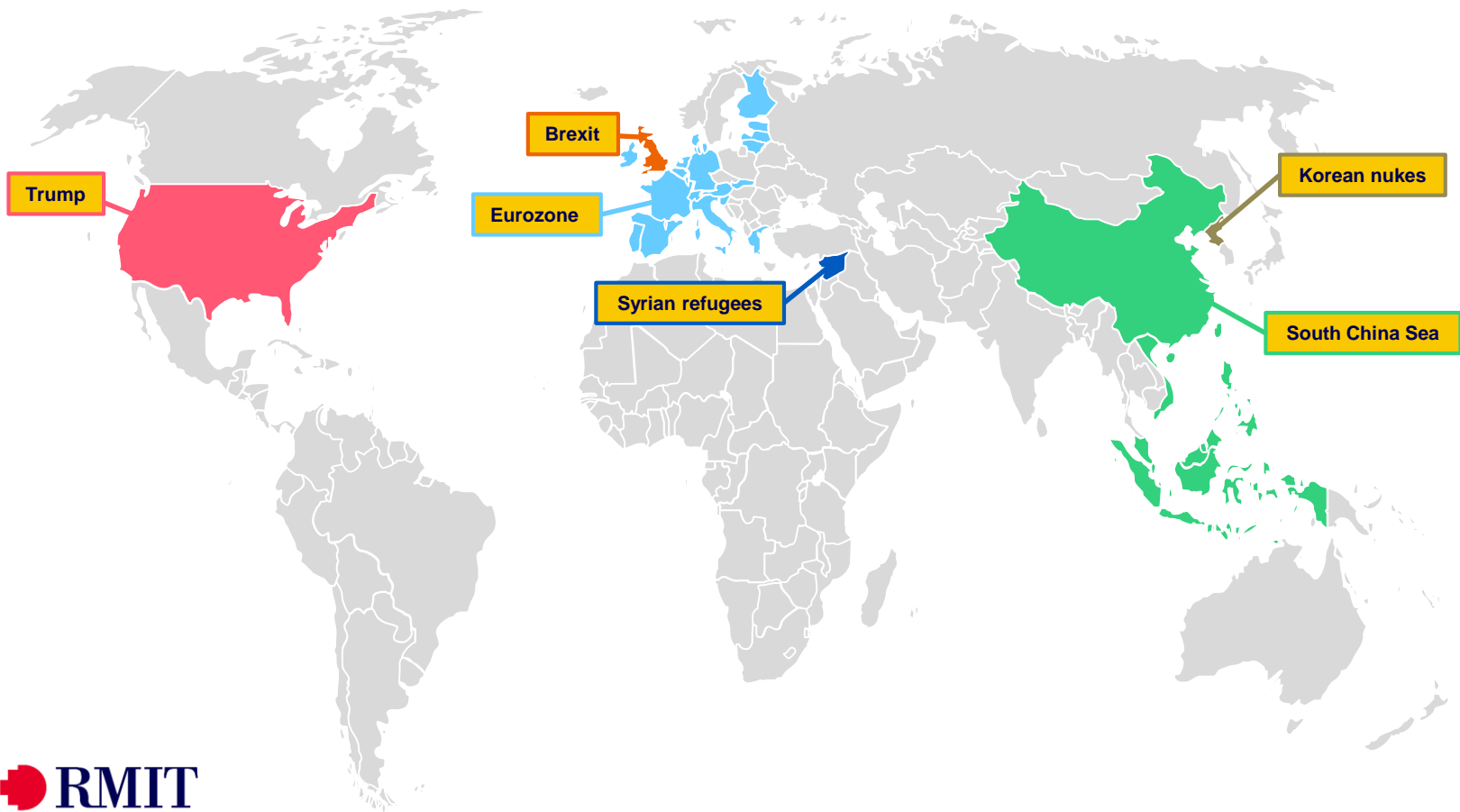
Manager, Market Intelligence and Analytics



**Countries with
more than 40,000
international HE
enrolments, 2015.**







Market disruptions



- Unexpected events or changes in the market that cause it to cease functioning in the normal manner, often leading to a downturn or crash.

Actionable

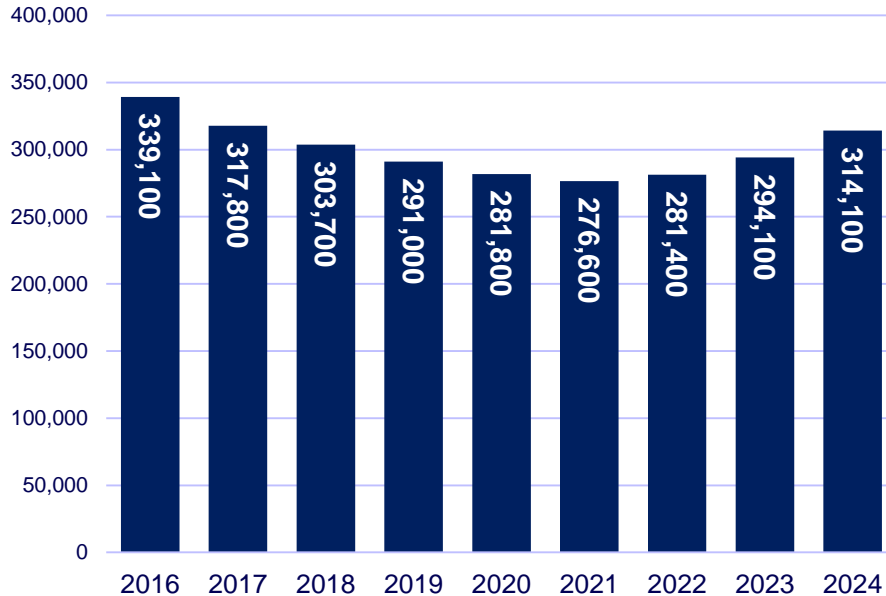
- Actions may be taken to change, slow or negate the disruption itself.
- Its effects may also be mitigated or minimized.

Non-Actionable

- The disruption itself cannot be changed or negated.
- The *effects* of the disruption may possibly be mitigated or minimized.



Decline of Hong Kong citizens aged 15-19



- Hong Kong youth population is declining due to low birth rates.
- This is expected to recover from 2022 due to birth tourism from China.
- Example of a non-actionable disruption: cannot be changed.
- The effects may still be minimized by implementing recruitment strategies now.



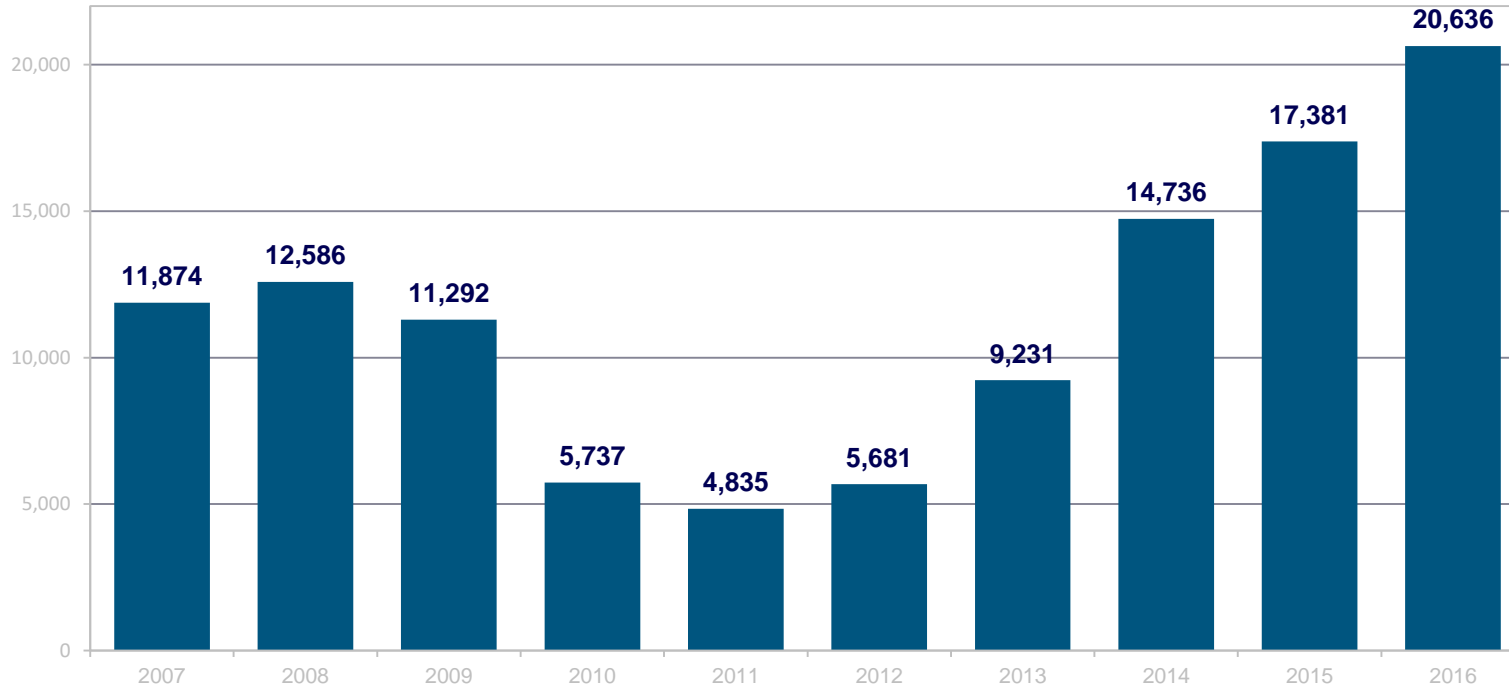
The “perfect storm”: Australia in 2010



- Rapid expansion of Australian international education sector.
- Lax enforcement of government regulations, leading to substandard providers in market.
- Rapid appreciation of Australian dollar post-GFC.
- Reports of assaults on Indian students in local Indian news media.



Indian HE commencements in Australia, 2007-2016



What should we have known or done?



- Nature of Indian news media was already known prior to 2009.
- Example of Mohammad Haneef, July 2007.
- Poor response: you cannot deny racism. (*“I think that some of the attacks are racially motivated. I think some of the attacks are opportunistic in that they just happen to be Indian students in the wrong place at the wrong time.”* Simon Overland, Victorian Chief of Police.)
- “Weather the storm” is a legitimate response, but never the best one.



“Government policies for attracting internationally mobile students do have an effect on student decision-making, impacting perceptions at the personal and community level on areas including level of welcome, quality and recognition of degrees and career prospects.”

The global race for international students,
British Council, March 2017.

'Trump effect' hits US business student intake: GMAC

THE PIE NEWS

Evidence of Trump impact on international admissions

University World News

Travel ban is the clearest sign yet of Trump advisors' intent to reshape the country

Los Angeles Times

US expands travel ban to include N Korea

BBC

International Education At Risk In Trump's America

THEWORLDPOST

How Donald Trump's policies could boost Australia's education exports

FINANCIAL REVIEW

What is happening?



- Donald Trump was elected President of the USA in November 2016.
- Has attempted on multiple occasions to enact travel bans on individual country markets based on national security grounds.
- Has engaged in a highly nationalistic and isolationist rhetoric as well as pushing a similarly nationalistic agenda.
- Has inspired – or at least coincided with – a significant rise in race discrimination and white supremacy in the USA.

What are the likely effects?



- Had the original ban gone ahead, the direct loss from affected markets would have accounted for about 1.6% of all international student enrolments (based on 2015/16 numbers, approx. 17,300.)
- A PIER survey estimates that level of loss as approx. 7,400 jobs and US\$540m in total revenue.
- The PIER survey consulted 556 education agents. They reported that 55% of prospective students had expressed concern, and that 66% of agents would recommend a different study destination.
- 75% would recommend Canada, 60% Australia, 40% New Zealand, and 30% the UK.
- Royall & Company survey of 200,000 prospective students found 33% claimed their interest in studying in the USA had decreased this year.
- Graduate Management Admissions Council reports only 32% of postgraduate programs in American business schools reported growth this year, compared to 49% in 2016. Canada showing 77% growth, European colleges 65%.

Foreign student numbers plummeting in wake of Brexit

 INDEPENDENT

Theresa May's clampdown on international students is a mystery

FINANCIAL TIMES

Home Office wants EU students crackdown, Brexit leak reveals

theguardian

Lesson to be learned from UK visa chaos hitting Hong Kong students

South China Morning Post

How will Brexit affect British universities and will EU students still be able to study in the UK?

The Telegraph



What is happening?



- Conservative government has pledged to reduce net immigration to the UK from 273,000 per year to “tens of thousands”.
- Cannot control freedom of movement of EU nationals, and refugee intake is governed by binding treaty. Only easy levers to pull are non-EU migration and international students.
- In June 2016 the “Brexit” referendum saw the majority of UK voters approve a plan to secede from the EU – uncertainly for EU students in UK.
- Leaked cabinet documents in September 2017 indicated a planned “crackdown” on EU international students post-Brexit.

What are the likely effects?



- 5% decline in EU applications to British universities from 2016 to 2017.
- Non-EU international applications up 2%.
- A 2016 Hobsons survey of 1,014 EU-based students found that 30% would be unlikely to study in a post-Brexit UK. 6% would definitely not study in a post-Brexit UK. When asked where they would go instead, 32% cited Canada, 21% Germany, 20% in Australia, 20% in the USA.
- Forecast EU student decline of as much as 57% should EU and non-EU tuition fees be aligned. (Higher Education Policy Institute)
- In the past 12 months roughly 1,300 non-British EU citizens have resigned from British academic posts and moved to other countries; departures are up 30% compared to last year.
- EU currently funds roughly 15% of all UK universities; this funding will be lost.



What is actionable?



By individual universities

- Increase recruitment efforts of non-EU markets.
- Start building relationships directly with EU universities.
- Lobby government collectively to demand change.

By UK government

- Stop Brexit.
- Separate international students from immigration figures.
- Introduce collective marketing drive for non-EU students to replace those lost by Brexit.

By competitors

- Seize opportunities.



1. Know your students.





What are the decision-making factors that lead students to your institution?

What drives students *away* from destinations?



Canada

- Ability to work while studying (28%).
- Country's attitude to international students (28%).

USA

- Safety (30%).
- Ease of getting a visa (28%).

United Kingdom

- Post-study work rights (36%).
- Job prospects in destination (25%).

New Zealand

- Lack of international recognition of NZ qualifications (37%)
- Ease of getting a visa (27%).

Australia

- Distance from home (23%).
- Country's attitude to international students (21%).
- Ease of getting a visa (21%).



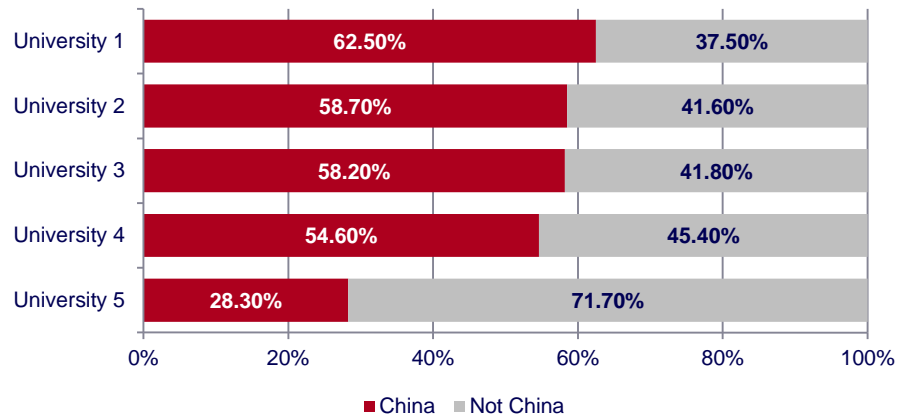
2. Diversify your market





Increased student diversity is the single-best defence against individual market disruptions.

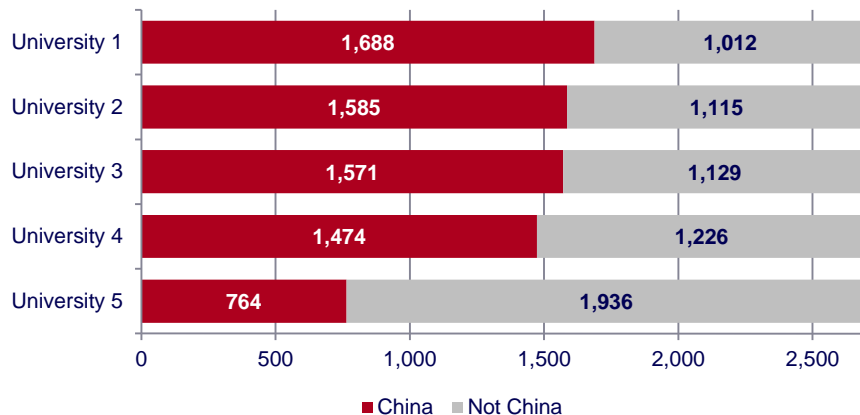
Hypothetical: Sudden Chinese downturn in 2015



- Assumptions:
 - Each university has 2,700 international student commencements (2015 avg).
 - Each student pays \$28,000 in tuition p.a. (2015 avg).
 - Each student stays for 2.5 years.



Hypothetical: Sudden Chinese downturn in 2015

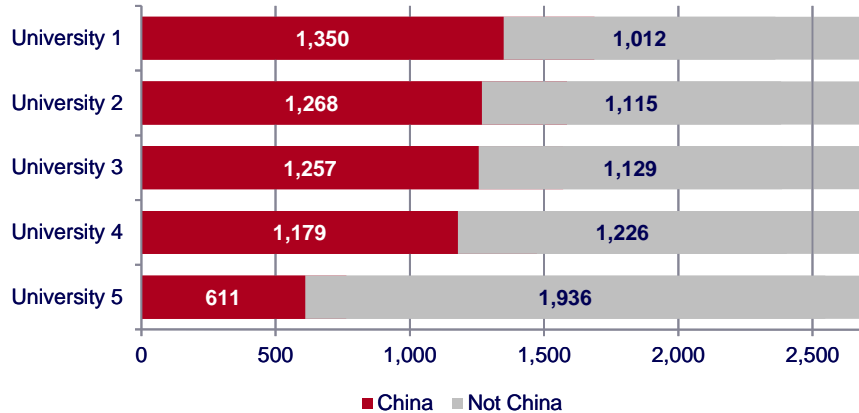


- Assumptions:
 - Each university has 2,700 international student commencements (2015 avg).
 - Each student pays \$28,000 in tuition p.a. (2015 avg).
 - Each student stays for 2.5 years.

- Estimated revenue from this commencing cohort: \$189,000,000.
- University 1 estimated revenue from Chinese cohort: \$118,160,000.
- University 5 estimated revenue from Chinese cohort: \$53,480,000.
- 2015: Commencements from China drop by 20%.



Hypothetical: Sudden Chinese downturn in 2015

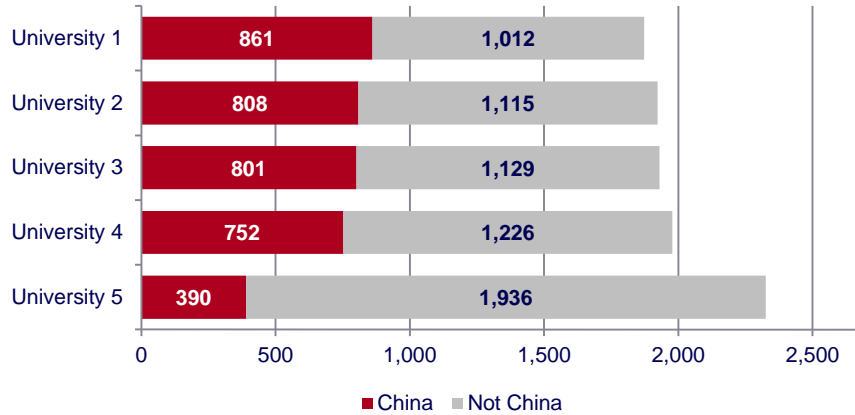


- Assumptions:
 - Each university has 2,700 international student commencements (2015 avg).
 - Each student pays \$28,000 in tuition p.a. (2015 avg).
 - Each student stays for 2.5 years.

- University 1 revenue over 2.5 years dropped by \$23.7m. Cohort revenue now \$165.3m.
- University 5 revenue over 2.5 years dropped by \$10.7m. Cohort revenue now \$178.3m.
- 2015: Commencements from China drop by 20%.

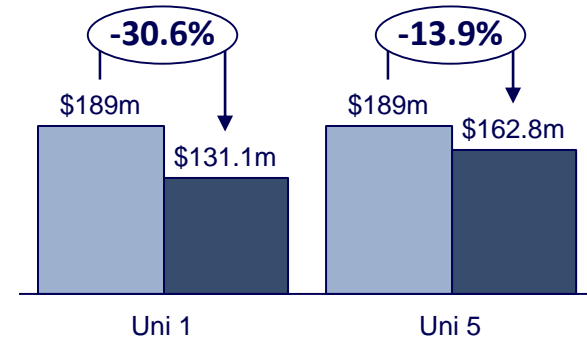


Hypothetical: Sudden Chinese downturn in 2015



- If China dropped like India did in 2010 - down 49% nationally:
 - University 1 revenue now \$131.1m.
 - University 5 revenue now \$162.8m.

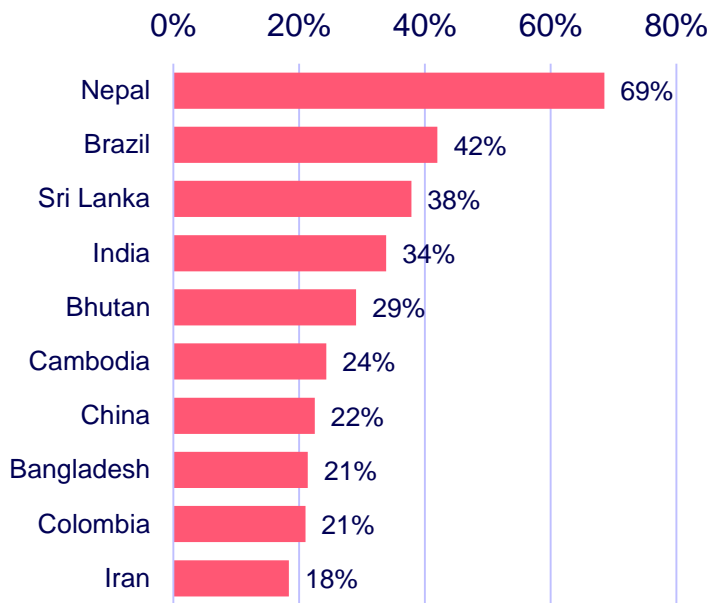
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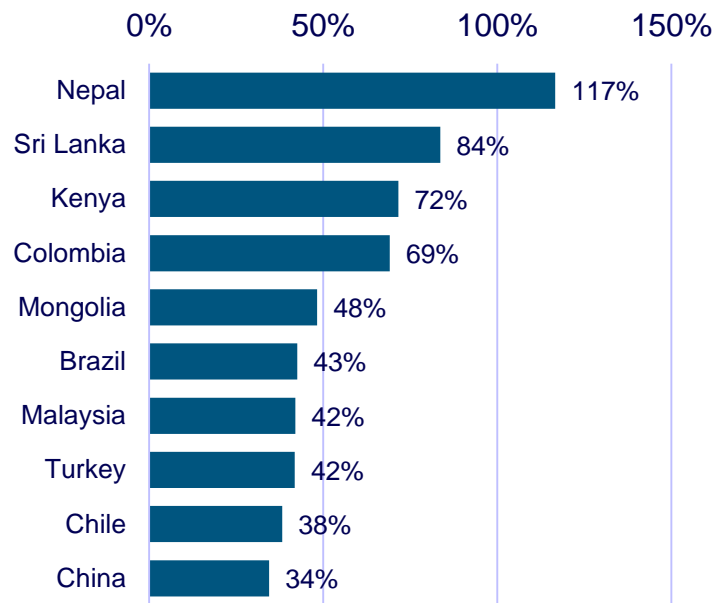
What new markets should we look to?



Fastest-growing international student markets in Australia, 2017 (July YTD) vs 2016



HE



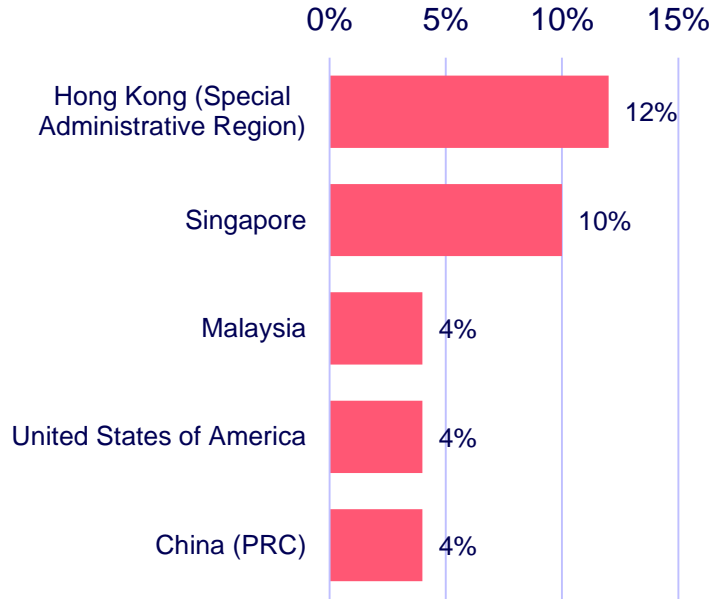
VE



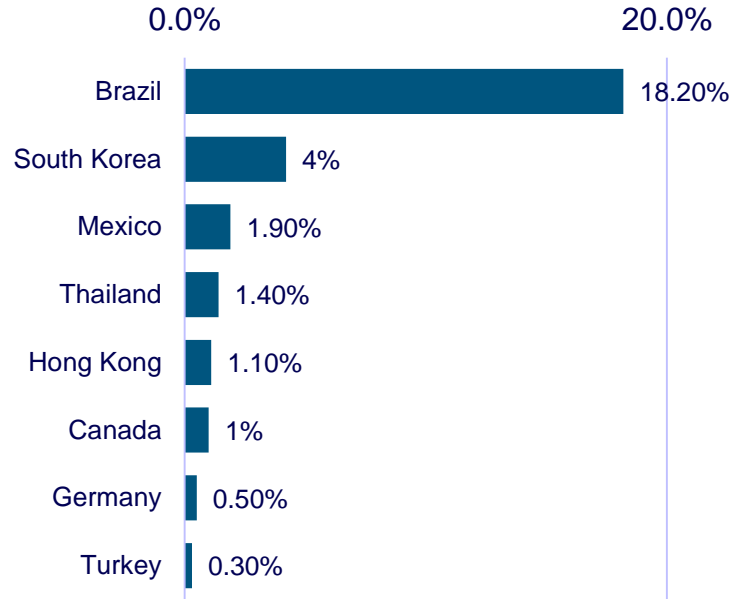
What new markets should we look to?



Declining Top 10 markets in UK (2015-16)



Declining markets from USA Top 20 (2015-16)



VE





3. Agile recruitment capacity



How quickly can you get into a market and start attracting students?

USA suspends Turkish visa processing



- On Monday the USA suspended all visa processing for Turkish nationals, following the arrest of a US consulate employee.
- If an international student is intent on study in another country, she or he will find a new destination – do you want it to be in the UK, Canada, Europe or here?
- 10,691 Turkish nationals studied in the USA in 2015/16. If just 10% choose to study elsewhere, that is 1,069 international students seeking a new study destination.



1. Know your students.

2. Diversify your markets.

3. Agile recruitment capacity.





Thank you.

Grant Watson

Manager Market Intelligence and Analytics

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