

# ALTO ALTO Industry Pulse Q4 2020



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# ALTO Industry Pulse Q4 2020

ALTO is a professional association where educational agencies, language schools, universities, national and international associations and industry service providers join together as a global community.

*We provide a platform for leaders and decision makers in the industry to further develop and grow their businesses through networking, professional development and information exchange.*

As a uniting body in a time of crisis, ALTO seeks to use its position to bring the industry together and facilitate a meaningful conversation about aspects of our business that impact both immediate issues and long-term viability of the industry as a whole. We welcome new members to broaden the discussion.

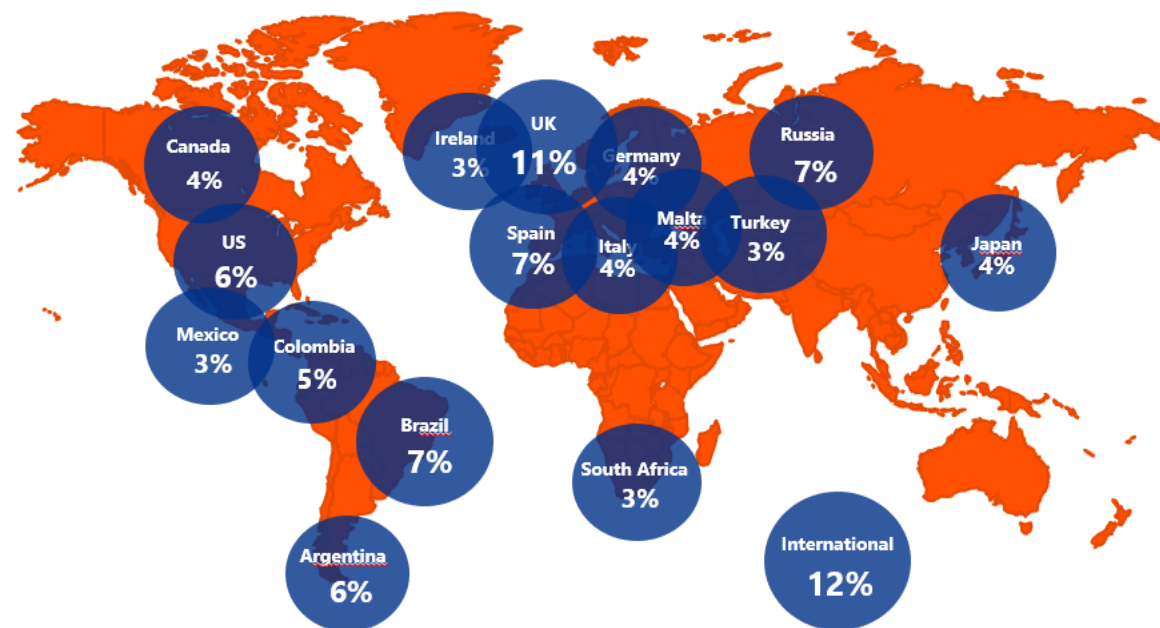
The language and educational travel sector is going through major disruption due to Covid-19. It is with a spirit of collaboration and free exchange of information that ALTO conducted a research in July 2020 followed up by a series of [Regional Panel](#) discussions around the world to discuss the impact of the pandemic and highlight key issues that need to be addressed in order to establish new strategies, ways of working together, and best practice for the future. [The Future of Adult Language Travel: 2020 and Beyond](#) is available on the ALTO webpage.

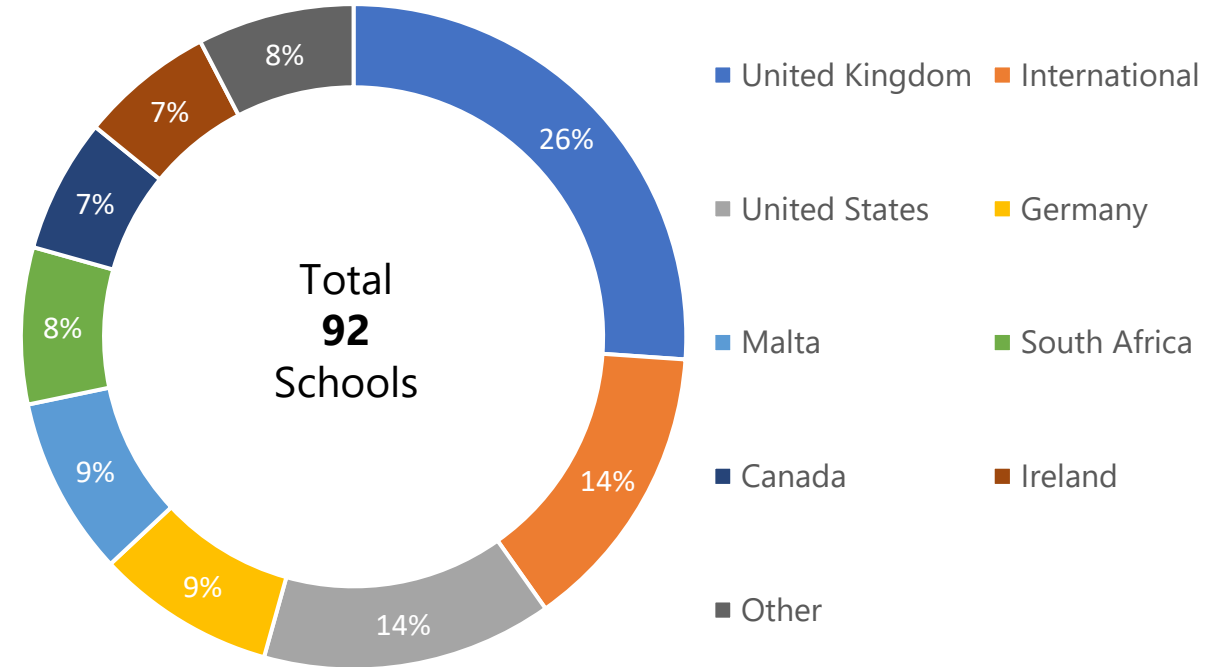
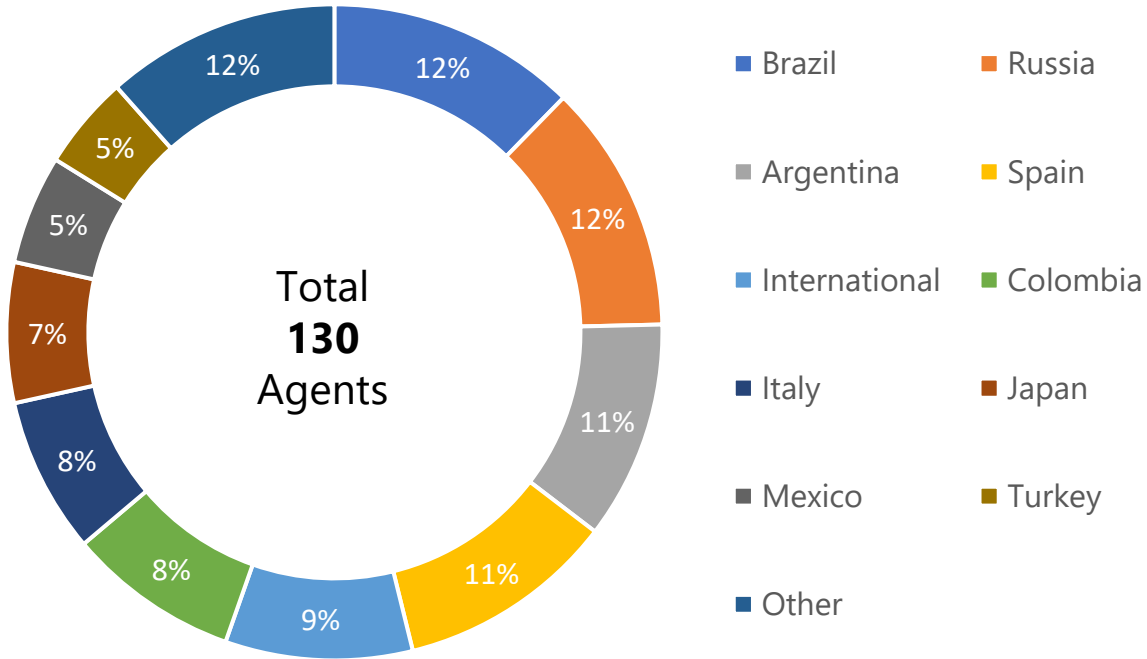
Facing or already deep into the second wave of Covid-19 depending which part of the world you're based in, we felt that it was important to re-assess the summer projections and get a realistic picture about the financial sustainability of businesses in the international education industry. Therefore, we created the ALTO Industry Pulse Q4 2020 survey in October 2020 and once again invited all industry players – extending the scope to associations and service providers – ALTO members and non-members to help us create a useful tool for all stakeholders, helping them make better informed business decisions.

We hope to continue the work quarterly, provided there's enough interest and engagement from our friends and colleagues in the industry!

## Top countries to complete the survey

237 organisations completed the survey, we would like to thank them again for their support and hope they find the report useful. Organisations, both agents and schools operating in more than one country form the International category and sent in the highest number of responses.





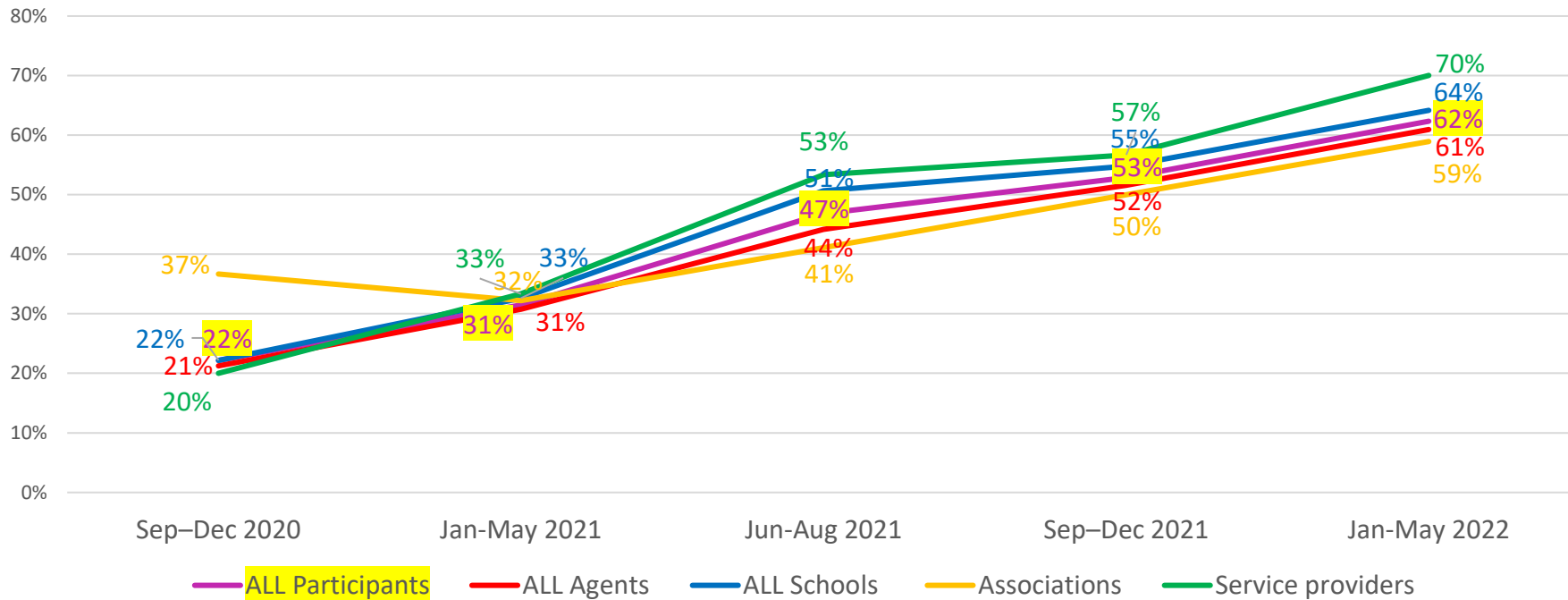
We received agent survey responses from 21 countries and formed 5 regions from them, similarly to the summer report to keep the results comparable.

The highest response rates came from the featured countries above. Other countries participating were France, Saudi Arabia, Taiwan, United Kingdom, Australia, Chile, Germany, Hungary, Israel, Kyrgyzstan, United States

14 important destination countries sent us survey responses. The ones listed above were the most active and we analyse them in detail on the following pages.

Other countries participating were France, Japan, New Zealand, Spain, Taiwan, Thailand. Note that Australia is not represented in the schools report due to lack of response.

## What percentage of student bookings/revenue compared to 2019 do you expect to receive in:

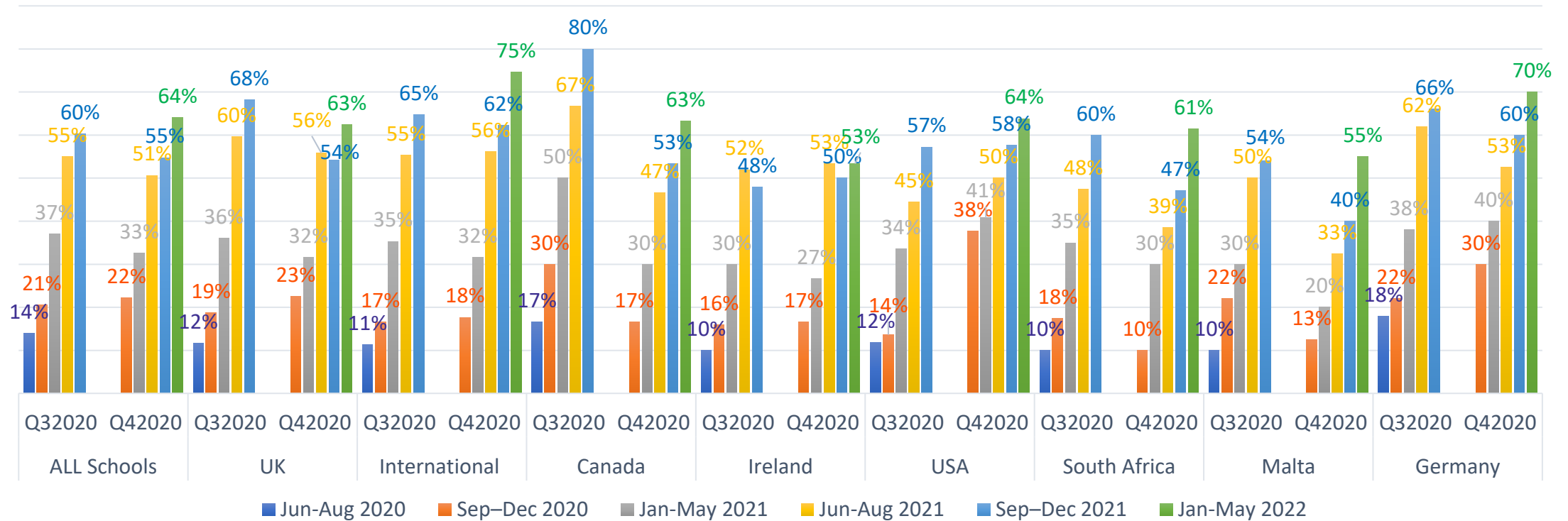


Unfortunately, we didn't poll Associations and Service providers during the summer survey therefore we can't compare their business predictions compared to the 2019 business level. Still, it's interesting to see how service providers start as the most pessimistic group of the industry only hoping to achieve 20% of their 2019 business in Sep-Dec 2020 to the most optimistic figure of 70% for the period of Jan-May 2022. Associations on the other hand start with the highest recovery prediction of 37% in Sep-Dec 2020 to the lowest 59% of 2019 revenue in Jan-May 2022.

Agents and Schools follow similar recovery prediction curve, but Schools always estimate a few % higher student numbers for all periods examined with the biggest difference recorded for Jun-Aug 2021 when agents only hope to achieve 44% of their 2019 bookings and Schools predicting 51%.

# What percentage of student bookings/revenue compared to 2019 do you expect to receive in – SCHOOLS

Q32020 data was collected in July 2020 and Q42020 data in October 2020

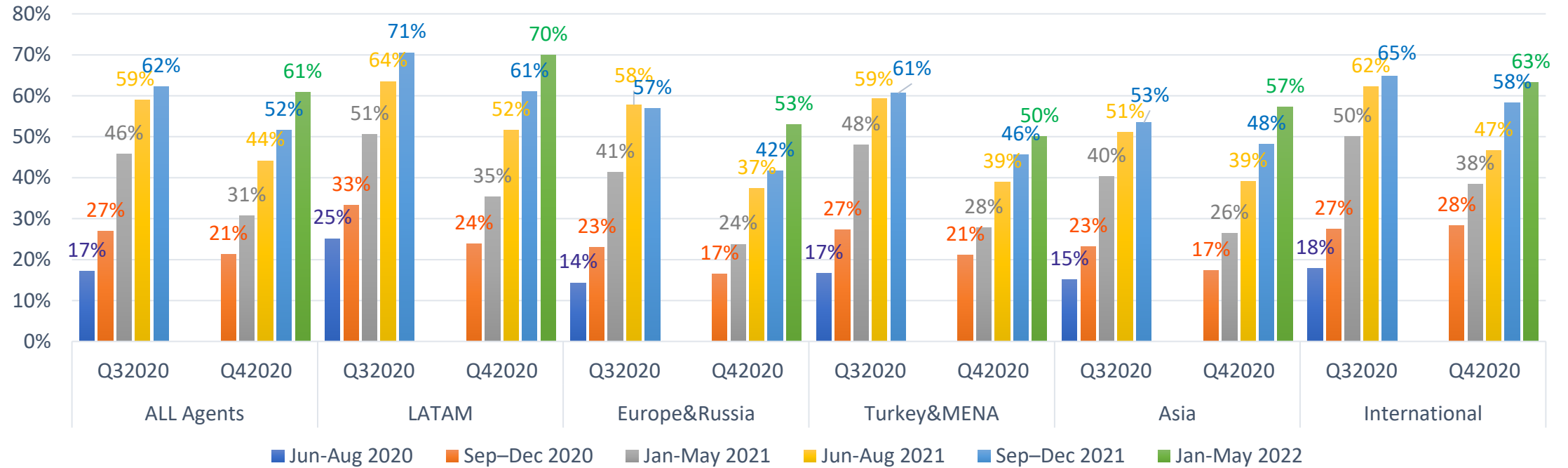


Schools' global prediction in the summer survey (Q42020) was to reach 21% of their 2019 business in Sep-Dec 2020, and asked earlier in October (Q42020) their estimation was almost the same at 22%. The most optimistic countries in the summer survey had to correct their projections in Q4 for the same Sep-Dec 2020 period: Canada from 30% to 17% and the Malta from 22% to 13%. The only projection improvements happened in Germany and the US where they estimated to recover 22%/14% of 2019 student numbers but are now more optimistic about Sep-Dec 2020 at 30%/38% respectively. Going forward into 2021, schools have reduced their level of recovery projections, most sharply in Canada by 20% throughout the year. The US is the only destination country where schools consistently project 1-7% higher student numbers compared to their summer estimates. Note that the 4 comparable periods covered in both July and October surveys are between September 2020 – December 2021.



# What percentage of student bookings/revenue compared to 2019 do you expect to receive in - AGENTS

Q32020 data was collected in July 2020 and Q42020 data in October 2020

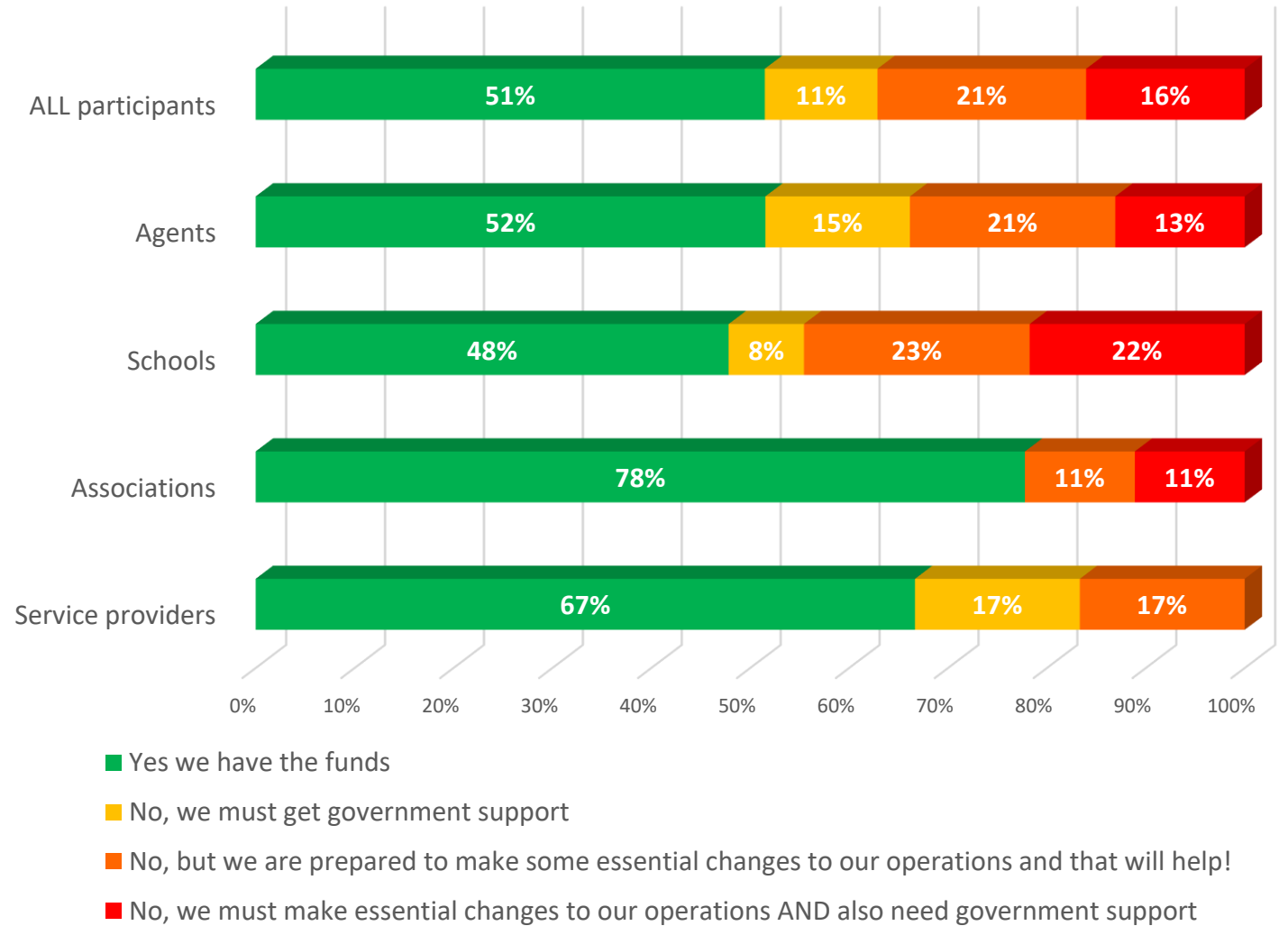


Agents globally estimated earlier this summer to reach 27% of their 2019 student numbers in Sep-Dec 2020 which they have now reduced to 21%. Every source region including International agents The most optimistic countries during the summer survey had to correct their projections in Q4 for the same Sep-Dec 2020 period: Canada from 30% to 17% and the Malta from 22% to 13%. The most impressive projection improvement happened in the US where they estimated to recover 14% of 2019 student numbers but are now more optimistic about Sep-Dec 2020 at 38%. Going forward into 2021, schools have reduced their level of recovery projections, most sharply in Canada by 20% throughout the year. The US is the only destination country where schools project 1-7% higher student numbers compared to their summer estimates. Note that the 4 comparable periods covered in both July and October surveys are between September 2020 – December 2021.

## Do you have sufficient funds to sustain your business for the next 6 months if the revenue stream stays the same?

The industry average is 51% of organisations have sufficient funds to sustain their businesses for the next 6 months. Way above this average, 78% of Associations and 67% of Service providers report to be secure about their operations without any support. Approximately half of both Agents and Schools are either preparing to make drastic changes, need to rely on government support schemes or both. Latter option is most alarming in responding schools' case at 22%.

Please see School and Agent breakdown by country or region in the next two slides.



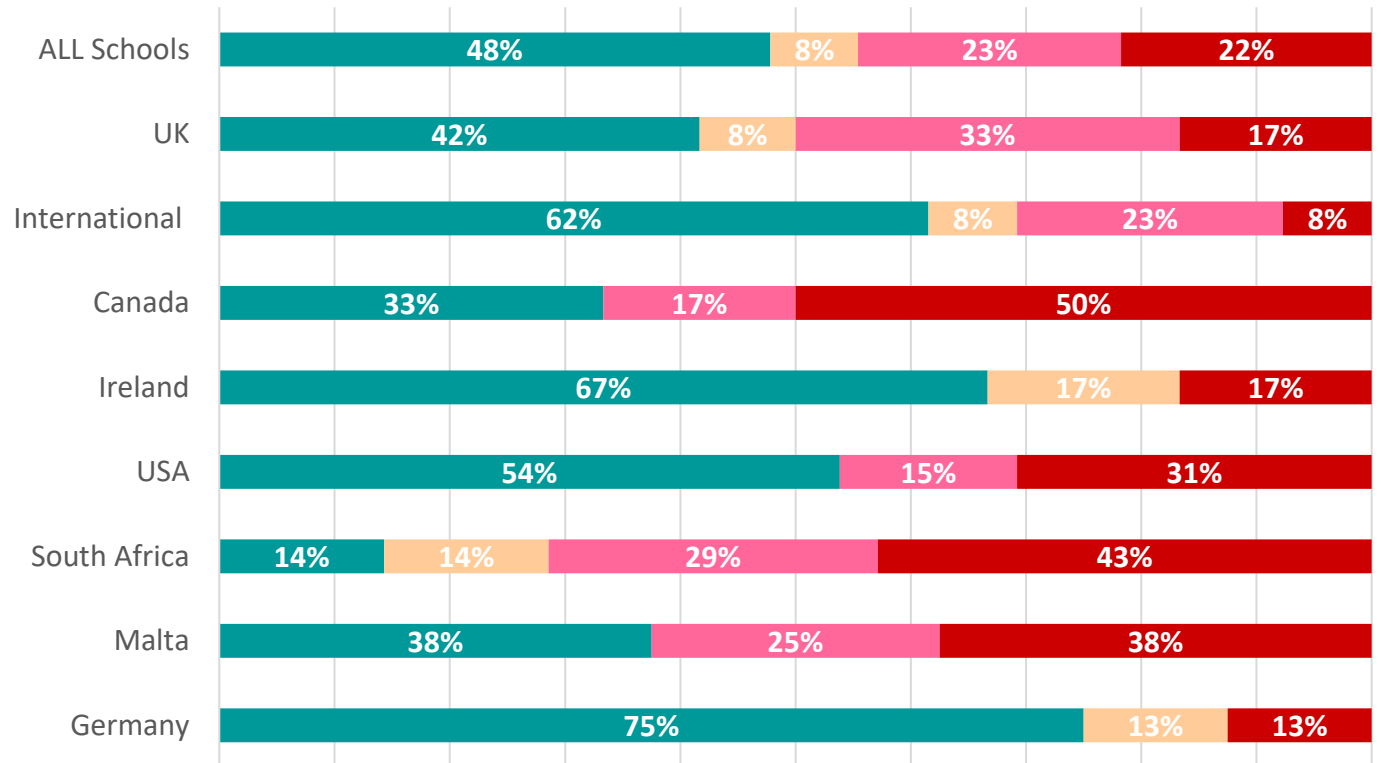
## Do you have sufficient funds to sustain your business for the next 6 months if the revenue stream stays the same? All Schools and breakdown by country

Germany stands out with the 75% of responding schools claiming to have sufficient funds to carry on with their operations and Ireland, the USA and International schools are also in better position than the industry average of 48%.

Only 14% of South African and 38% of Maltese schools would be able to support themselves without intervention.

At this stage when government supports have either run out or future schemes not yet confirmed, more schools are ready to make essential changes in their operations, the UK (33%) and South Africa (29%) above the industry average of 23%.

The most alarming figure on the chart is 50% of Canadian schools will need to make changes within the organisations as well as relying on government support. 43% of South African and 38% of Maltese schools are in the same situation.



- Yes, we have the funds
- No, we must get government support
- No, but we are prepared to make some essential changes to our operations and that will help!
- No, we must make essential changes to our operations AND also need government support



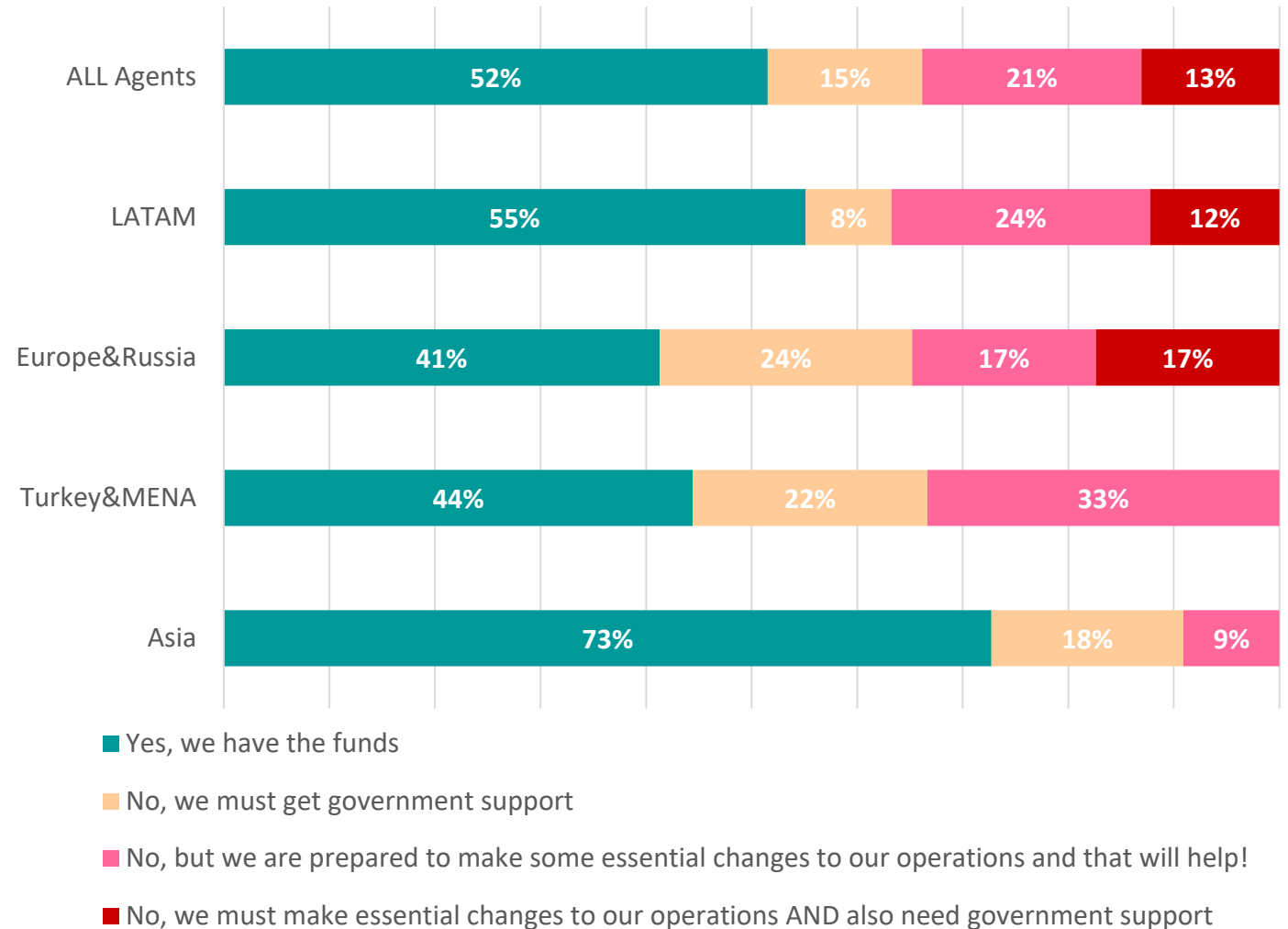
## Do you have sufficient funds to sustain your business for the next 6 months if the revenue stream stays the same? All agents and breakdown by regions

Asian agents have the strongest confidence about maintaining their business without any support, 73% have sufficient funds to operate with their current revenue stream.

Industry average shows that 52% of all agents can sustain their business, but the picture is worse in Europe & Russia where only 41% would be able to survive without drastic action or support.

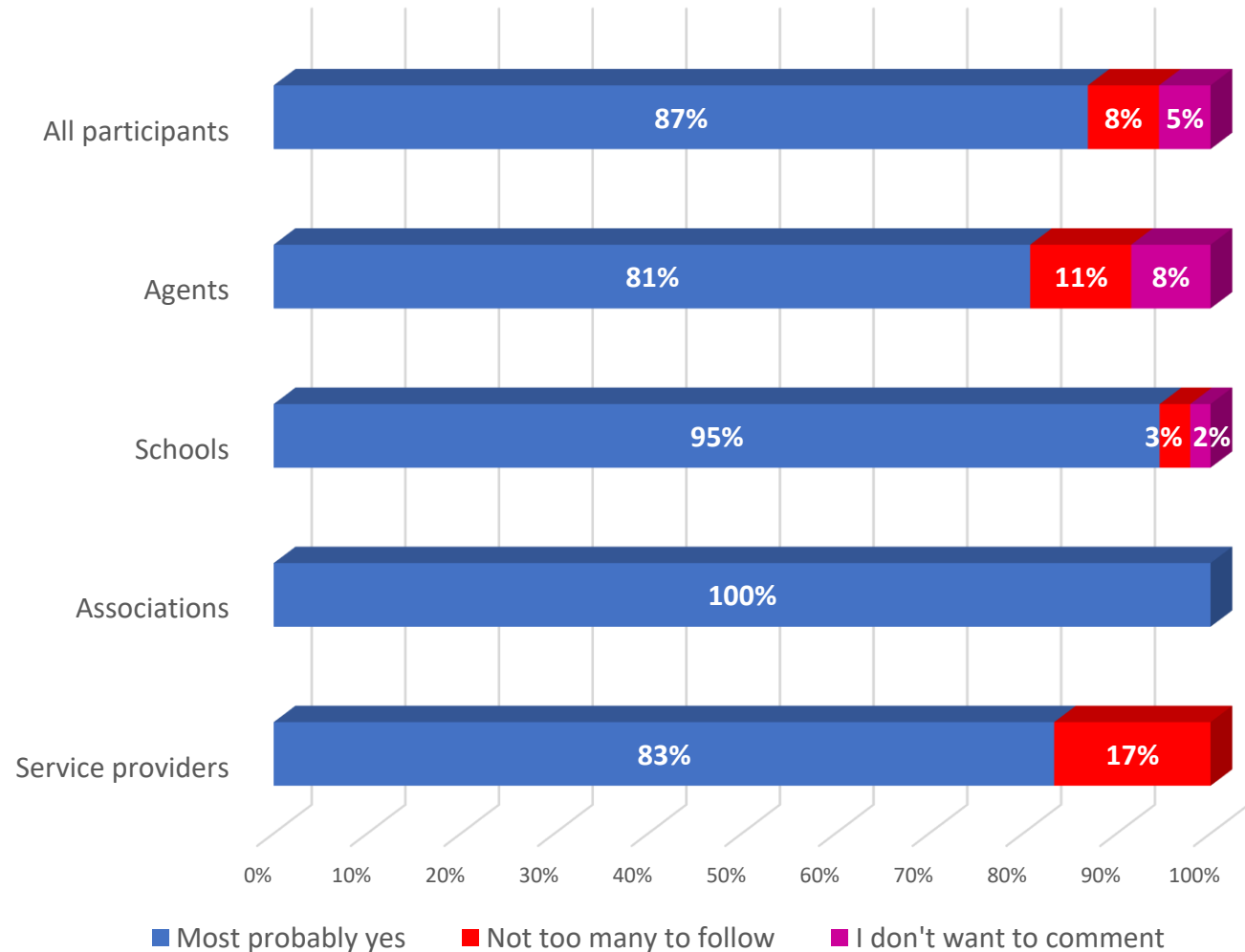
More than half of Agents in Europe& Russia (59%) and to a slightly lesser extend Turkey & MENA (56%) will need to apply for support from their governments or consider essential changes if their revenue stream stays at the current level.

It's a positive sign from Asia and Turkey& MENA region that none of the participants reported their situation to be bad enough to fall into the final category of needing to make changes as well as relying on government support.



## As a result of the effects of COVID-19 some organisations have stopped operating in the past few months. Do you see further closures of agencies and schools in the near future within the industry?

All responding Associations and an average of 87% of the industry predicts to see further closures of agencies and schools as a result of the COVID-19 pandemic. Looking at our industry from a slightly different perspective, Service Providers are expecting to see closures in the highest ratio of 17%.



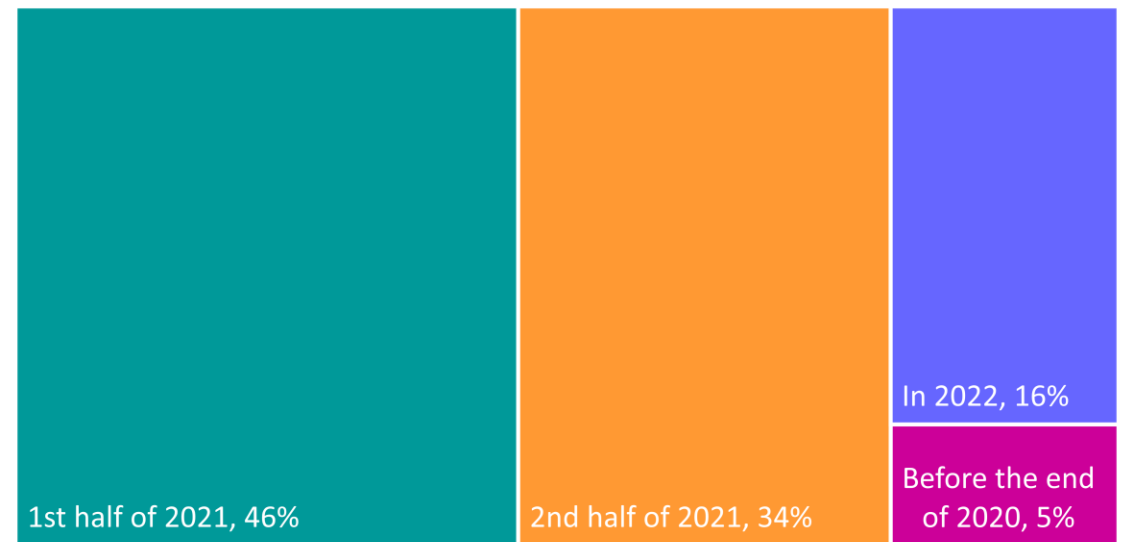
Since the industry feels like an extended family to many of us, we included a couple of personal questions to the survey. It was sad to see that 5% of participating organisations have lost students or colleagues due to the Covid-19 pandemic. We are very sorry for your loss. It highlights the fact that behind the restrictions, the economic setback and many privileges of life we lost in the last 8 months, there are casualties and grieving families in the background.

Only 5% of all participants are hopeful to see a vaccine developed this year and the majority (46%) are expecting it to be available in the 1<sup>st</sup> half of 2021. Half of respondents chose 2<sup>nd</sup> half of 2021 or 2022, which indicates that uncertainty is still the most prominent word around this worldwide pandemic.

Have you had any confirmed death casualties as a result of COVID-19 either within your students or employees?



When do you feel a COVID-19 vaccine will officially become available in the developed countries?



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Thank you again for your support and engagement!

Please feel free to share the ALTO Pulse report with industry friends and colleagues and look out for the next round of survey in Q1 2021 [www.altonet.org/ALTO-Pulse](http://www.altonet.org/ALTO-Pulse)

You are welcome to visit [www.altonet.org](http://www.altonet.org) to find out more about our projects and events, contact [Reka Lenart](#) Association Manager and follow us on social media

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