



ALTO

The Impact of Global Inflation on the International Education Industry

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[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.

We are all aware that Covid-19 has had a hugely detrimental impact on the international education sector, causing large losses for language schools and agents alike in 2020 and 2021 with resultant extremely damaging holes in our balance sheets. This negative impact on our organisations can only be made good through several strong years of profitability and not recognising this will only lead to more school and agent failures.

Inflation is impacting schools and agents on numerous fronts pushing up staff costs, accommodation costs and supplier costs. Most schools and agents are in no condition to absorb or sustain any further losses and will be obliged to pass on these additional and exceptional costs to their client.

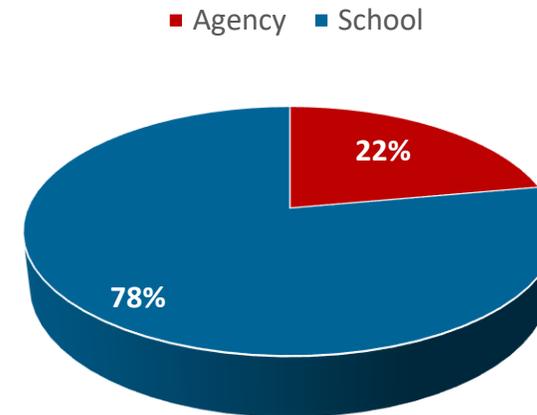
Furthermore, the static nature of the industry's pricing systems is incongruent with current volatile markets and most other travel industry pricing systems, which are dynamic in nature and can be instantly flexed. The fact that we are all working on prices in June of each year to cover the next calendar year is too restricting and could hurt schools and agents in an inflationary market.

With this in mind the [ALTO Board of Directors](#) invited organisations to participate in a short survey, which polled educational agents and language course providers with the aim of creating a report providing an indication of future market trends.

ALTO plans to embark on long term 'pricing' project that will flow through working group discussions looking at ways to provide more flexibility within the International Educational industry and the way we interact with our partners.

The first survey was completed by 122 organisations, more than $\frac{3}{4}$ of participants were schools. The following snapshot survey is a good indicator of industry sentiment and shows representative figures.

The survey was completed by 122 organisations



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We asked participating organisations about the level of necessary price increase they think would cover their increased costs vs what they think clients would be prepared to pay in 2023.

All participants

11% of survey participants think they don't need to increase prices. The other 89% said they would need to increase their prices by

9%

1 / 4 of companies think that clients are not prepared to pay higher fees in 2023. The other 3 / 4 thought clients were prepared to pay increased fees by

6%

Agents

26% of agent participants think they don't need to increase prices. The other 74% said they would need to increase their prices by

9%

52% of agents think that clients are not prepared to pay higher fees in 2023. The other 48% of agents thought clients were prepared to pay increased fees by

5%

Schools

7% of school participants think they don't need to increase prices. The other 93% said they would need to increase their prices by

10%

18% of schools think that clients are not prepared to pay higher fees in 2023. The other 82% of schools thought clients were prepared to pay increased fees by

6%

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Discounting is a widely used tool in our industry with positive and negative effects on both schools and agents. We asked survey participants if they thought course fees discounting would increase or fall in 2023.

All participants

43% of participants selected that there would be no change in the rate of discounting. The other 57% selected a wide range of responses averaging an increase of

2%

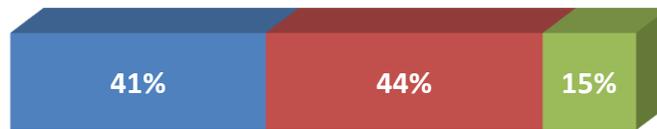


- up by >20%
- up by 16-20%
- up by 11-15%
- up by 6-10%
- up by < 5%
- stay at the same rate
- down by < 5%
- down by 6-10%
- down by 11-15%
- down by 16-20%
- down by >20%

Agents

44% of agents selected that there would be no change in the rate of discounting. The other 56% selected a wide range of responses averaging an increase of

7%



- increase
- stay the same
- fall

Schools

42% of schools selected that there would be no change in the rate of discounting. The other 58% selected a wide range of responses averaging a change of

0%



- increase
- stay the same
- fall

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Given the reduced supply of homestays across the world and the inflationary pressures on hosts' running costs, we asked participants about their opinion on homestay payments and residential fees going forward.

On a scale of 1 to 10, how likely do you think homestay fees will go up in 2023?

All participants

7.6

Agents

6.4

Schools

8

4% of survey participants think homestay fees will not go up. The other 96% thinks homestay fees will increase by

11%

4% of agents think homestay fees will not go up. The other 96% thinks homestay fees will increase by

10%

4% of schools think homestay fees will not go up. The other 96% thinks homestay fees will increase by

11%

On a scale of 1 to 10, how likely do you think residential fees will go up in 2023?

All participants

7.2

Agents

5.8

Schools

7.6

5% of survey participants think residential fees will not go up. The other 95% thinks residential fees will increase by

10%

11% of agents think residential fees will not go up. The other 89% thinks residential fees will increase by

11%

3% of schools think residential fees will not go up. The other 97% thinks residential fees will increase by

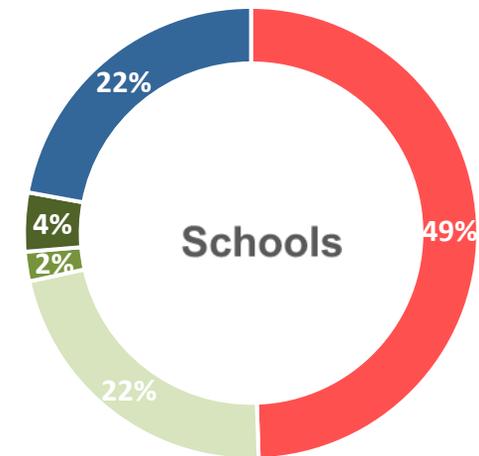
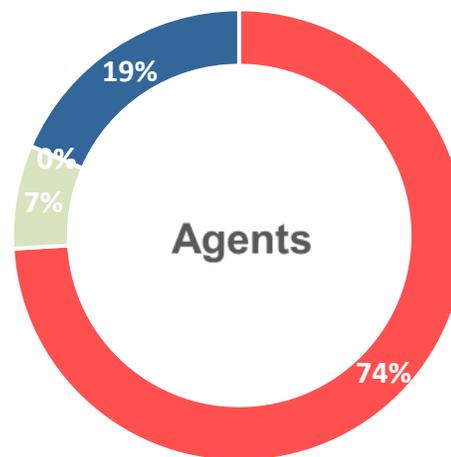
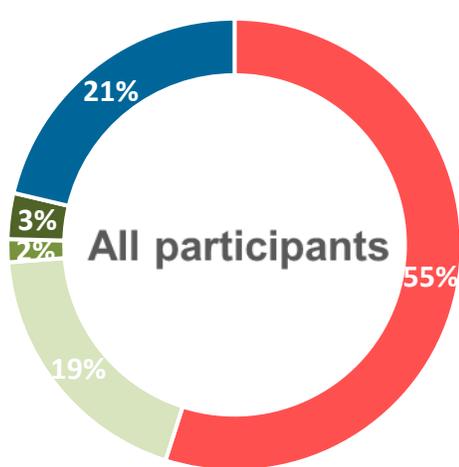
9%

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Our industry has been using a rigid pricing system where companies set their prices in June/July valid for the following calendar year, meaning we all set our prices as far as 18 months ahead. Most other industries, including tourism related sectors use dynamic pricing which allows easy and instant price adjustments. In the volatile market that organisations are forced to operate in after the pandemic it would be favourable to tap into the technology that we can use to our advantage and develop a mutually beneficial pricing system for agents and schools.

ALTO members have been discussing the pros and cons of a possible development of a dynamic pricing system within the international education industry. We asked survey participants about the necessity of price adjustments more than once a year. As you can see from the charts below, the industry is not yet prepared or not fully informed about the benefits, therefore ALTO plans to create working groups to explore ways to provide more flexibility within our industry and the way we interact with our partners.



■ No ■ Yes, 2x a year ■ Yes, 3x a year ■ Yes, 4x a year ■ Yes, whenever necessary



ALTO

Thank you for your support and engagement with our industry-wide projects.

If you would like to [learn more about the association](#) or interested in taking out membership with us, please contact Reka Lenart Association Manager reka.lenart@altonet.org and follow 'ALTOAssociation' on social media.