

ALTO

ALTO Industry Pulse Q1 2021

Take part in this industry- wide survey to find out how COVID-19 has affected the international education travel. Short, anonymous and free – thank you for your support!



ALTO Where
Leaders Meet



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ALTO Industry Pulse Q1 2021

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 businesses that impact both immediate issues and long-term viability of the industry. We welcome new members to broaden the discussion.

The language and educational travel sector is going through a 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.

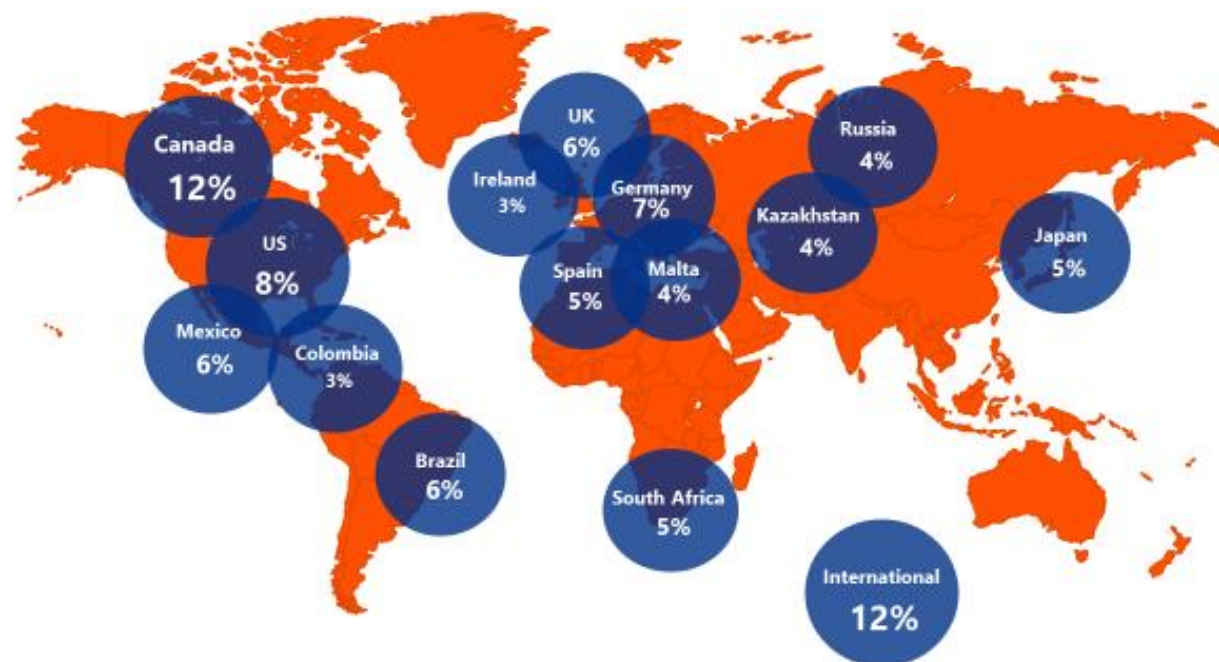
We repeated the data collection exercise in October 2020 ([ALTO Industry Pulse Q4 2020](#)) and in January 2021 (Q1 2021) to re-assess your projections and get a realistic picture about the financial sustainability of businesses in the international education industry. We have also extended the scope to include all industry players –agents, schools, associations and service providers to form a truly representative perspective.

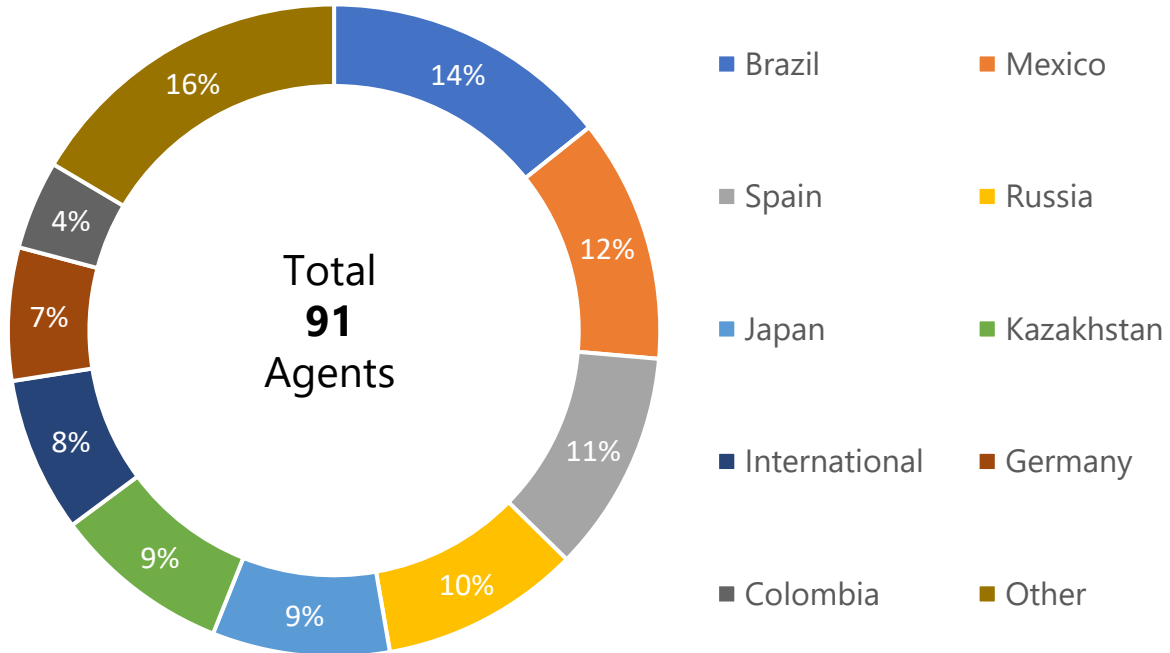
You are now reading the latest edition of the ALTO Industry Pulse Q1 2021 report, which includes data we collected in January 2021. We hope the findings will help you making better informed business decisions.

Watch out for the next edition of our survey in April 2021, the engagement from our friends and colleagues in the industry is vital to this project!

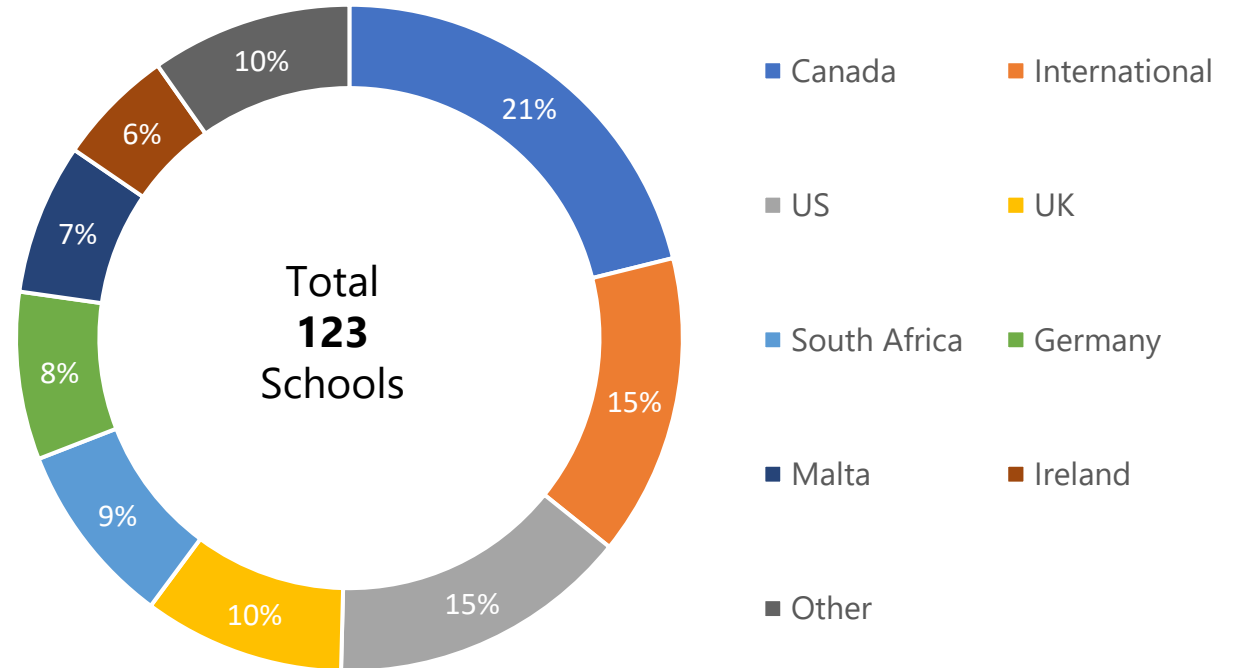
Top countries to complete the survey

237 organisations completed the survey, the same as last October. We would like to thank them all for their support and hope they find the report useful. Canadian schools have completed the highest number of surveys this quarter, followed by organisations operating in more than one country representing the International category (schools and agents), your help is much appreciated!



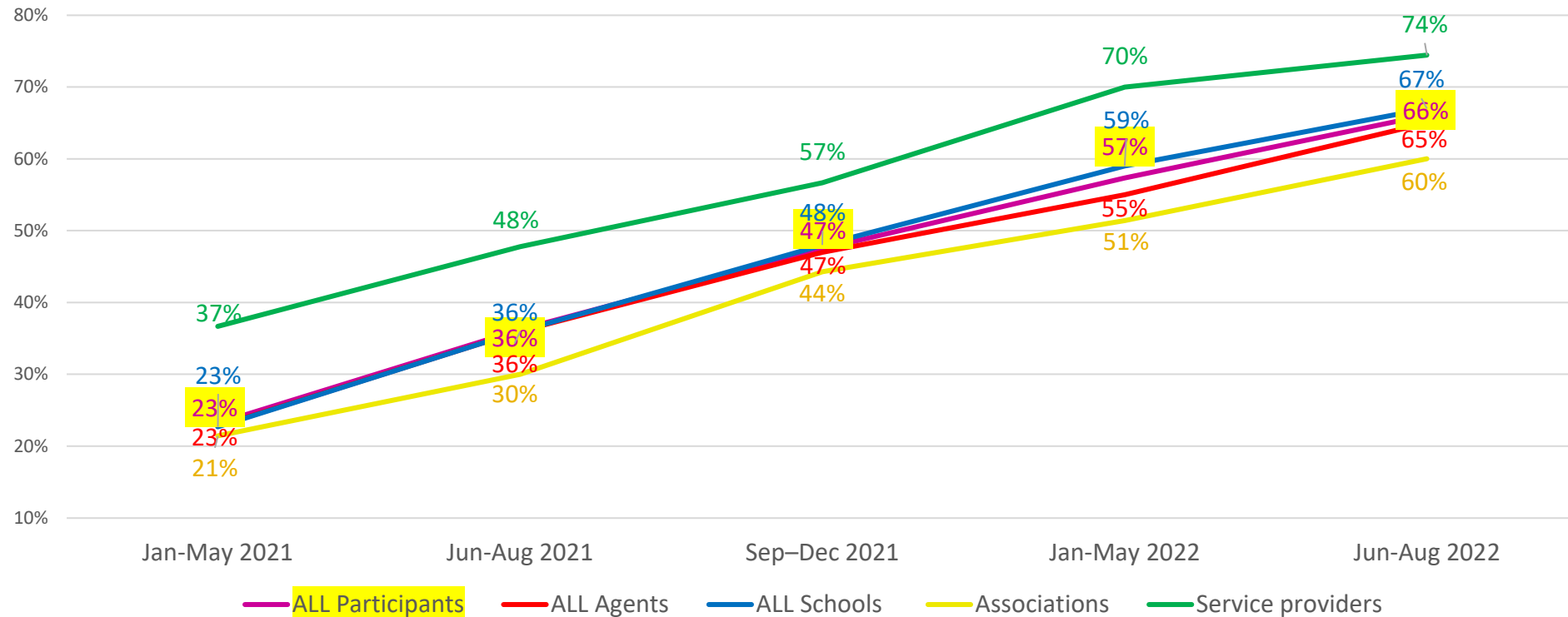


We received agent survey responses from 22 countries and formed 4 regions from them, similarly to the previous Pulse report to show you the trends and movements except for the Turkey& MENA region where the response rate was too low to analyse. Other countries on the chart above include Argentina, Italy, Turkey, Belgium, France, Hungary, Israel, Saudi Arabia, South Korea, Taiwan and the UK.



18 destination countries' responses are represented in this survey. The ones listed above were the most active and we analyse them in detail on the following pages. Other countries participating were Colombia, Japan, Brazil, China, France, Mexico, Portugal, South Korea, Spain and Turkey. Note that Australia is not represented in the schools report due to lack of response.

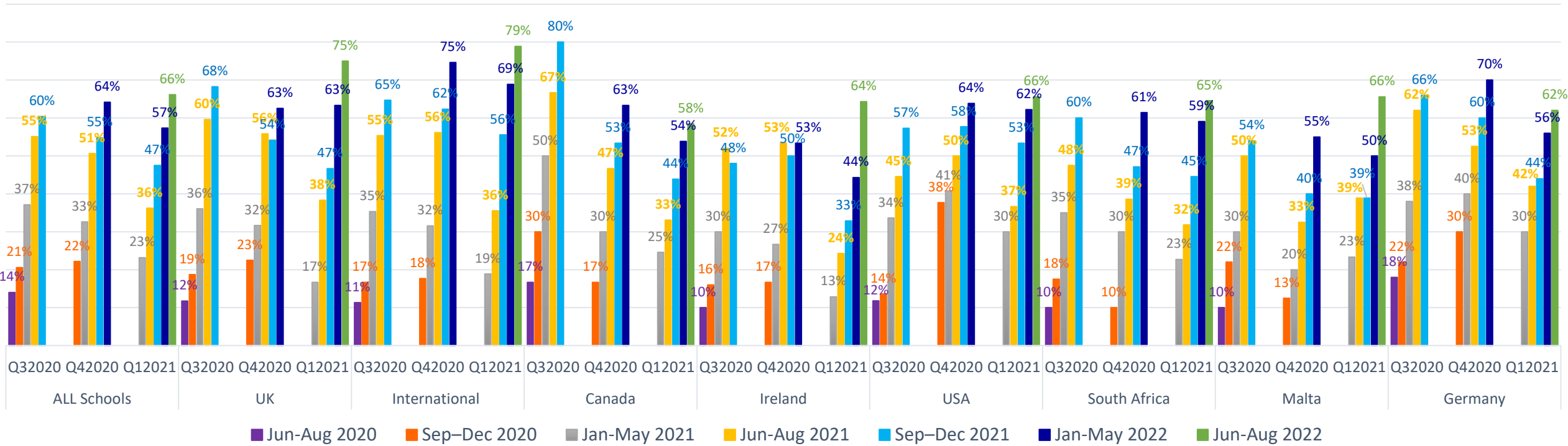
What percentage of student bookings/revenue compared to 2019 do you expect to receive in:



The industry average readings are highlighted with yellow above and agents and schools closely follow the trend line throughout the next 18 months with their business predictions. See more details on the next couple of pages. Service providers are notably more optimistic about recovering their 2019 revenue levels beating the industry average by 11% overall. Interesting to note that in the previous report they predicted 70% recovery for Jan-May 2022, and they stay with that exact figure this quarter, hoping to further improve their revenue in Jun-Aug 2022 to 74% of pre-Covid levels. Associations main revenue come from membership fees and based on the above chart they are the least optimistic group in our industry.

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

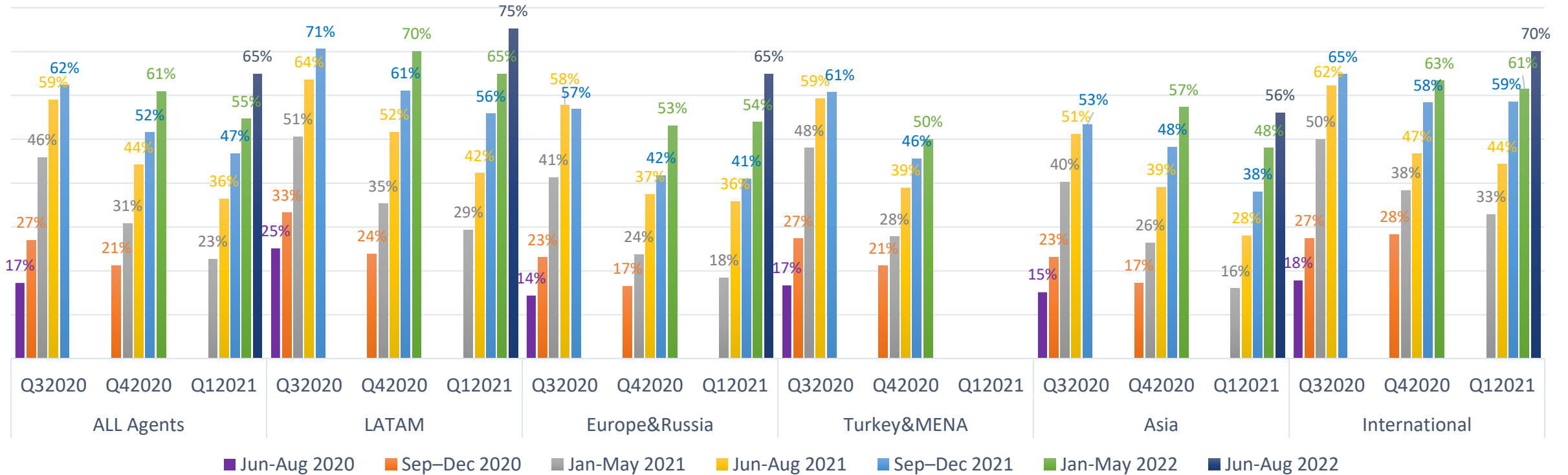
Q32020 data was collected in July 2020, Q42020 in October 2020 and Q12021 in January 2021



The easiest way to read this busy chart is to pick a period you're interested in e.g., Jun-Aug 2021 and follow in this case how the yellow columns change from participants' predictions last summer (Q32020) when schools had estimated to recover 55% of their 2019 bookings to January (Q12021) when schools have now reduced their Jun-Aug 2021 predictions to 36% of their pre-Covid booking level. If you follow the chart with this technique, you can see that almost every destination country consistently reduces their booking expectations every quarter when we ask them to complete the survey, so we haven't turned the corner yet. There were some exceptions to this rule in Ireland and the USA last year or e.g. in Malta where schools have slightly increased both their Jan-May 2021 and Jun-Aug 2021 predictions since the autumn survey going from 20% to 23% and 33% to 39% respectively. Note that All schools' average prediction for the furthest period examined in this report (Jun-Aug 2022 in green) is only at 66% of 2019 levels.

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

Q32020 data was collected in July 2020, Q42020 in October 2020 and Q12021 in January 2021

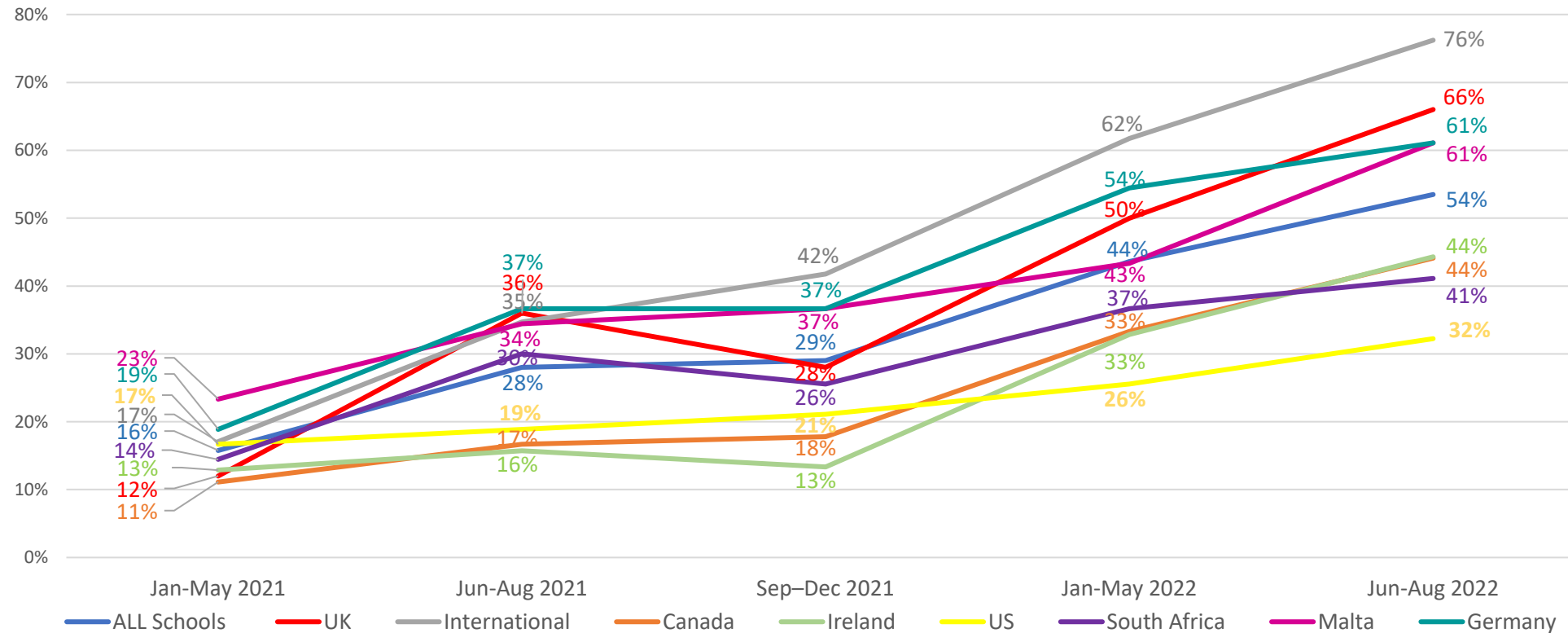


As per the summary chart on page 4, in January 2021 (Q12021) Agents on average projected almost the same recovery figures as Schools for the next 18 months.

If you would like to find out how agents in the different regions feel about e.g. Jan-May 2021 bookings, you need to follow the grey chart line above: Last summer, agencies in LATAM expected to return to 51% of their pre-Covid booking levels, which dropped to 35% in the autumn survey and to 29% according to the survey earlier in January. Looking at the same period, agents in Europe& Russia projected to recover 41% in the summer 2020 survey, 24% in autumn and 18% in January for the Jan-May 2021 booking numbers. Asian agents consistently stay below industry average and project the most cautious recovery levels every quarter. Agencies with multiple country locations are sticking closely to their autumn projections, e.g. last October International agents estimated to recover 58% of the 2019 booking levels in Sep-Dec 2021 and this has now gone up to 59%.

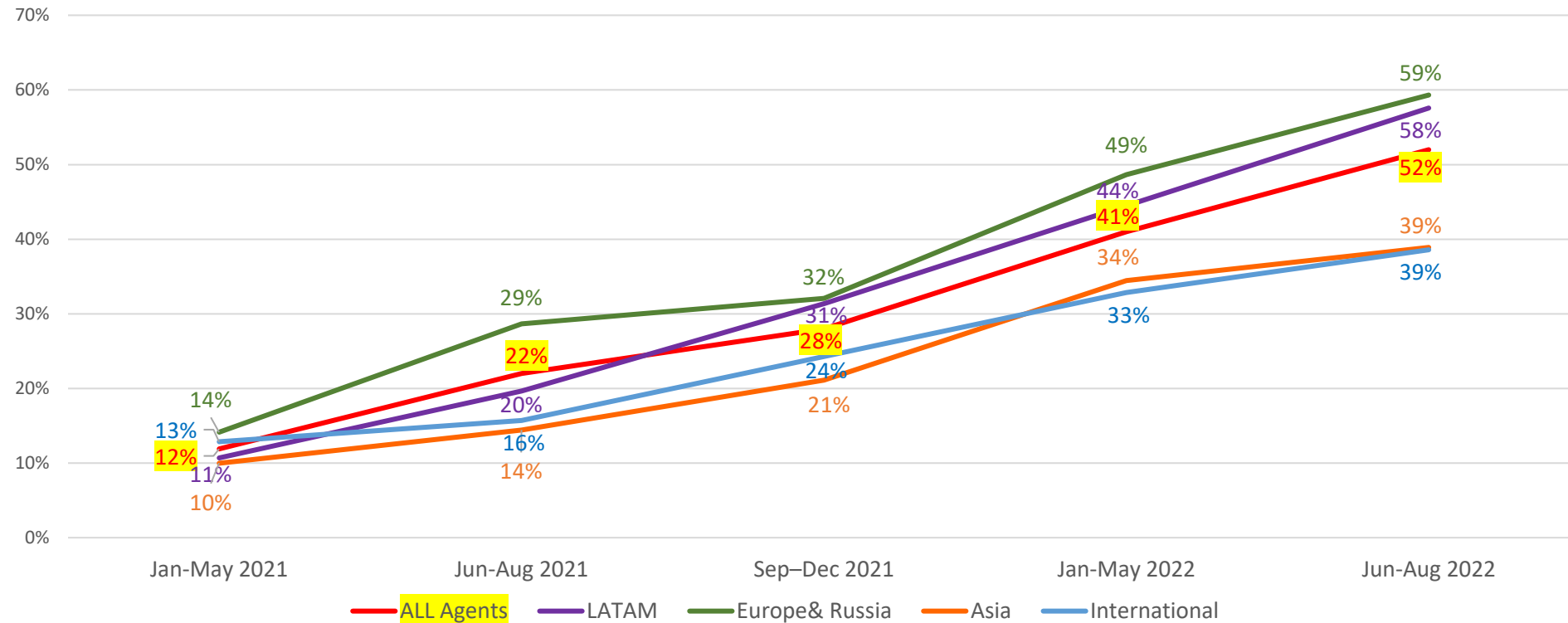
Note that due to low number of survey responses from Turkey& MENA we couldn't include the regional data in this report but hope to pick it up in Q2.

New! What percentage of Junior bookings compared to 2019 do you expect to receive in - SCHOOLS:



We introduced a new question in the ALTO Pulse to find out what the industry thinks about the possible timeline for the return of juniors to international education. Schools start with relatively united expectations, averaging at 16% regarding their bookings for Jan-May 2021. As we move into predictions 3 months ahead (Jun-Aug 2021) Ireland at 16% and Germany at 37% are already far apart, but the figures for next summer (Jun-Aug 2022) show a 44% spread between the US at 32% and International schools at 76%. International and UK schools draw a steep recovery line between now and next summer jumping from 17% to 76% and from 12% to 66% over the next 18 months respectively. The USA stands out on the chart above with a flattest recovery projection line from 17% for Jan-May 2021 to 32% for Jun-Aug 2022.

New! What percentage of Junior bookings compared to 2019 do you expect to receive in - AGENTS:



Answering the biggest question on everyone's mind: what happens to the junior market this summer? Junior source regions on average project 22% of their pre-Covid booking numbers for Jun-Aug 2021, which is clearly driven by European & Russian agencies. All other regions estimate below industry average, even (most uncharacteristically) LATAM. Going forward into autumn, winter and even summer 2022 estimates, agency average projections on the chart above shows that juniors are expected to return at a much slower pace than adult learners. Copying All Agents adult bookings recovery here for easier comparison, Sep-Dec 2021: 47% (28% for juniors above) Jan-May 2022: 55% (41% for juniors) and Jun-Aug 2022: 65% (52% for juniors).

Do you have sufficient funds to sustain your business for the next 6 months, until July 2021 if the revenue stream stays the same?

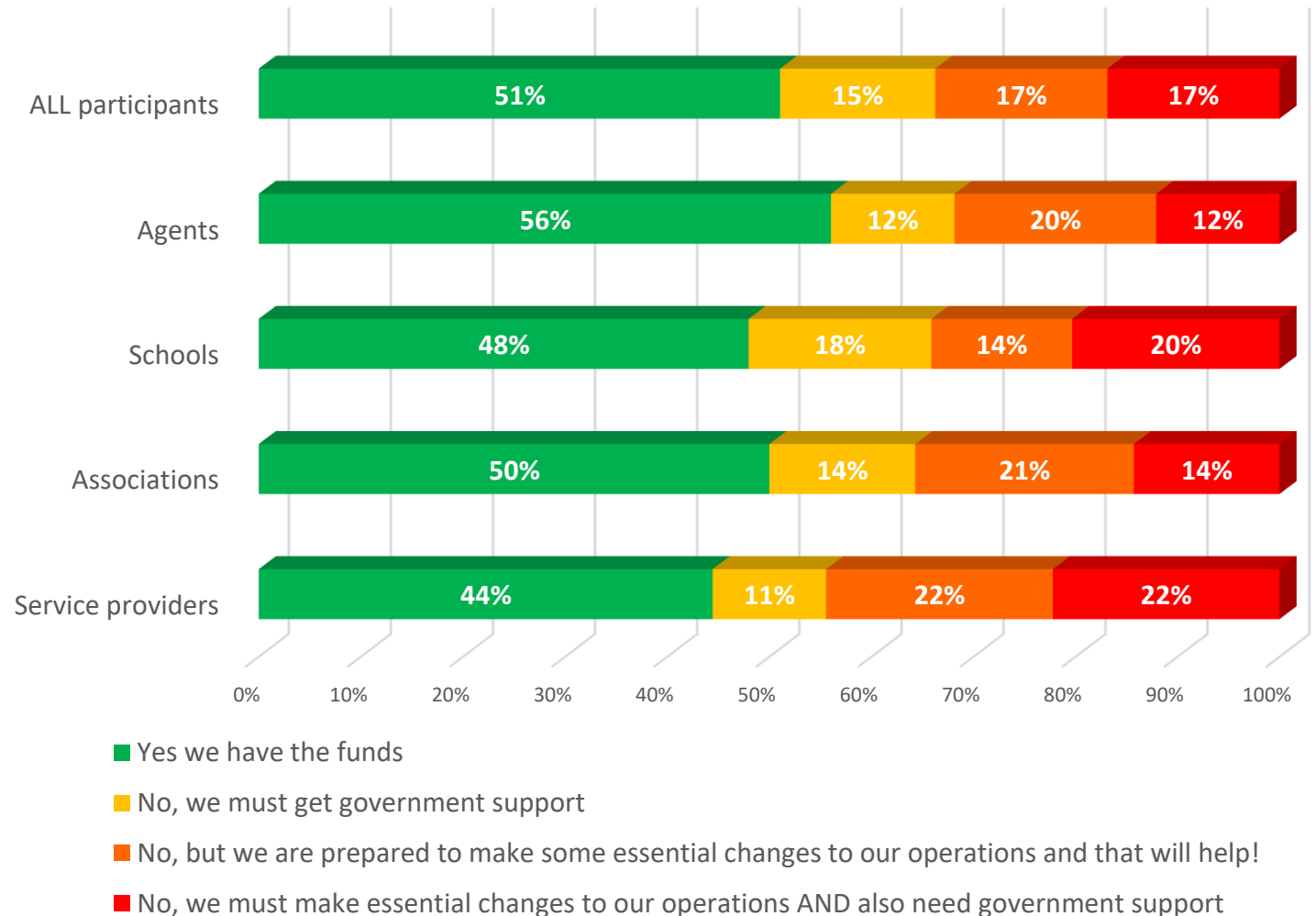
The industry average stayed at the same level since the autumn survey: 51% of organisations have sufficient funds to sustain their businesses for the next 6 months.

Comparing the same chart in the Q42020 Pulse report, Associations' figures have altered the most worryingly from 78% claiming to have sufficient funds for the next 6 months in autumn to 50% stating the same earlier in January.

Similarly, 67% of Service providers reported to be secure about their operations without any support in October and this figure has now dropped to 44%. More than half of participating Schools will have to use government support, make drastic changes to their operations or both in order to survive until July 2021.

Agents prove to be the most flexible type of organisation within the international education industry, but it's all relative as we're still only talking about 56% of them reporting to be confident about the sustainability of their businesses for another 6 months.

Please see School and Agent breakdown by country or region on the next two pages.

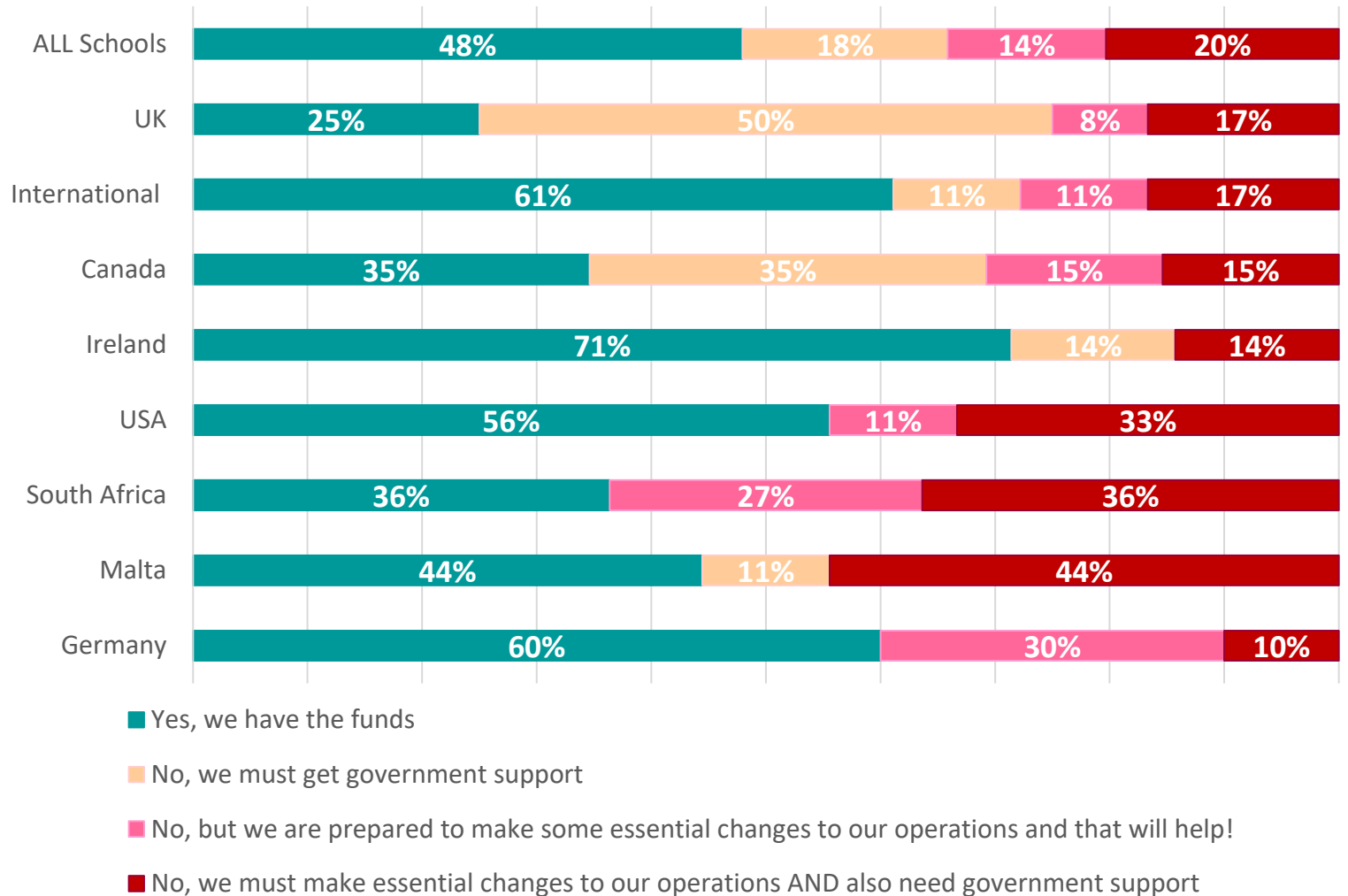


Do you have sufficient funds to sustain your business for the next 6 months if the revenue stream stays the same? All Schools and breakdown by country

71% of Irish schools are confident about sustaining their businesses without any support in the next 6 months and more than half of International, German and US schools report to have sufficient funds to carry on with their operations which is better than the industry average of 48%.

This quarter's data shows UK schools to be in the most difficult position, only 25% would be able to survive without intervention, 67% rely on government support of which 17% will have to make additional changes as well to sustain operations. Apart from UK schools, Canada, South Africa and Malta also report worse than industry average chances to carry on with their businesses without asking for government support. 44% of Maltese schools raise the red flag claiming to be forced to make drastic changes and rely on government support as well.

Interesting to see that German, South African and US schools don't choose the government support only (light orange) option in the survey. One possible reading is that they make the difficult changes and only reach out to the government when reorganisation fails to save the business.



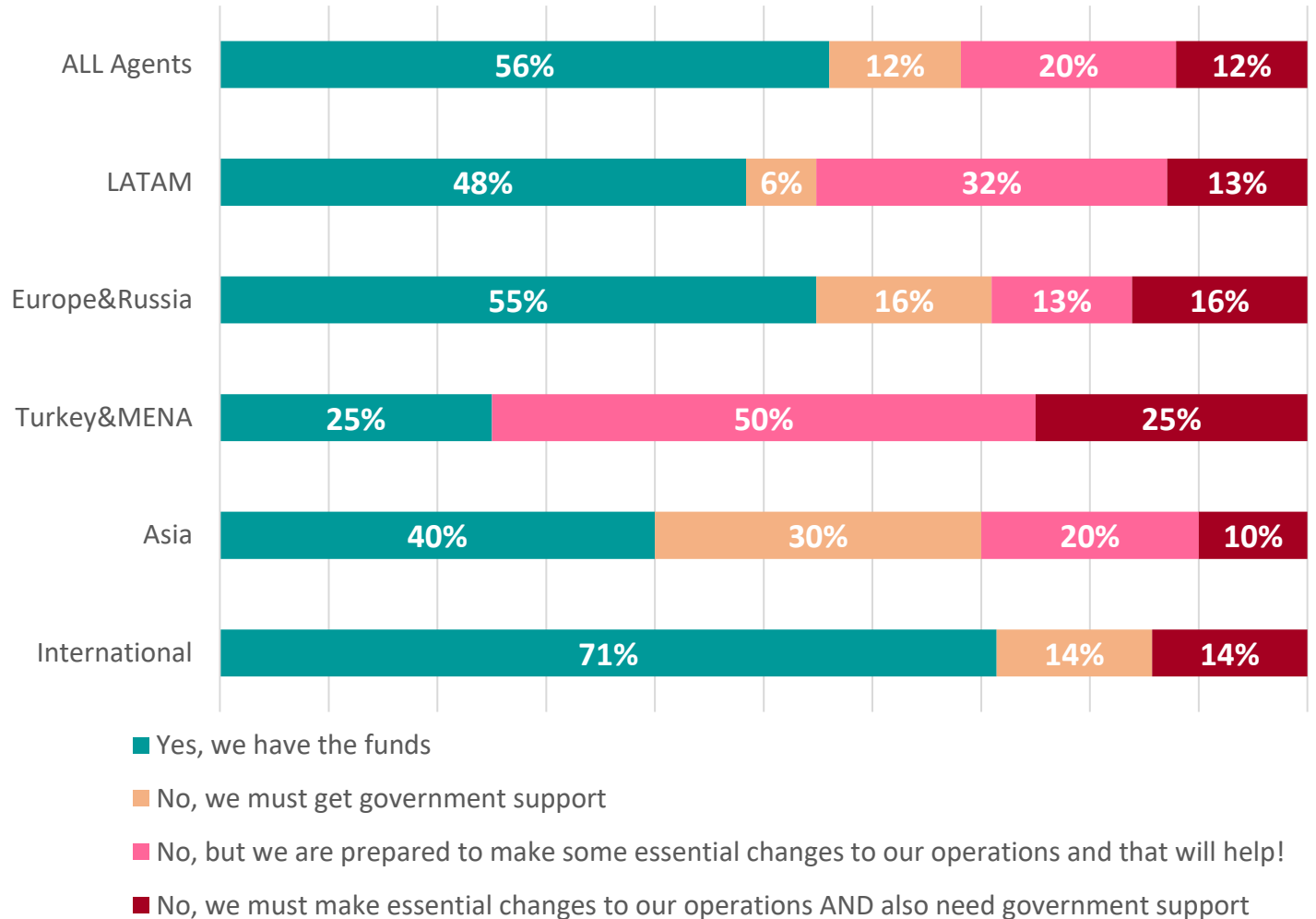
Do you have sufficient funds to sustain your business for the next 6 months if the revenue stream stays the same? All agents and breakdown by regions

The strongest confidence is shown by International agents according to this quarter's chart, 71% would be able to run their businesses for another 6 months at current revenue stream without any support. All other regions stay under 56%, which is the agency average to show the number of agencies able to sustain their business without help or drastic changes.

LATAM agencies need to stay flexible, a third of them are prepared to make changes within the operation, which is higher than the number who would apply for government schemes (19% in total), most likely due to the limited opportunities offered to them. Europe& Russia agencies' confidence went up from 41% agents reporting to have sufficient funds last October to 55% positive about operating without support in this Q12021 report.

More than half of agencies in Asia report they wouldn't be able to sustain their operations independently for another 6 months at the current revenue stream.

Note that we didn't receive enough survey responses from the Turkey& MENA region. [Felca](#) kindly shared their findings from a recent survey examining the same period, and the reading represents 12 Turkish agents.



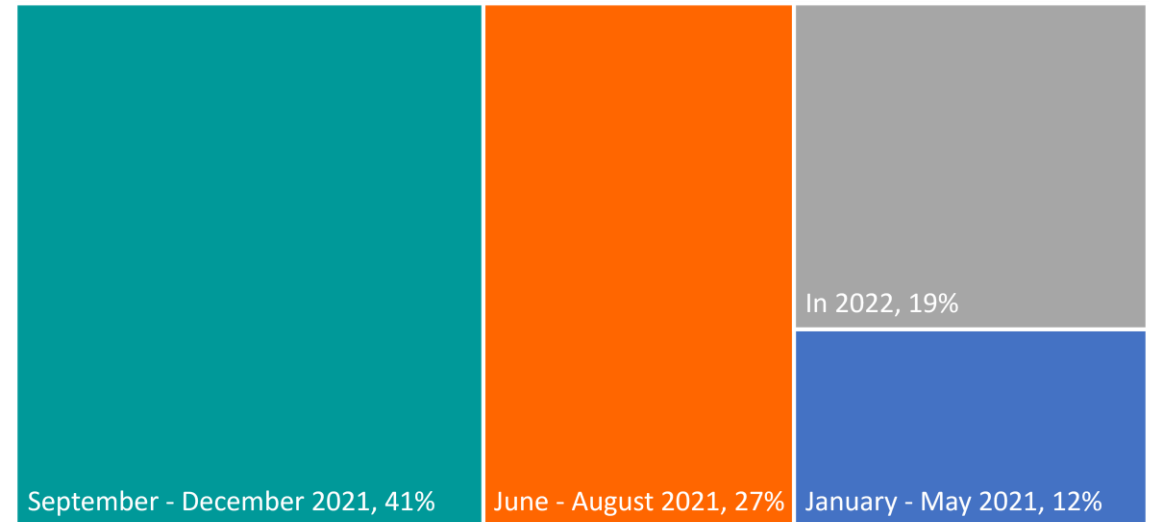
The international education industry is under immense pressure as a result of the Covid-19 pandemic and it's clear that some of our partners and colleagues may not survive the consequences. Last autumn 87% of survey participants said they think more schools and agents would need to close, this is now down to 81%, but it's still a very high figure. Making tough decisions and cuts have become a daily routine, but we hope that you all get adequate support in your own countries and manoeuvre through the storm. Please let us know if we can help you in any way.

Countries around the world have very different timelines to roll out the Covid-19 vaccine to the general population, 41% of survey participants estimate the vaccine to reach us in Sep-Dec 2021. For international travel to resume safely, all countries need to reach herd immunity. Therefore, this is not the time for nationalist or selfish approach, it's in our industry's best interest that our governments supports less fortunate countries and work towards a global solution to tackle the pandemic.

Do you see further closures of agencies and schools in the near future within the industry?



When do you feel the COVID-19 vaccine will be rolled out and available to everyone who wishes to get vaccinated?



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Thank you 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 Q2 2021 www.altonet.org/ALTO-Pulse

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

#ALTOcpd #ALTOgather

