ACCC Annual Conference

Engaging with Asia

The Illuminate Consulting Group

5 June 2010

DISCLAIMER

This presentation was delivered on 5 June 2010 at the ACCC Annual Conference in Niagara Falls.

This presentation shall be considered incomplete without oral clarification, and no inferences shall be made from the presentation itself.

AGENDA

Growth scenario

Overview recruiting countries

Comments on new/old players

Private providers

Emerging issues

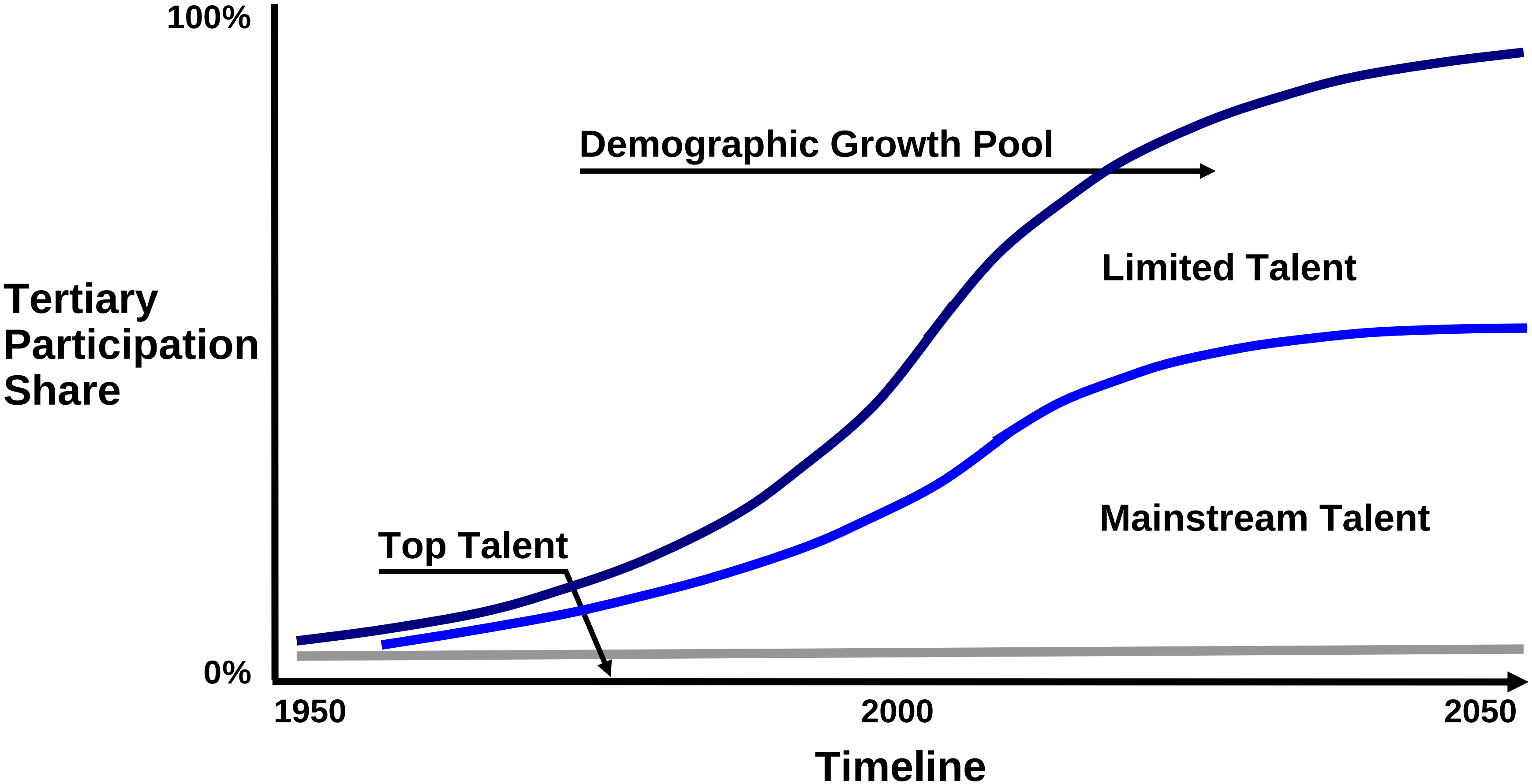
Social media

Brand Canada

Balanced portfolio approach

Quality control

THE TALENT COMPOSITION OF TERTIARY STUDENTS HAS BEGUN TO SHIFT



Notes: The above graphic is an abstraction of a global bell curve distribution model, i.e. the relative distribution of talent over time is being held equal. Shifting participation rates are thus an expression of the increase or decrease in participation yield within a talent stratum. Other effects such as the increase in overall educational performance due to improvements in nutrition and educational provision as well as policy-making effects are not considered.

Sources: Doctoral dissertation research Daniel J. Guhr, ICG.

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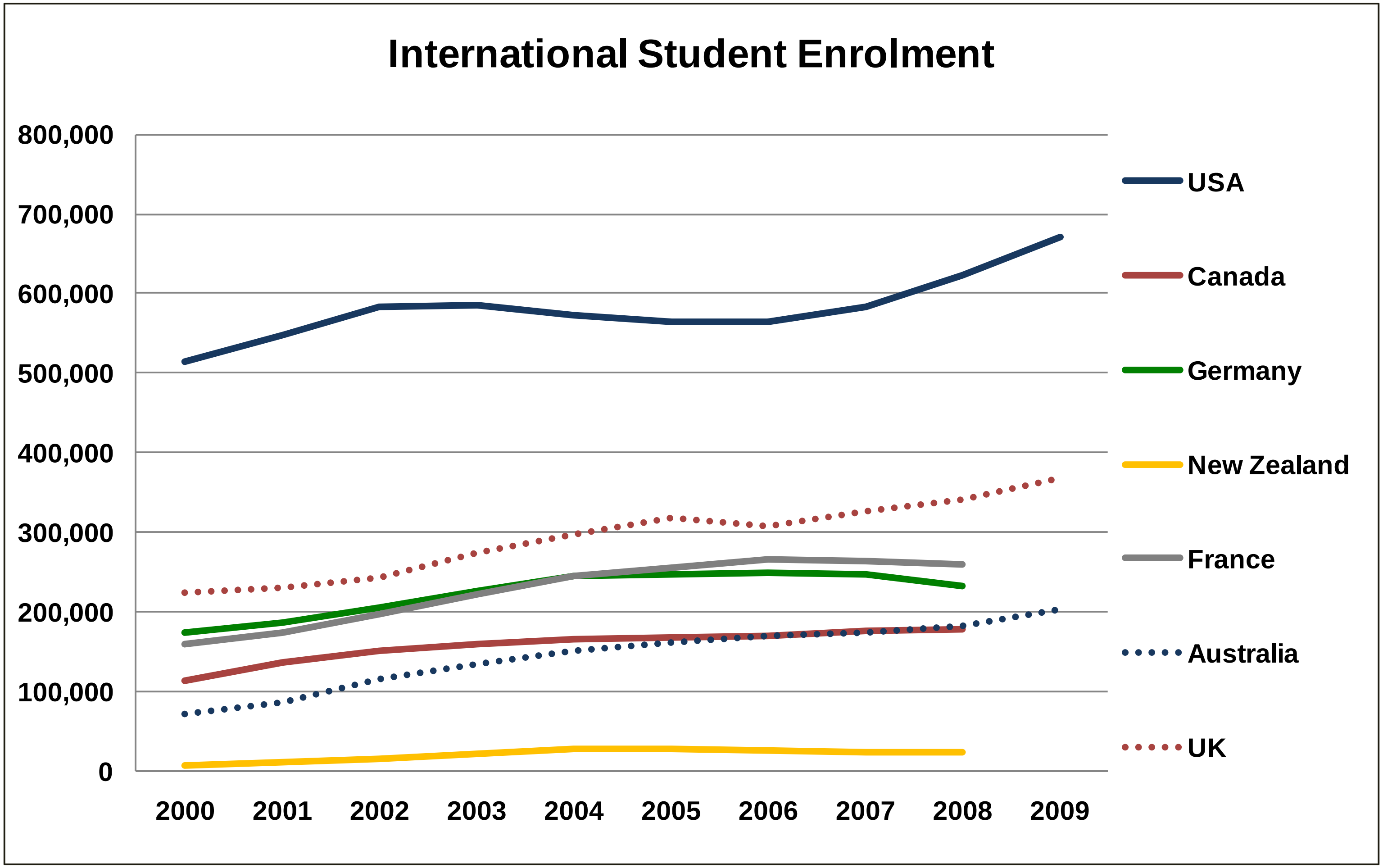
KEY INTERNATIONAL EDUCATION COUNTRIES (I)

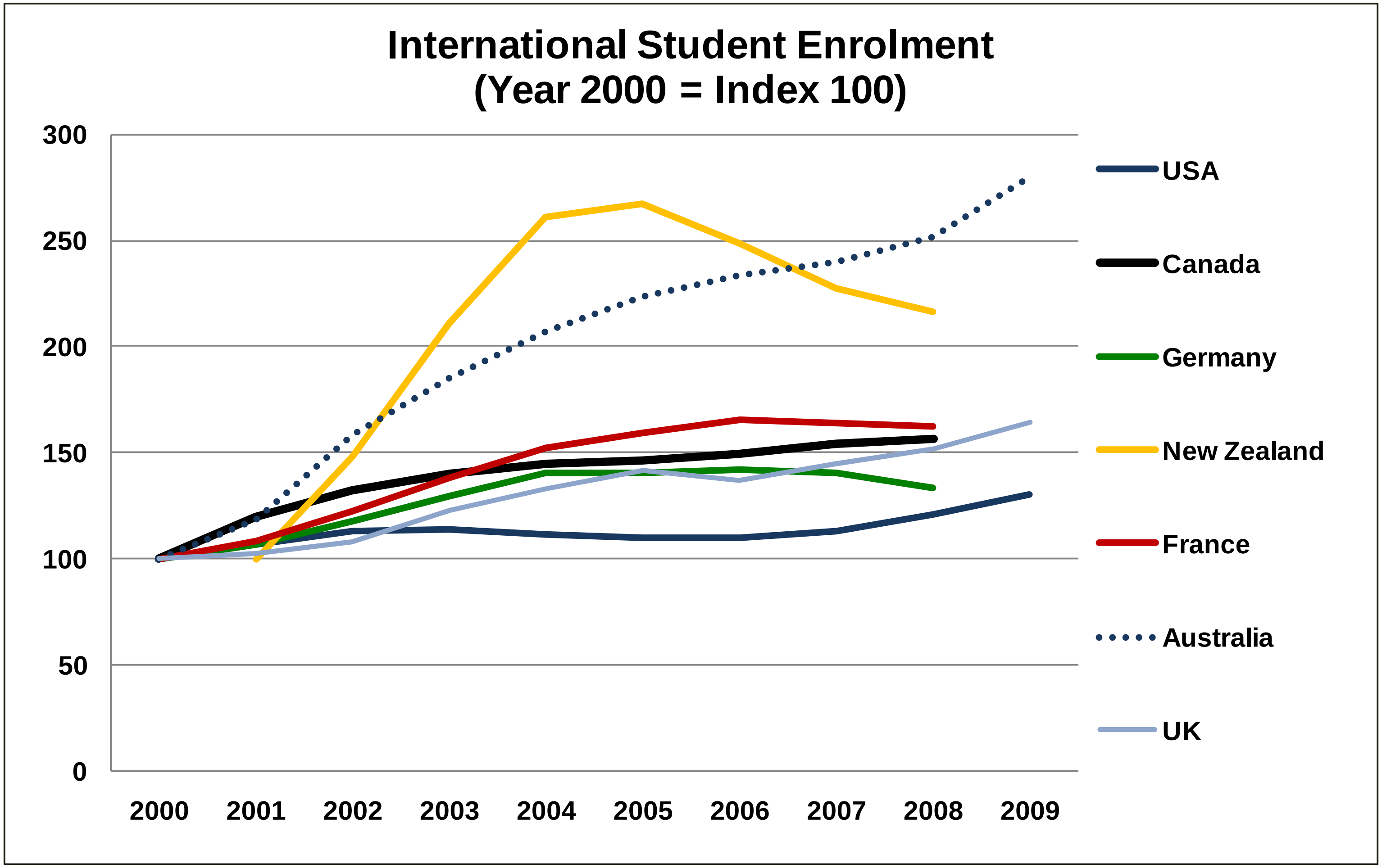
Total Higher Education International Student Enrolments



Overall enrolment growth, but different dynamics are evident

Sources: AEI, CampusFrance, CIC, DAAD/HIS, ENZ, HESA, IIE.

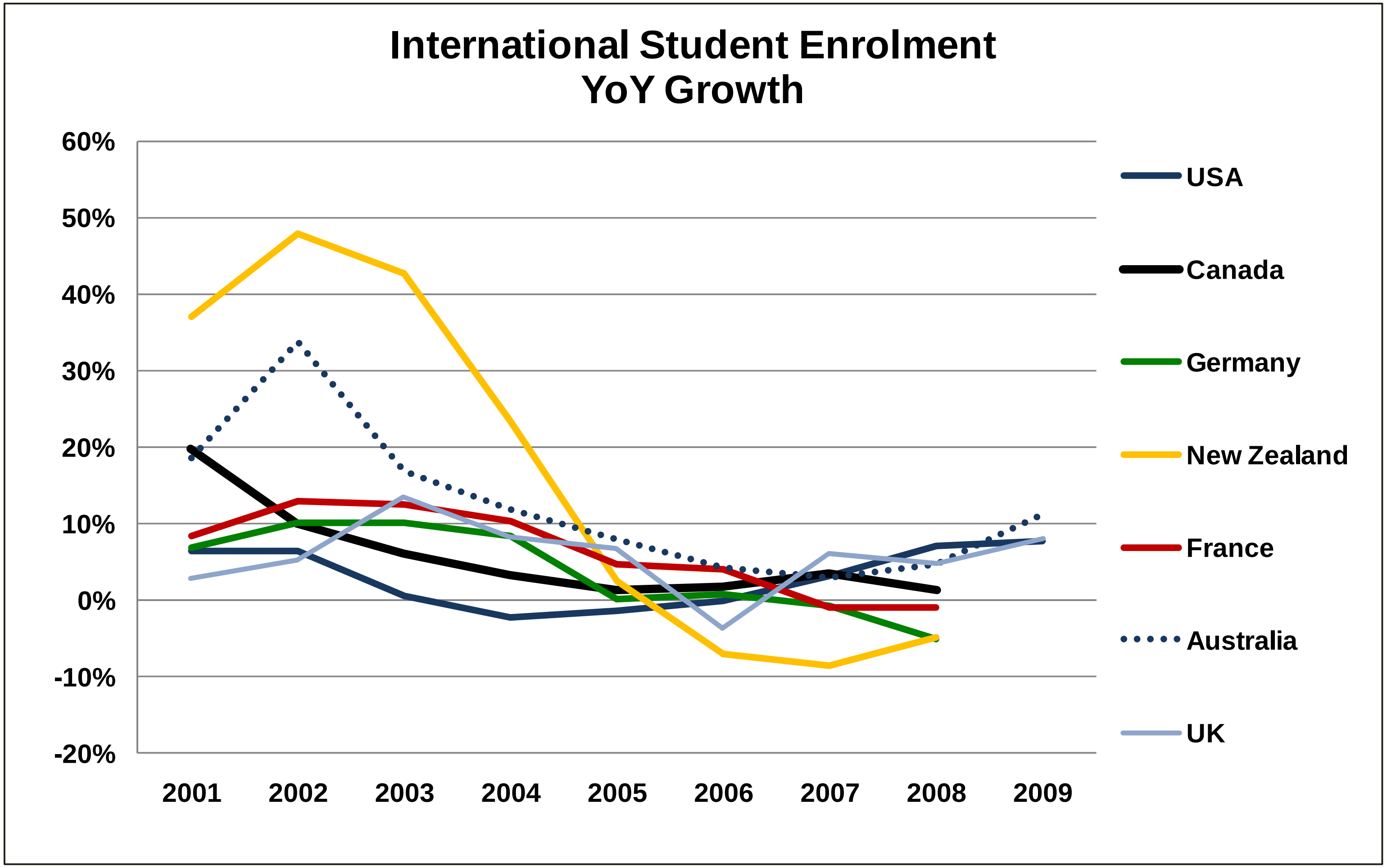
KEY INTERNATIONAL EDUCATION COUNTRIES (II)
International Higher Education Students, Index-based Trends



Patterns: Sustained growth, plateau, and swings

Sources: AEI, CampusFrance, CIC, DAAD/HIS, ENZ, HESA, IIE.

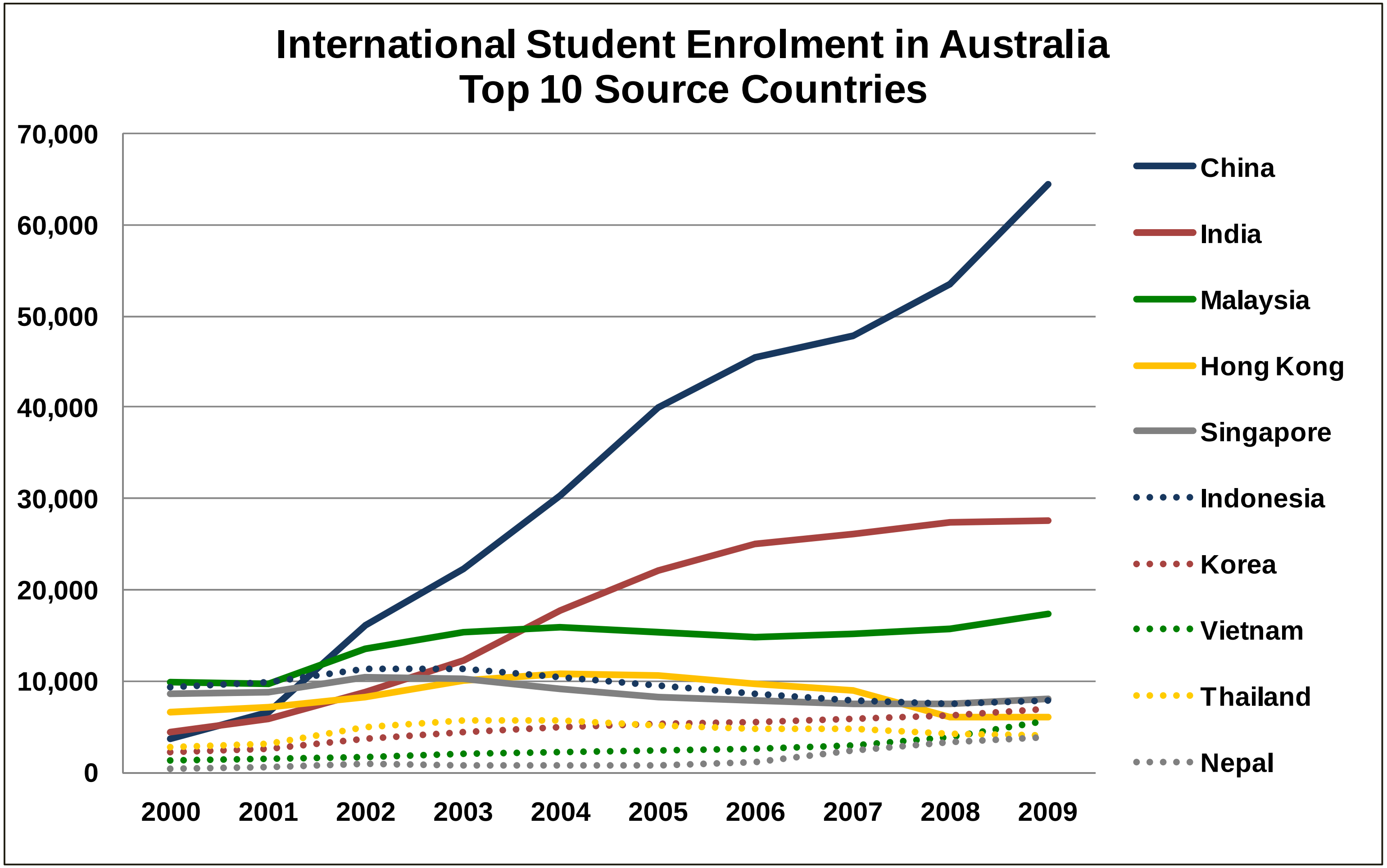
KEY INTERNATIONAL EDUCATION COUNTRIES (III)
International Higher Education Students, Year-over-Year Trends



Trend: Declining growth rates, but what about 2009?

Sources: AEI, CampusFrance, CIC, DAAD/HIS, ENZ, HESA, IIE.

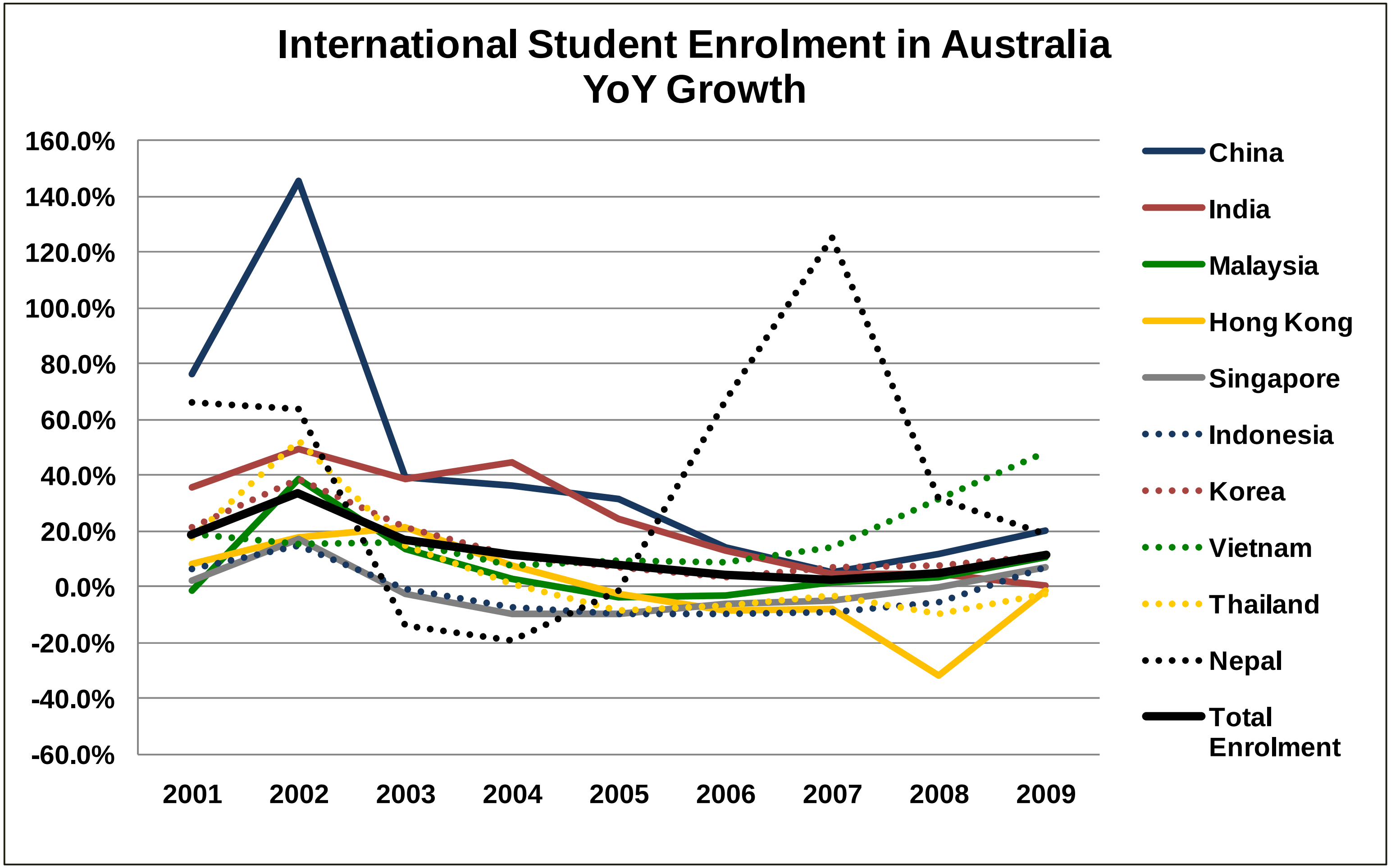
AUSTRALIA (I)
From 72,717 to 203,324 Higher Education Students



Growth has been driven by China and India

Source: DEST/AEI.

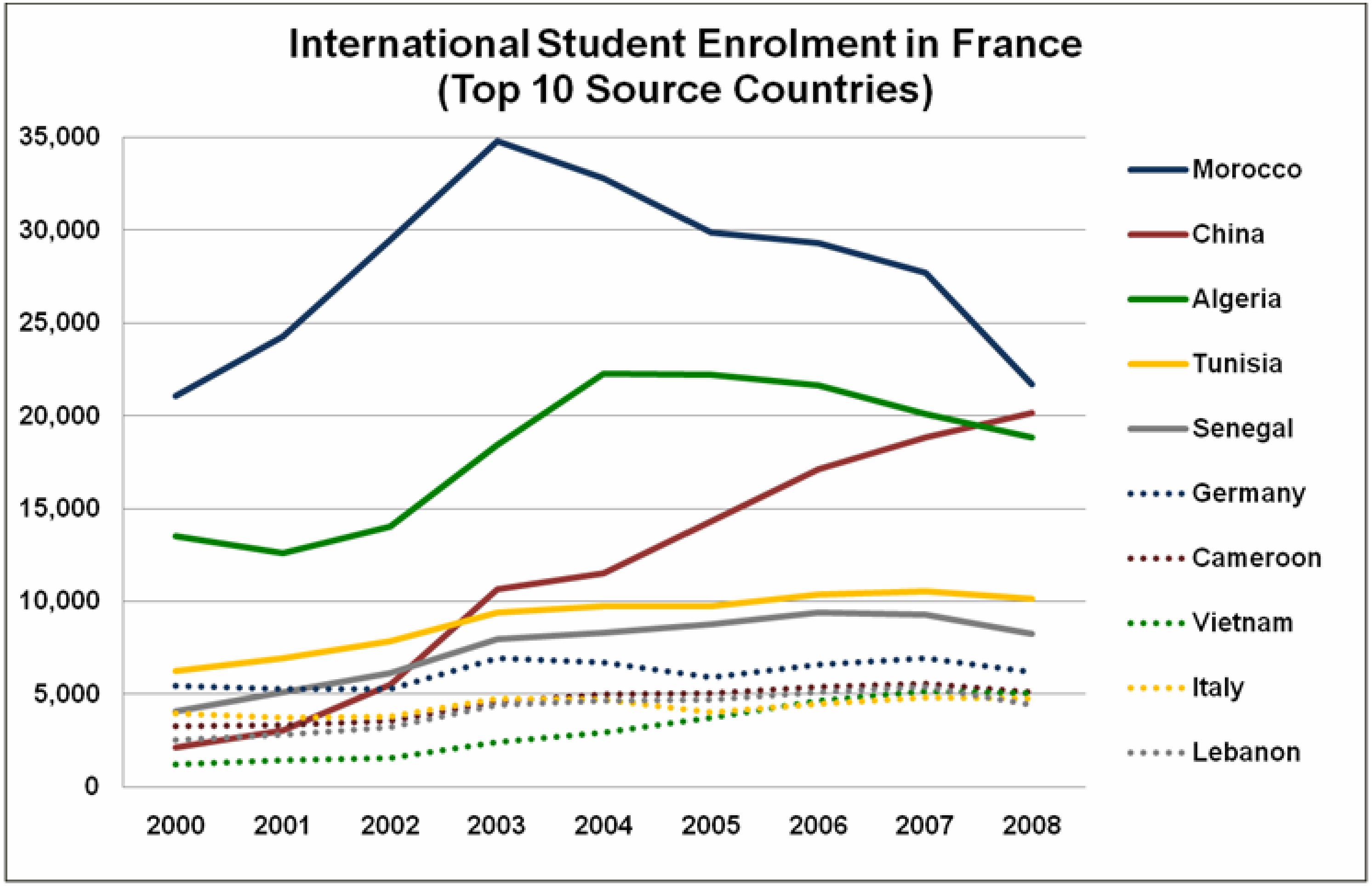
AUSTRALIA (II)
11.2% YoY Growth in 2009



Growth rates have begun to slow down, but are still positive

Source: DEST/AEI.

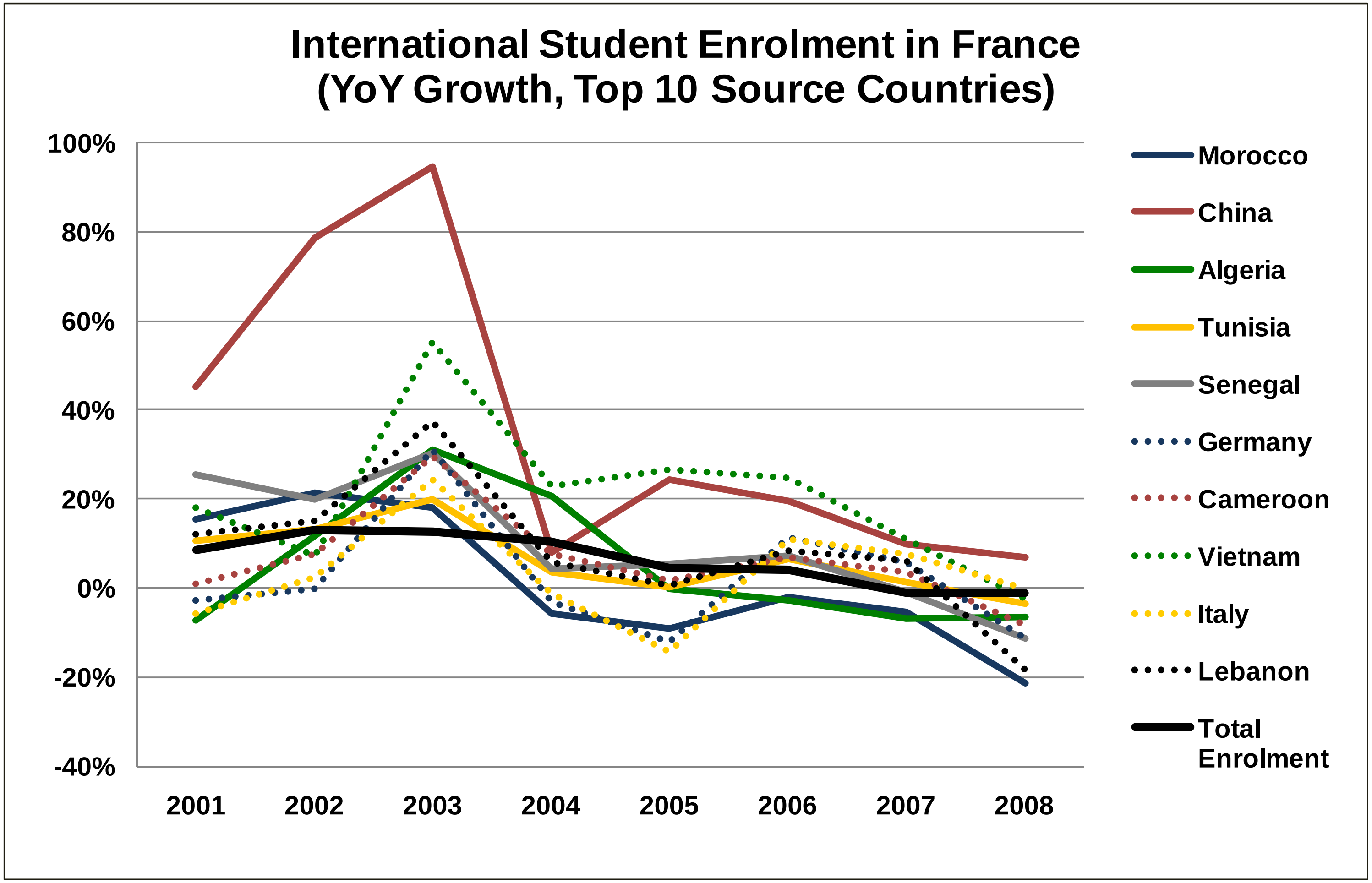
FRANCE (I)
From 160,553 to 260,596 Higher Education Students



France has a distinct intake pattern; China is underpinning enrolments

Source: CampusFrance.

FRANCE (II)
-0.9% YoY Growth in 2008

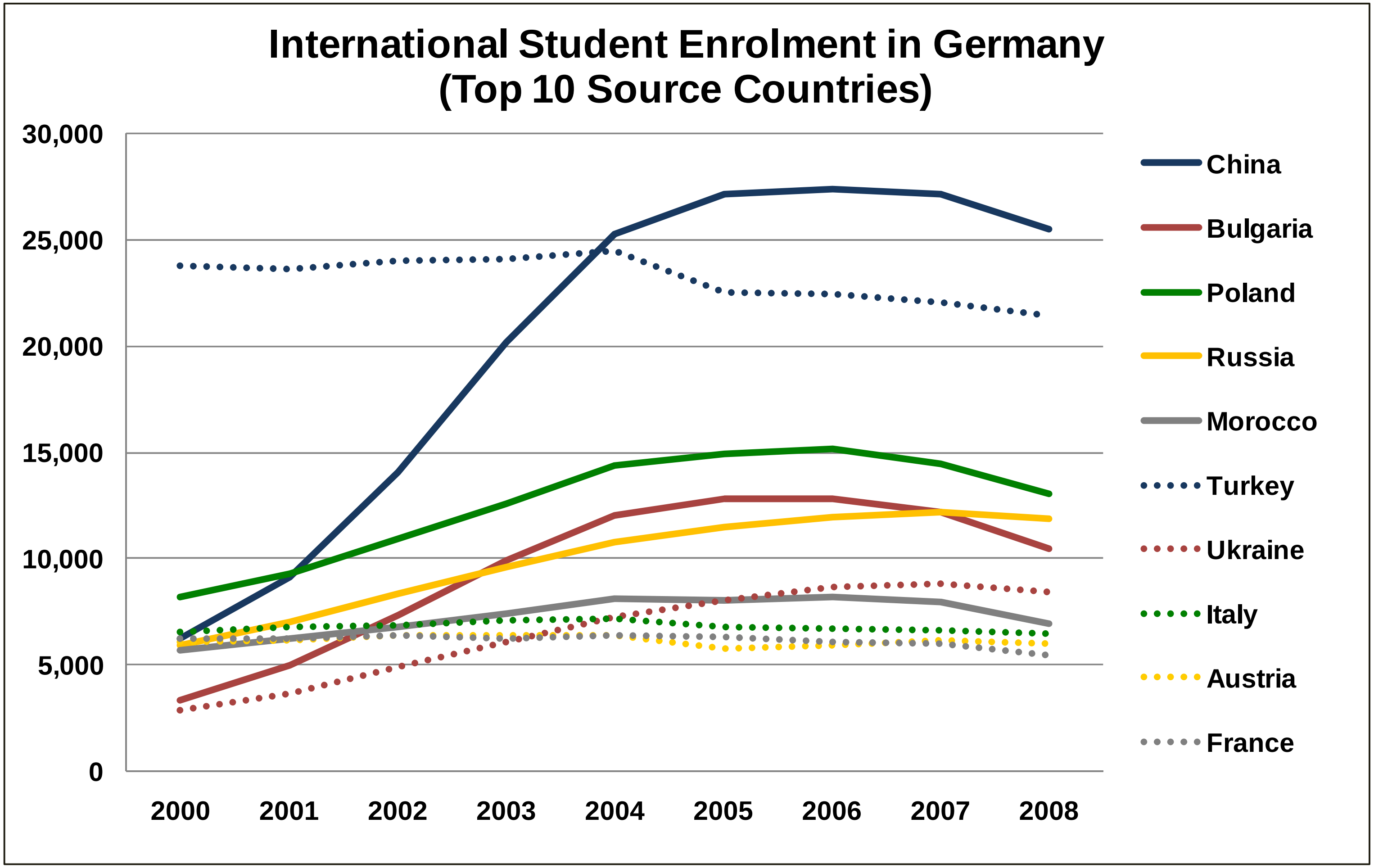


9 out of 10 leading source countries have gone negative

Source: CampusFrance.

GERMANY (I)

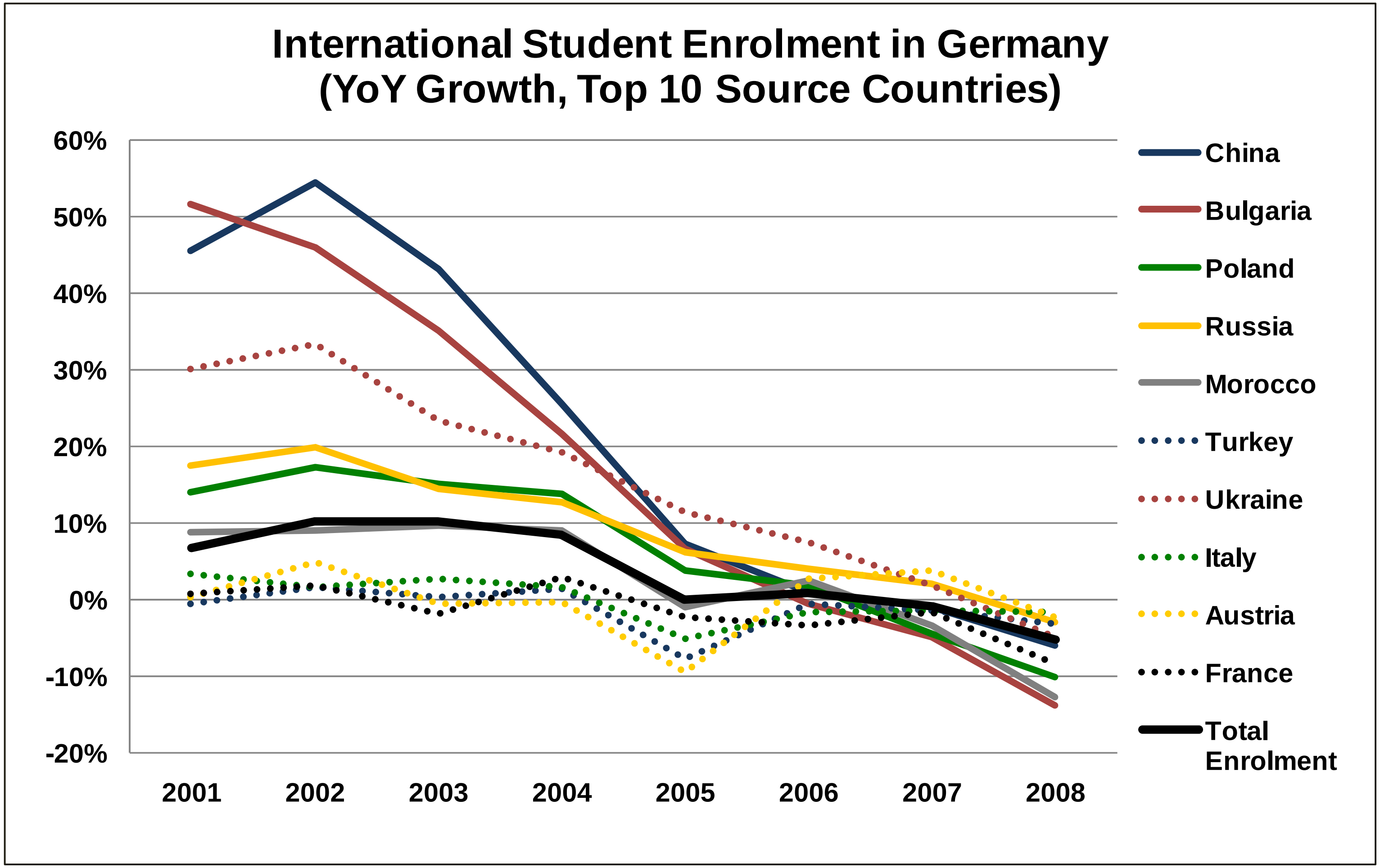
From 175,065 to 233,606 Higher Education Students



China and Eastern Europe have driven past growth

Source: DAAD/HIS.

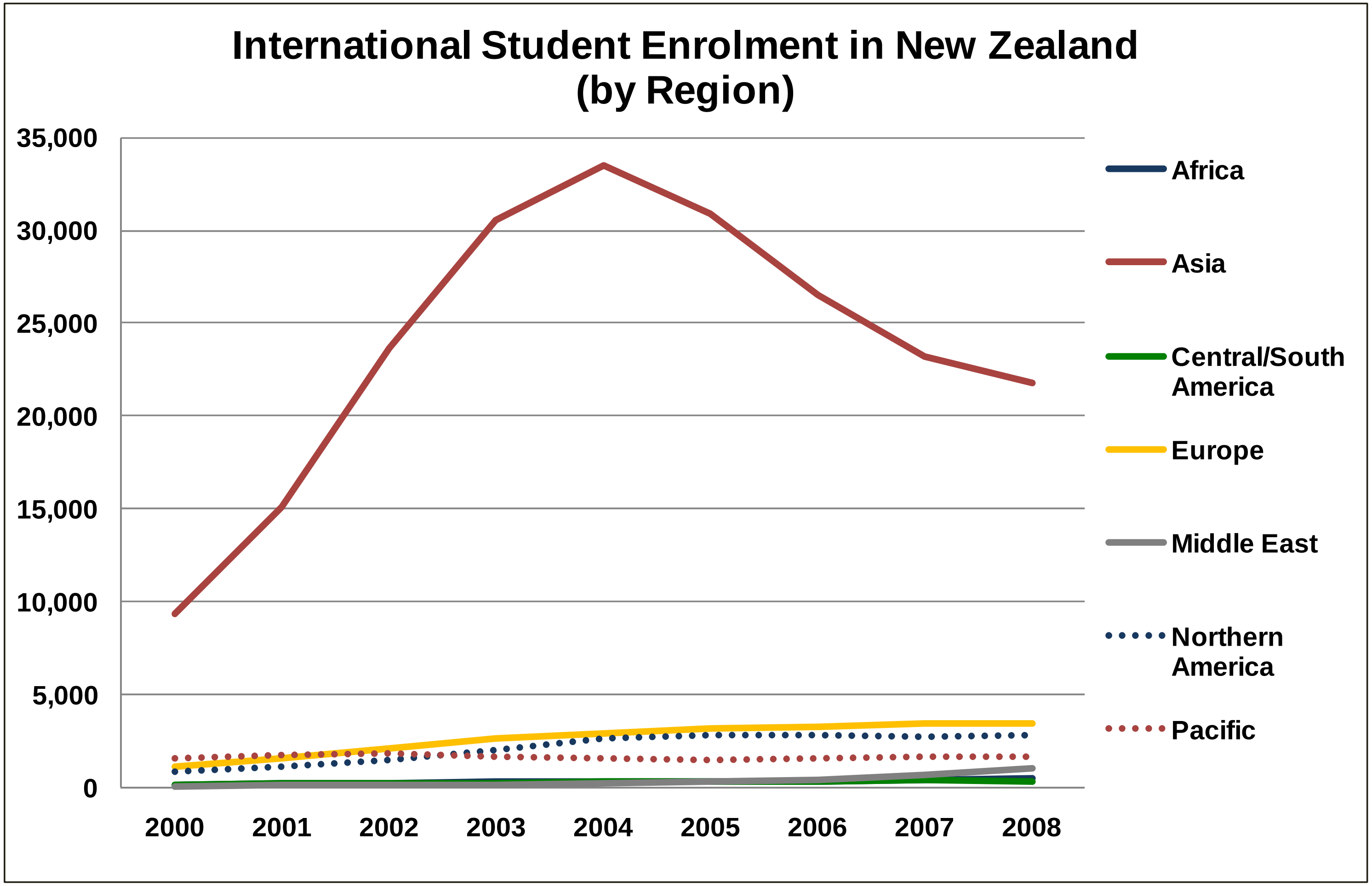
GERMANY (II)
-5.6% YoY Growth in 2008



All Top 10 source countries have gone negative

Source: DAAD/HIS.

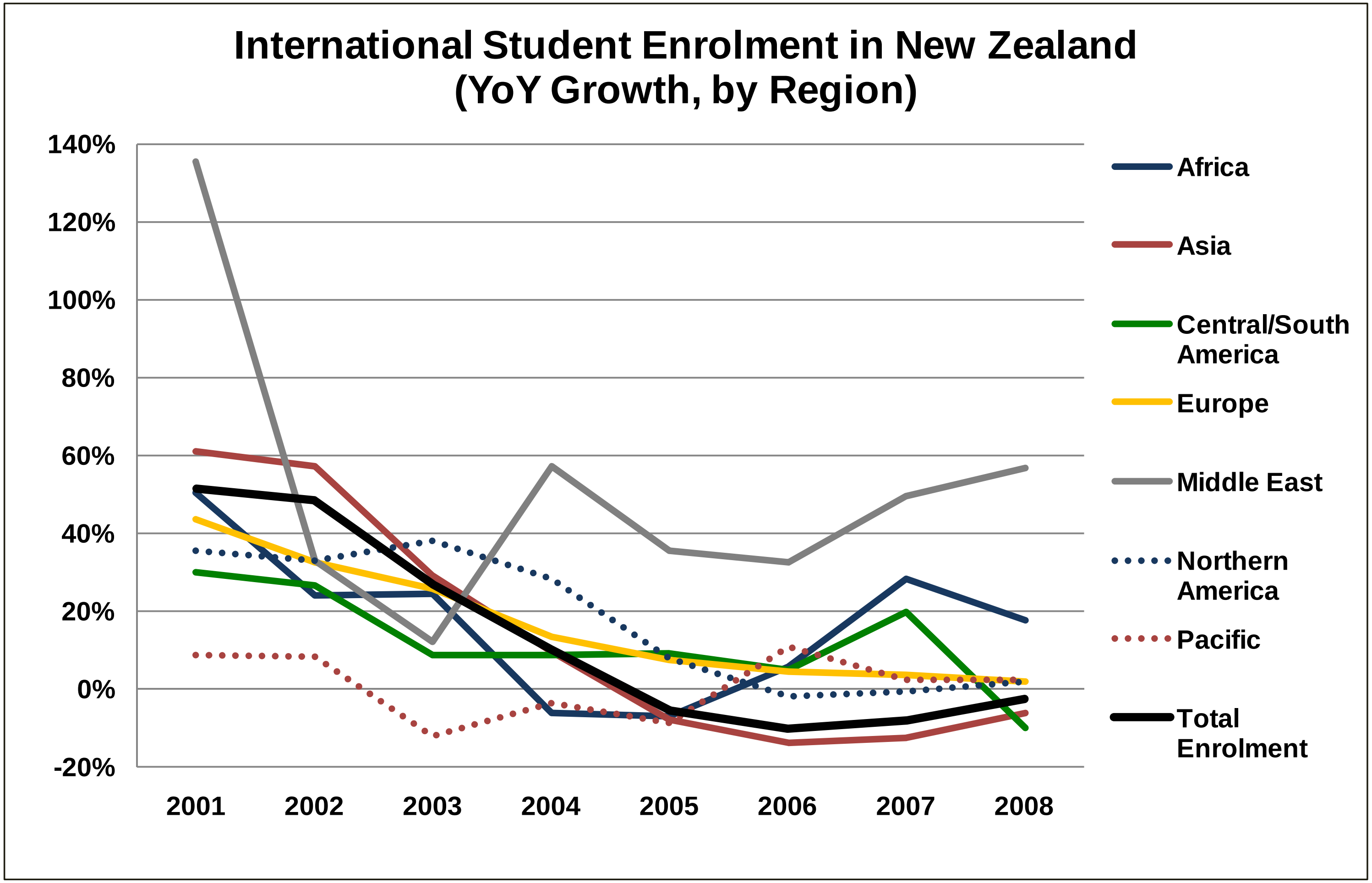
NEW ZEALAND (I)
From 13,246 to 31,620 Higher Education Students



Growth has been driven by Asia (China)

Source: ENZ, Ministry of Education.

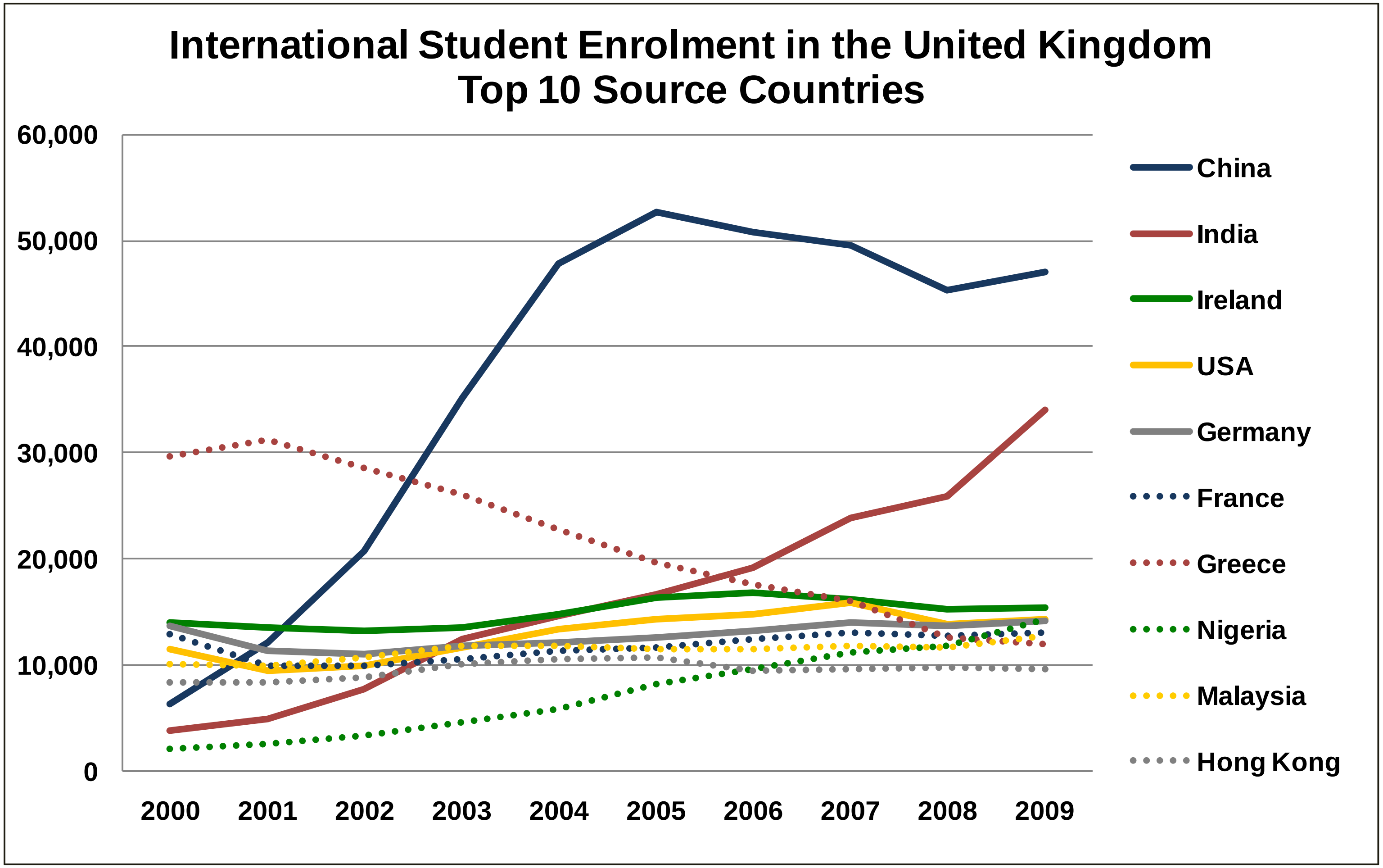
NEW ZEALAND (II)
-2.8% YoY Growth in 2008



Strong swings in growth rates

Source: ENZ, Ministry of Education.

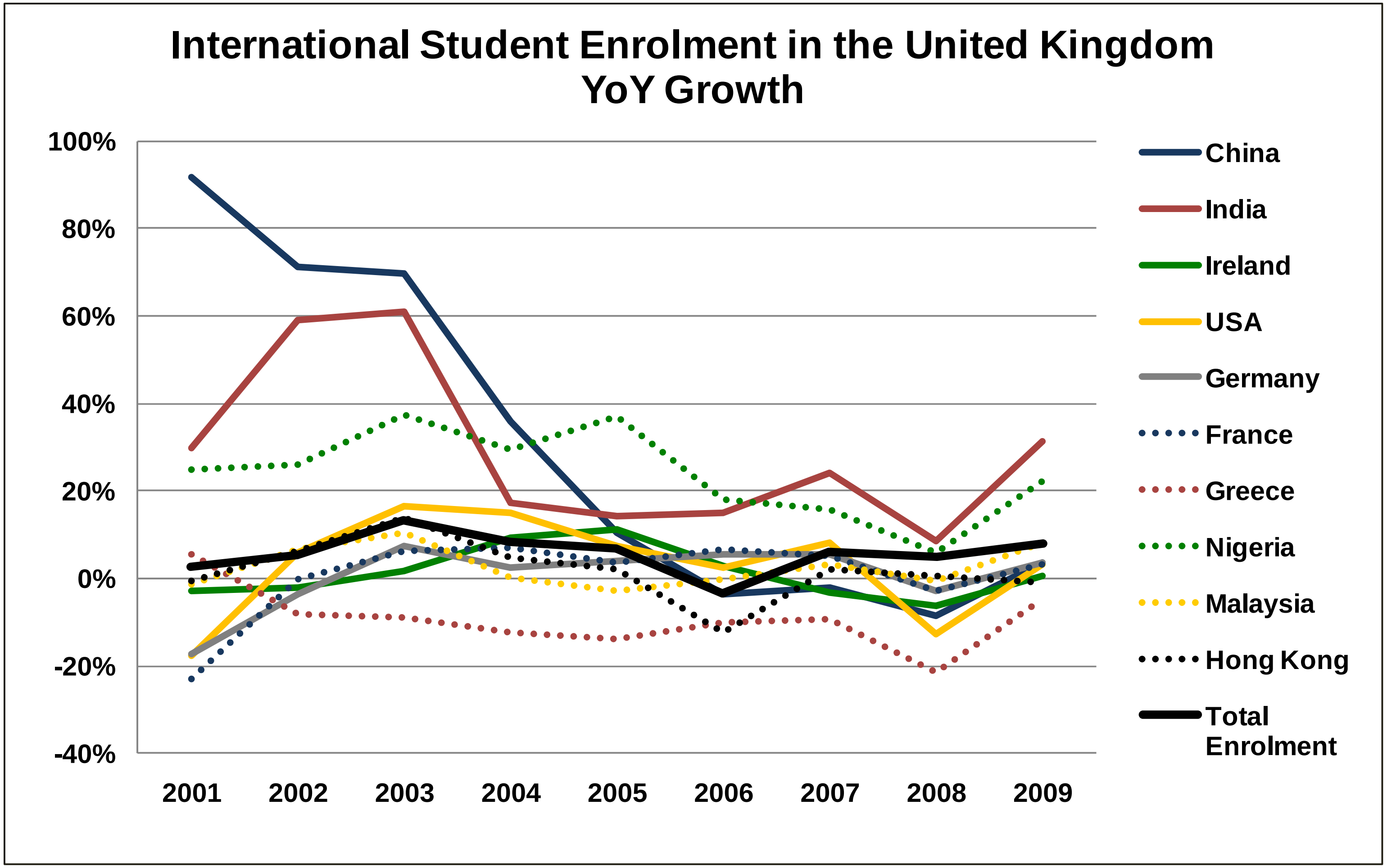
UNITED KINGDOM (I)
From 224,660 to 368,970 Higher Education Students



Diversified growth; overall growth has been driven by China and India

Source: HESA.

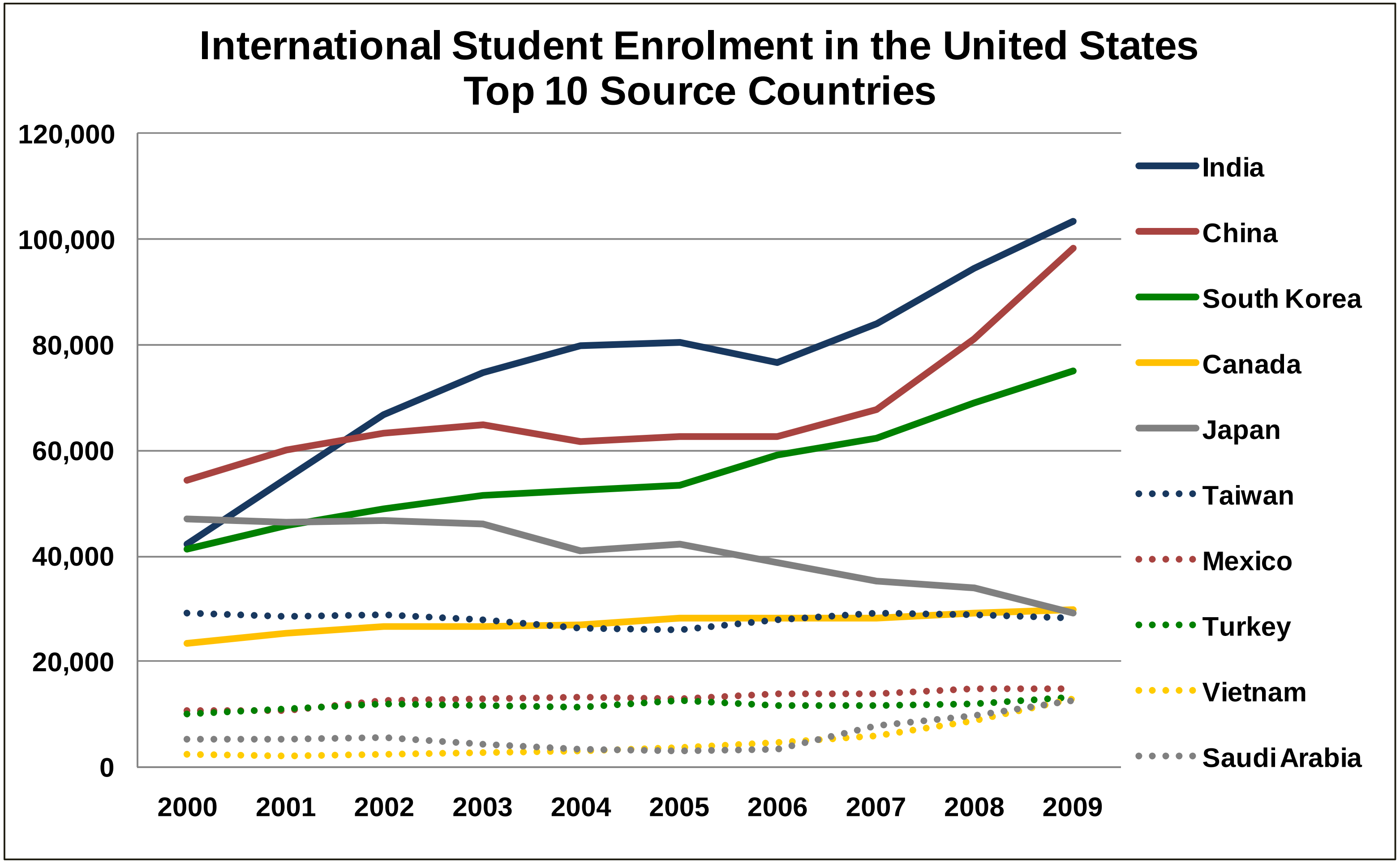
UNITED KINGDOM (II)
8.0% YoY Growth in 2008



Overall organic growth, key source countries recovered growth in 2009

Source: HESA.

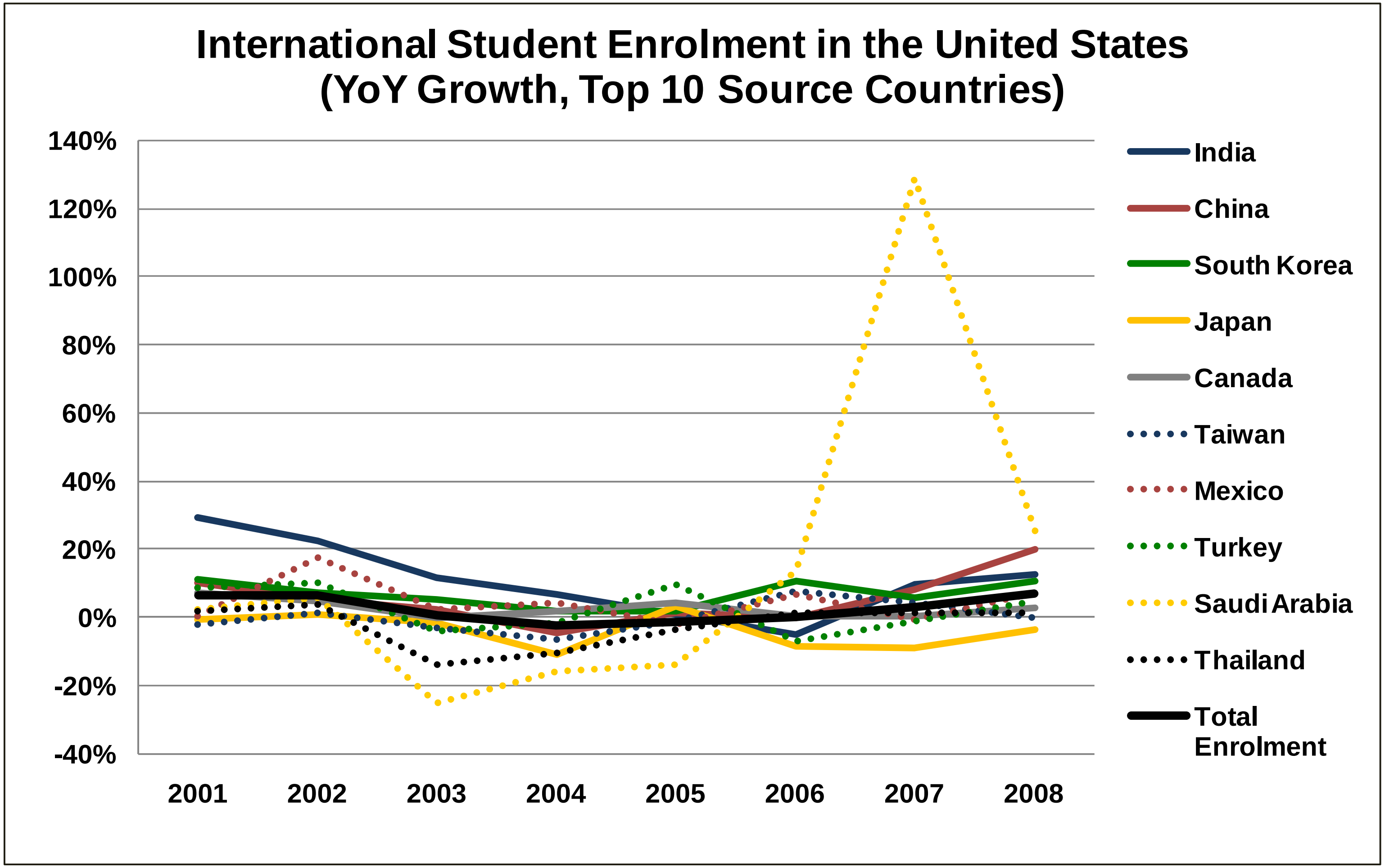
UNITED STATES (I)
From 514,723 to 671,616 Higher Education Students



Growth has been driven by three countries: China, India & South Korea

Source: IIE.

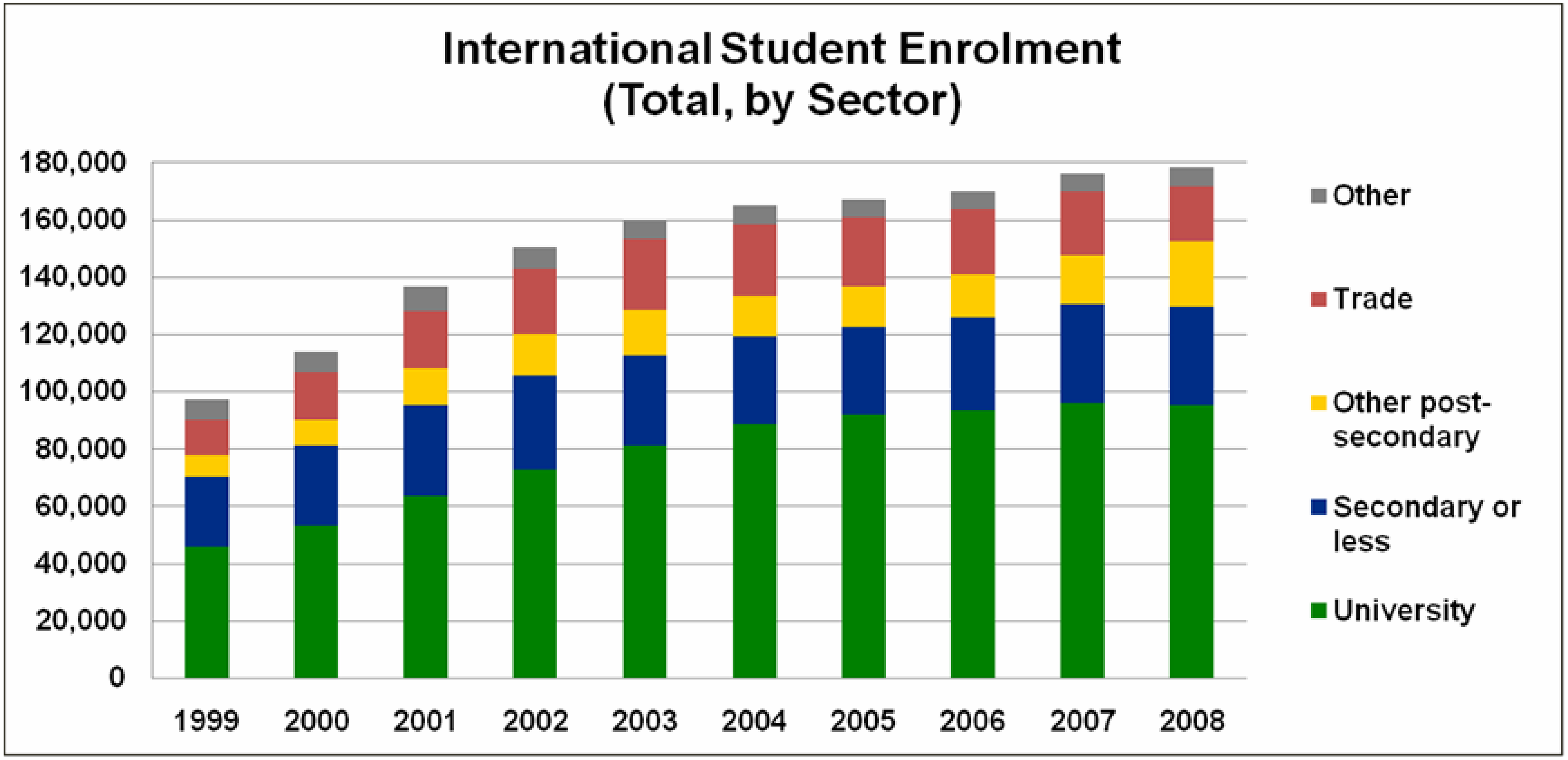
UNITED STATES (II)
7.7% YoY Growth in 2009(1)



Relatively stable enrolment trends; recovery since 2007

(1) IIE changed data definitions in 2008 and growth rates since have been overstated.
Source: IIE.

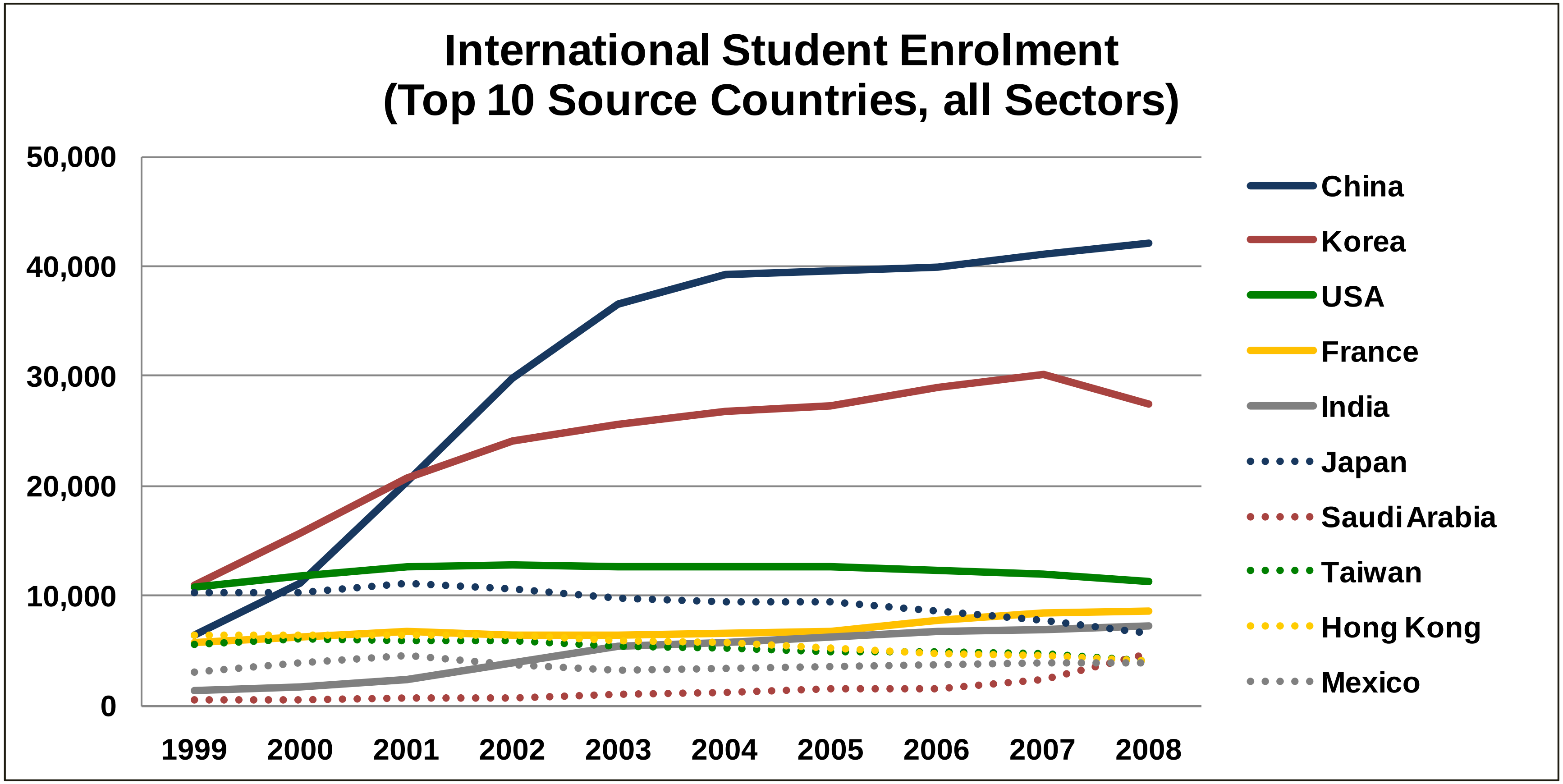
CANADA I



Growth in all sectors; university sector accounted for 54% (2008)

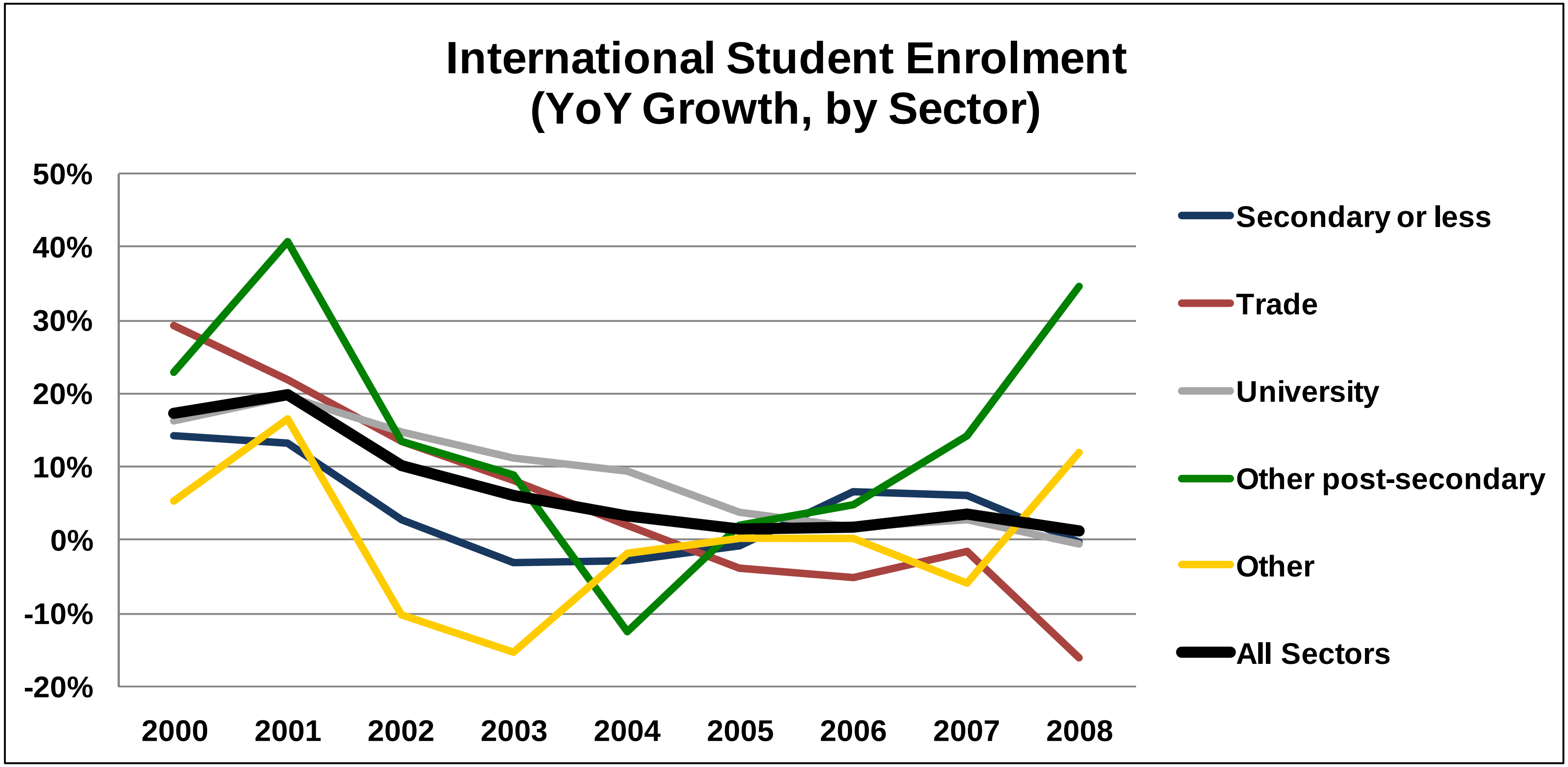
Source: CIC.

CANADA II



Share of China and South Korea increased from 18% to 39%

Source: CIC.



Other post-secondary sector has been strongest performer lately

Source: CIC.

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Balanced portfolio approach

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COMMENTS ON "OLD" PLAYERS IN THE INTERNATIONAL STUDENT RECRUITING LANDSCAPE

- **Struggling**
  - **Austria**
  - **Germany**
  - **France**
  - **Italy**
  - **Russia**
- **Advancing**
  - **Canada**
  - **Netherlands**
  - **Sweden**
  - **UK**
  - **USA**
- **Key observations**
  - **English language teaching is an asset**
  - **Anglo-Saxon cultures tend to do well**
  - **Size does not drive performance**
  - **Successful countries are home to strong higher education institutions**

COMMENTS ON "NEW" PLAYERS IN THE INTERNATIONAL STUDENT RECRUITING LANDSCAPE

- **Singapore**
  - **Aggressive structural expansion (two new universities)**
  - **Global Schoolhouse concept has worked on the secondary level**
  - **Top-level research and innovation seeding has not succeeded**
- **China**
  - **In-coming students: ~ 220,000 (CSC)**
  - **Clearly emerging strategy to become talent destination**
  - **Intra-Asia mobility is key story line (Malaysia, Japan, South Korea)**
- **Dubai**
  - **A non-entity a decade ago, Dubai emerged forcefully in the 2000s**
  - **DIAC was focused on building labor market-focused capacity**
  - **The economic crash in 2008/09 has put strong pressure on DIAC and beyond**
- **Saudi Arabia**
  - **In-coming students: 100,000+**
  - **Sustained out-bound push**
  - **KAUST**

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PRIVATE EDUCATION PROVIDERS
A US Perspective (Because Ample Data Exists)

- For-profit institutions educate seven percent of the US' roughly 19 million students
- The for-profit education sector created revenues of USD 26 billion (2009)
- The for-profit sector will be a key beneficiary of the USD 12 billion plan to produce five million more two-year-college graduates over the next decade (2009)
- Of the roughly 3,000 for-profit institutions, 40 percent are owned by one of 13 publicly traded companies (2009)
- More than 90 percent of students at for-profit institutions are enrolled in degree programs. Only about 30 percent attend part time (2007)
- The Apollo Group's flagship University of Phoenix has grown from 25,100 students in 1995 to 455,600 (2009). The University of Phoenix runs 200 campuses in 39 states, Canada, Mexico, the Netherlands, and Puerto Rico
- For-profit schools charge an average of USD 14,174, compared with USD 2,544 at public two-year institutions and USD 7,020 for in-state tuition at public four-year institutions (2007)
- Students at for-profit institutions borrow more than students in other sectors of higher education, and have the largest student-loan default rates. But graduation rates from for-profit two-year programs run at 60 percent compared with 26 percent in the public sector

ENROLLMENT GROWTH AT TOP 10 PUBLICLY LISTED FOR-PROFIT HIGHER EDUCATION US COMPANIES

Company	Fall 2009 Enrollments	Growth 2008-09
Apollo Group Inc.	443,000	22%
Education Management Corp.	136,000	23%
Career Education Corp.	113,900	19%
DeVry	101,648	37%
Corinthian Colleges	93,493	26%
ITT Educational Services Inc.	79,208	29%
American Public University System	55,300	42%
Bridgepoint Education	54,894	80%
Strayer Education	54,317	22%
Grand Canyon Education	34,218	56%
Top 10 Companies	1,165,978	35%

Note: The Apollo Group operates, amongst others, the University of Phoenix.
Source: Chronicle of Higher Education.

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EMERGING ISSUES AND QUESTIONS

- Volatility
- Commercialization
- Rationalization
- Immigration-based recruiting
- English language teaching in non-English language countries
- Competition
- Hyper-competition
- Is the rise of the Gulf Region for real?
- Is the stumble of Australia temporary, or will it last?

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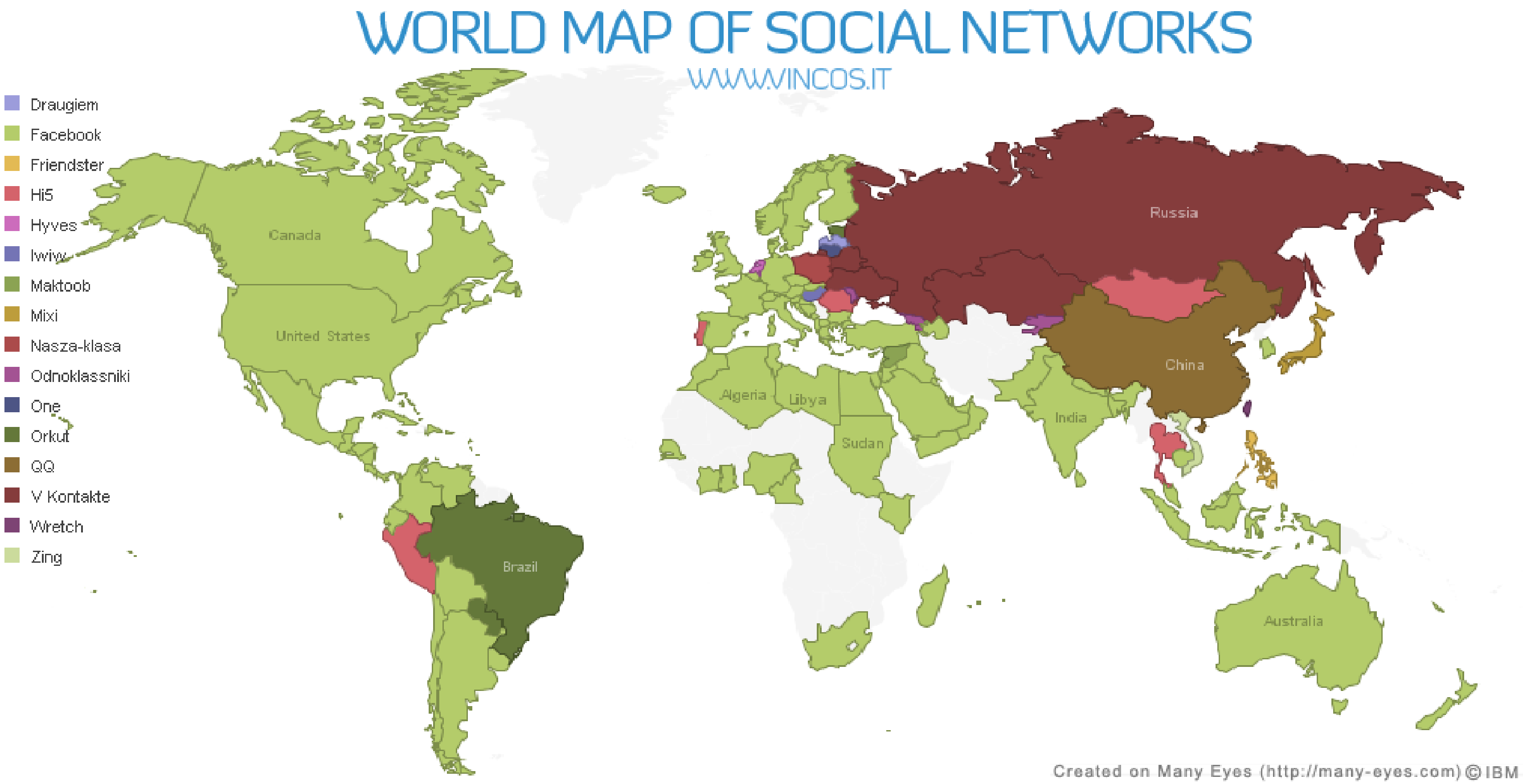
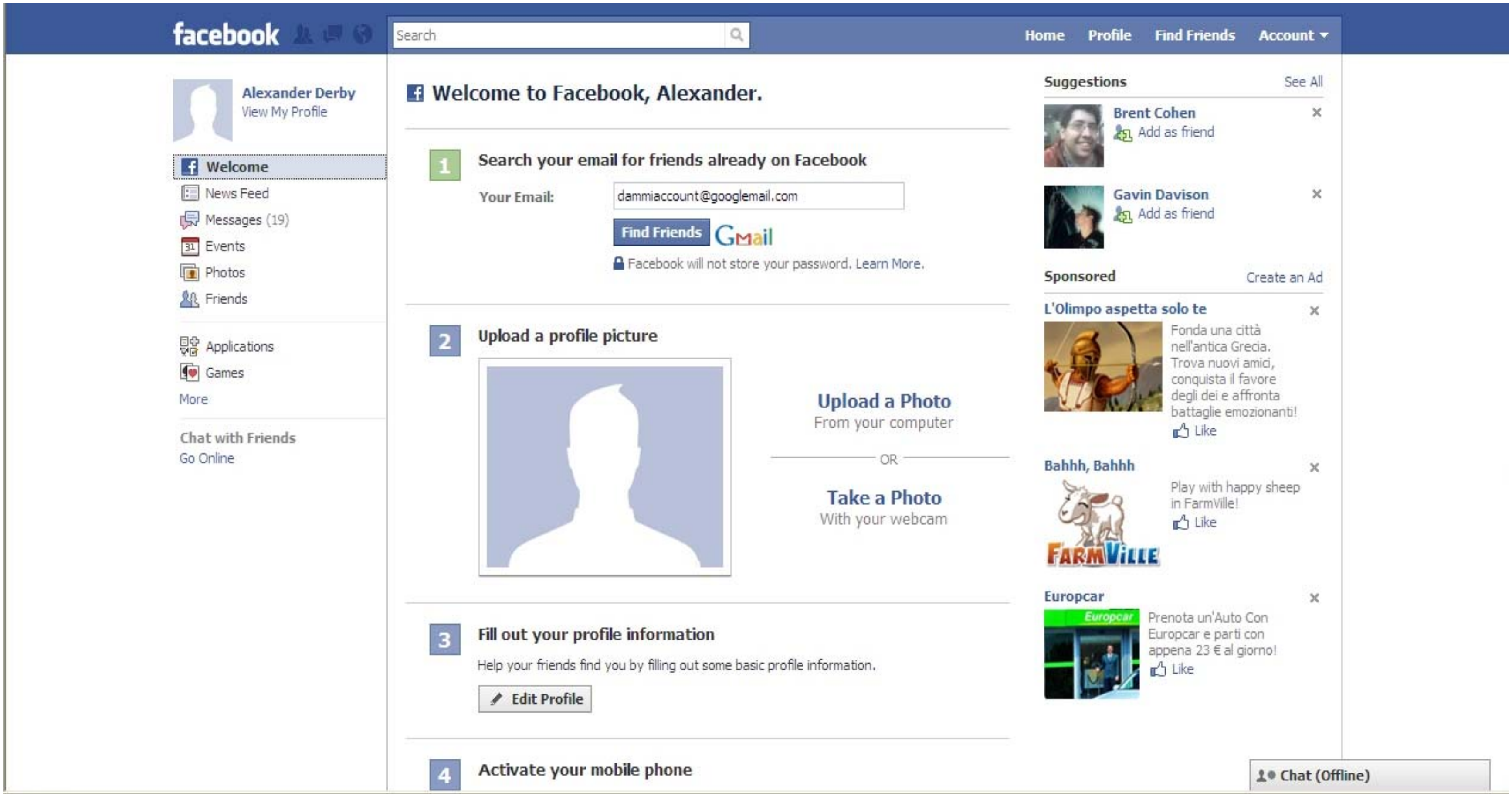


Facebook is becoming dominant – but important differences exist

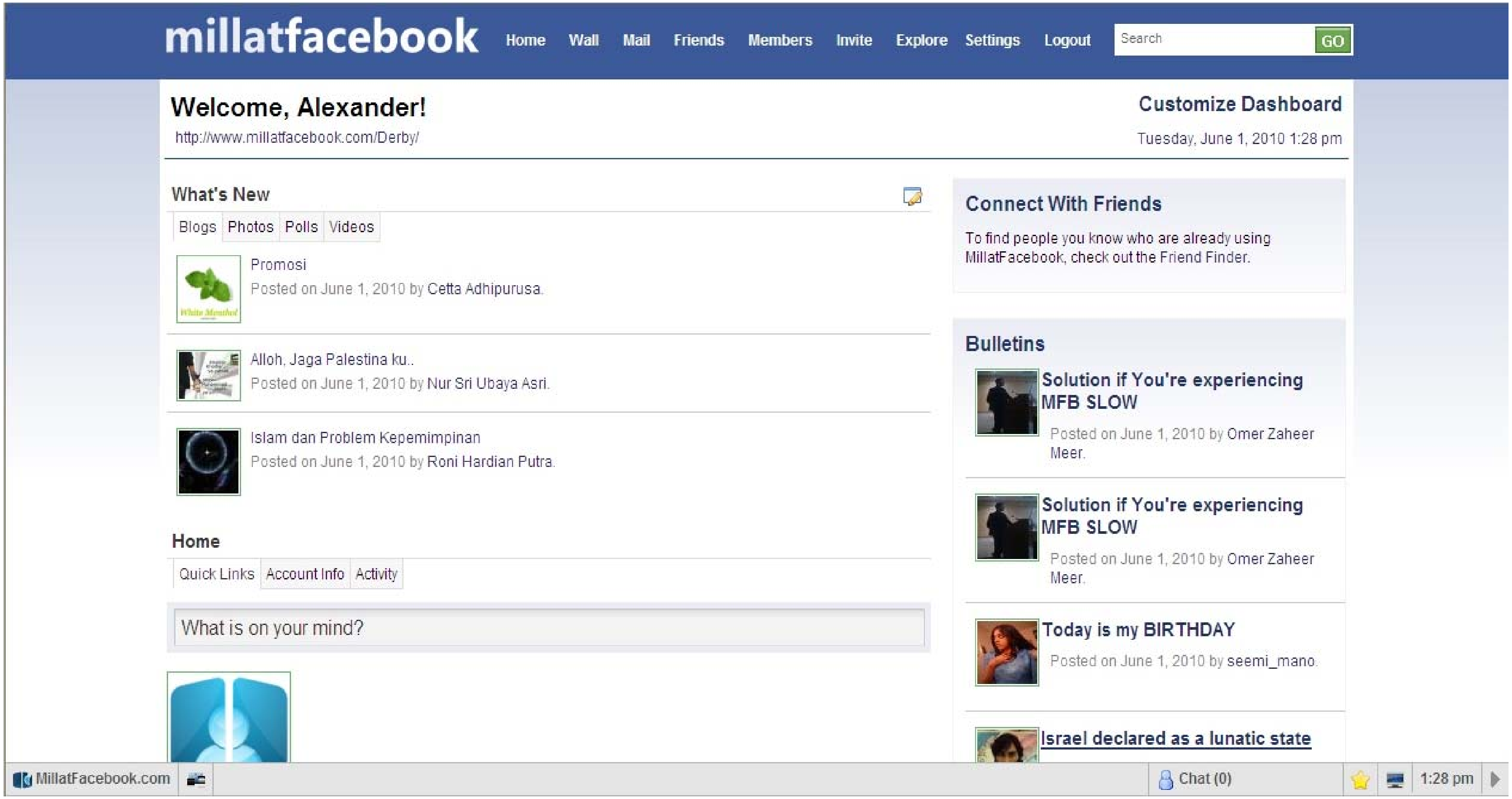
Source: Vincos.

FACEBOOK: 400 MILLION USERS



Sources: Facebook.

IF IT IS NOT FACEBOOK, THEN IT IS, WELL, MILLAT FACEBOOK

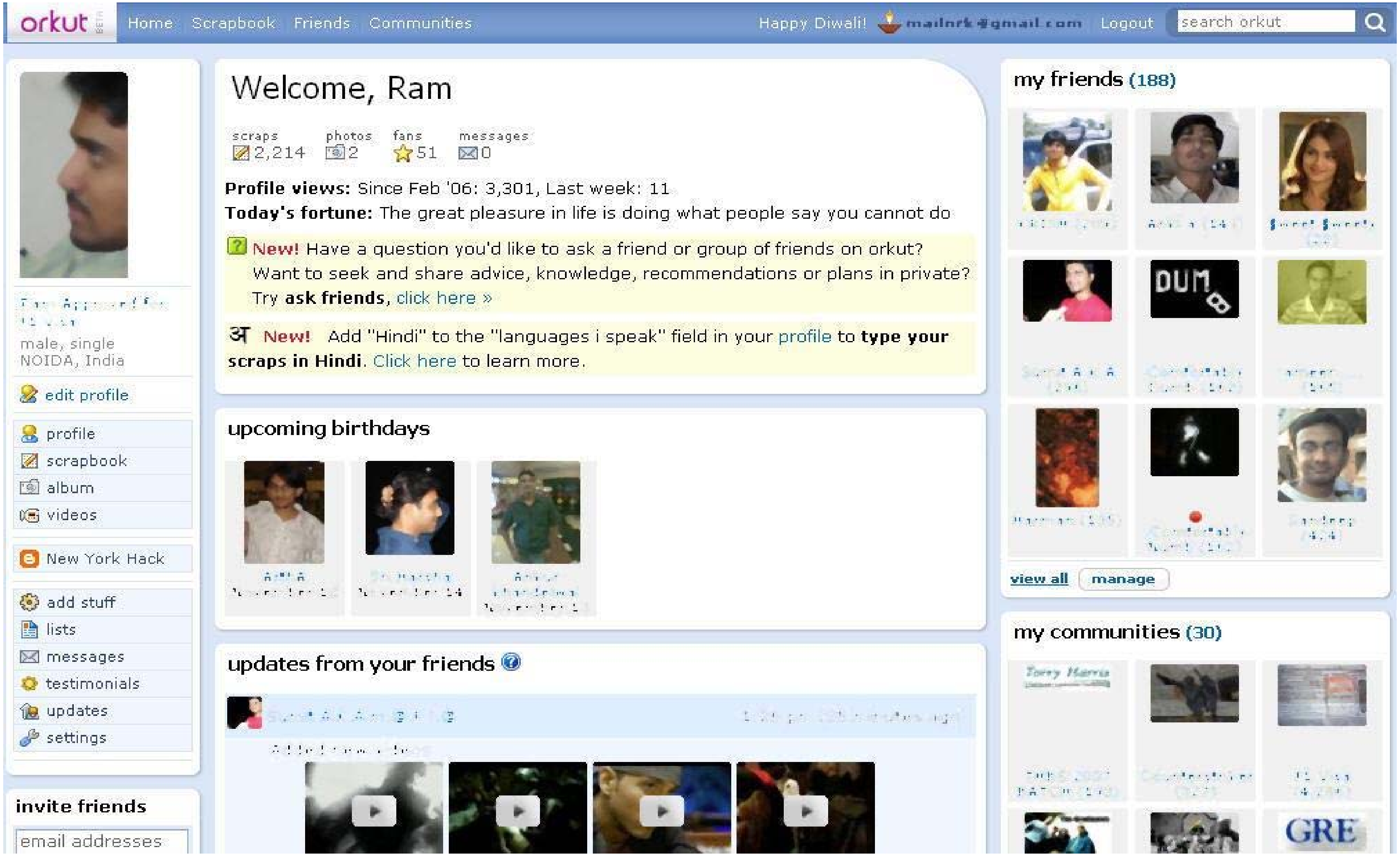


Sources: Millatfacebook.

MIXI: BIG IN JAPAN

Sources: Mixi.

ORKUT: STRONG IN INDIA (AND BRAZIL)



Sources: Orkut

2010南非·世界杯 精彩在线 我在场
上海世博会 第30天
志愿者接力 已达63,357,704人
快速安全 畅游网络
新闻中心
发改委：楼市游资炒作与媒体效应导致物价大涨
全总要求加强青年心理疏导 提高一线职工报酬
温家宝：必须尽一切努力维护东北亚和平与稳定
朝鲜举行10万群众集会谴责韩国伪造天安号事件
《金融时报》全球五百强企业排名出炉 中石油登顶
印度火车脱轨141人遇难 铁道部长称是政治阴谋
胡锦涛：确保基本药价格合理 使群众看得起病
美股5月份跌近8% 英国陷财政危机担心成下个希腊
今日话题
菜价上涨何必讳言通货膨胀
南非世界杯
热身赛-正在图文直播英格兰vs日本
西班牙3-2险胜沙特 德国3-0匈牙利

Sources: QQ.

WRETCH: LEADING IN TAIWAN

Sources: Wretch.

POPULARITY OF LEADING WEB 2.0 PLATFORMS AND ONLINE COMMUNITIES IN ASIA

Platform	Popularity in Asia
• facebook.com	Taking over Asian market
• friendster.com	Popular in Southeast Asia
• linkedIn.com	Popular in India only
• twitter.com	India, Japan and Indonesia among top 10 user countries
• flickr.com	Some India, Japan
• orkut.com	India and Japan
• qq.com	China
• hi5.com	Thailand and India
• renren.com	China, some other Asian countries
• wordpress.org	India, China, Pakistan
• mixi.jp	Japan

SOCIAL NETWORKING REACH IN ASIA-PACIFIC

Country	Percentage Reach	Average Minutes per Visitor	Average Visits per Visitor
Philippines	90.3	332.2	26.3
Australia	89.6	228.o	20.9
Indonesia	88.6	324.4	22.6
Malaysia	84.7	226.0	22.3
Singapore	83.7	220.9	22.1
New Zealand	81.2	217.5	20.3
Taiwan	75.9	131.3	18.3
Hong Kong	75.4	223.3	25.4
India	68.5	130.1	13.0
South Korea	63.5	131.4	16.0
Vietnam	46.1	49.5	7.2
Japan	42.3	120.5	14.0
Asia Pacific Average	50.8	148.9	15.1

Note: Data denote total Internet audience, age 15 plus, at home and work locations (no public places such as Internet cafes).
Source: comScore World Metrics (April 2010).

TOP SOCIAL NETWORKS IN ASIA-PACIFIC
By Percent Reach of Web Population

Country	Top Social Network in Market	Percent Reach of Web Population
Australia	Facebook	69.4%
Hong Kong	Facebook	62.6%
India	Orkut	46.8%
Indonesia	Facebook	84.9%
Japan	Mixi	18.9%
Malaysia	Facebook	77.5%
New Zealand	Facebook	63.6%
Philippines	Facebook	84.5%
Singapore	Facebook	72.1%
South Korea	CyWorld	54.2%
Taiwan	Wretch	62.5%
Vietnam	Facebook	18.4%
Asia Pacific	Facebook	14.9%

Note: Data denote total Internet audience, age 15 plus, at home and work locations (no public places such as Internet cafes).
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IMAGINE
Education au/in Canada

Source: Education au/in Canada.

BRAND CANADA: COMMENTS

- The introduction of the brand was a major step forward
- Many of the standard components are in place
- Some improvement areas remain
- The usage of the brand has in many ways just begun
- Colleges should be amongst the key beneficiaries of using the brand
- The Canada pavilion at NAFSA was amongst the best three country presences in 2010

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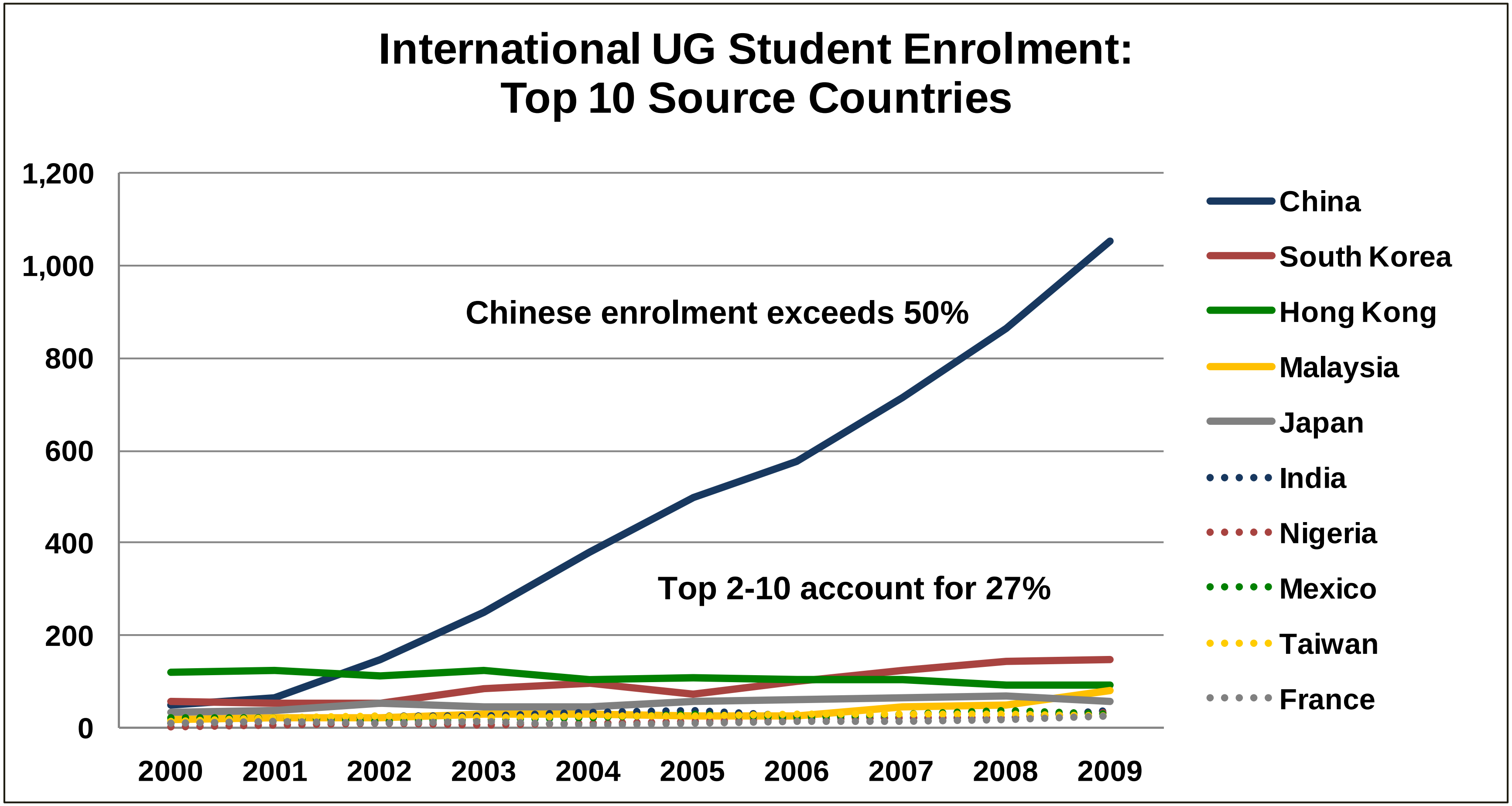
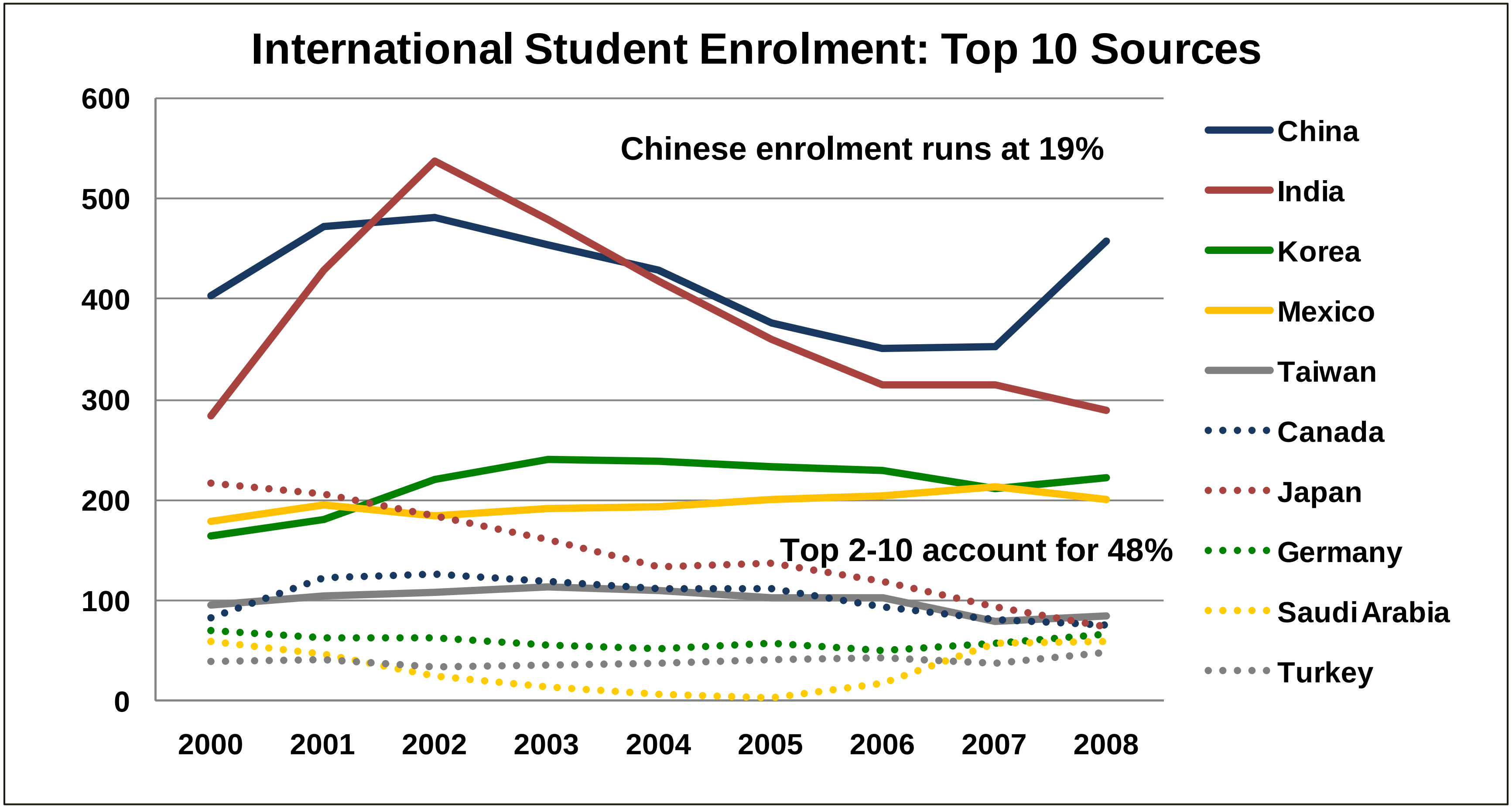
EXAMPLE: HIGHLY IMBALANCED ENROLMENT PORTFOLIO



Highly elevated structural risk

Source: Higher education institution.

EXAMPLE: BALANCED ENROLMENT PORTFOLIO



Sets of second-tier and third-tier countries create a technical balance

Source: Higher education institution.

THE LOGIC OF A BALANCED RECRUITING PORTFOLIO

- **What are hallmarks of a balanced recruiting portfolio?**
  - **Sustainability – built for the long-term**
  - **Multi-modal (exchanges, direct recruiting, etc.)**
  - **Multi-channel recruiting (academic, agents, Web 2.0, alumni, etc.)**

- **What are drivers for an imbalanced recruiting portfolio?**
  - **A few dominant sending countries (China, India, South Korea)**
  - **Economies of scale can look attractive**
  - **Income-based considerations dominate**

- **Technical aspects**
  - **Leading single source does not exceed one-third of enrolment**
  - **Top 3 sources do no exceed one-half of enrolment**
  - **Strong set of "second-tier" countries at 5-10% enrolment each**
  - **Emerging and declining countries (at least) balance out**

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QUALITY CONTROL

- **Growth in international education has resulted not just in more international students, but also in a more complex, differentiated overall landscape**
- **On the student side, a segment of "pay-for-credential" has emerged which is proving challenging for educational providers**
- **In highly commercialized systems, providers many times put income considerations before delivery quality**
- **Self-regulation has proven challenging, as have overly regulatory systems which induce avoidance behavior**
- **For Canada's colleges, maintaining teaching/delivery quality is essential in order to not replicate the Australian experience**

AGENDA

Positioning Canada

Recruiting tools

The issue of "college"

Academic Brand Matrix

Perceptions of Canada

Value-added recruiting

POSITIONING CANADA – KEY CONSIDERATIONS

- Coordination (from a fragmented to a focused promotion landscape)
- Professionalization (general global trend)
- Intelligence acquisition (kind, source, cost)
- Culture shift (commercialization, competition)
- Overall resourcing (federal, provincial, institutional)
- Revenue raising (coming back to a levy model)
- Delivery model (being discussed)

Drivers – external competition and student preferences)

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A DISCUSSION OF 35 INTERNATIONAL RECRUITING TOOLS

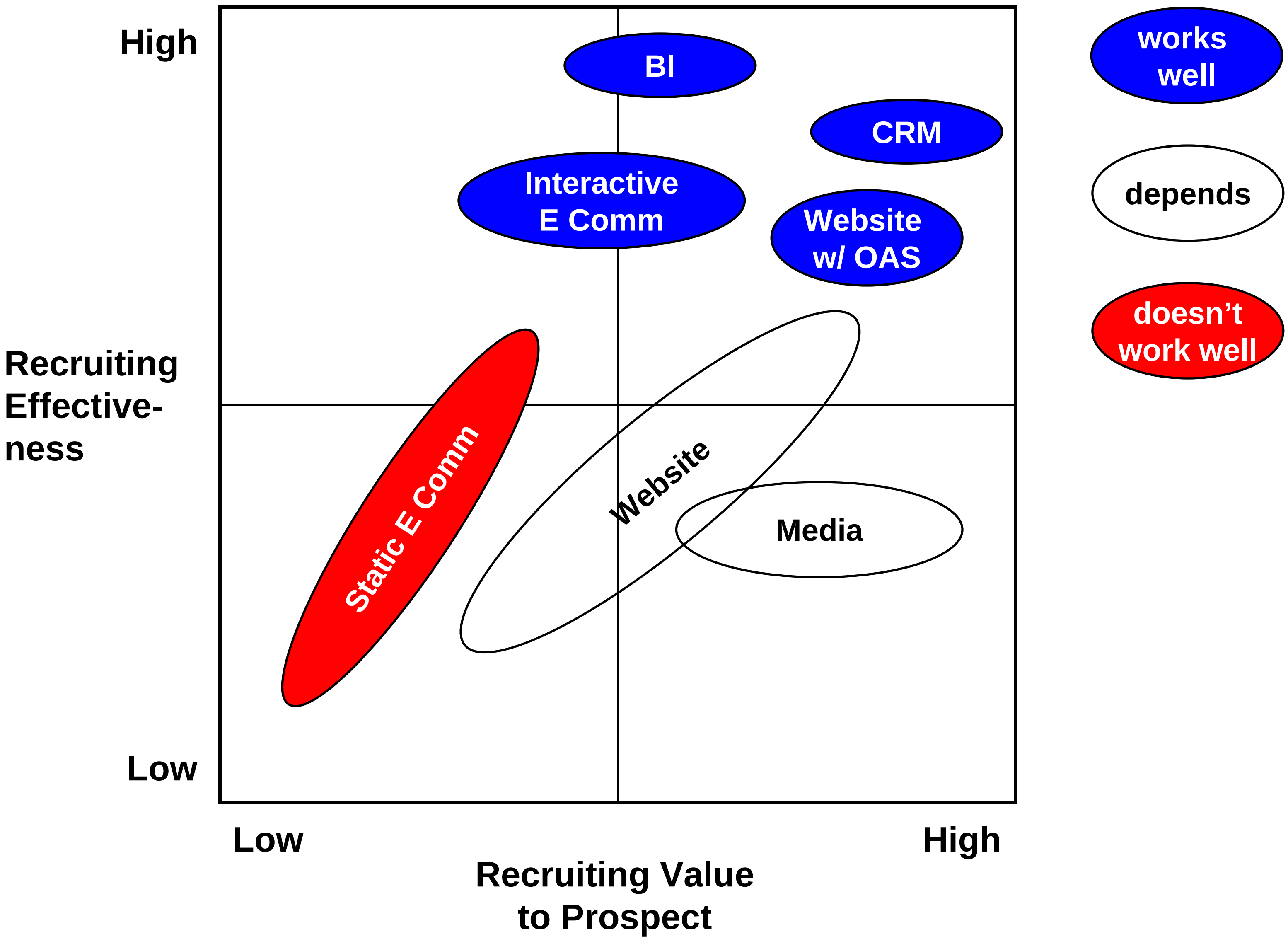
The following discussion places 35 international student recruiting tools based on their effectiveness for the institution, and their value for a prospective student, in a strategy matrix:

- **Seven marketing tools**
- **Eight relationship-based approaches**
- **Eight leverage-based approaches**
- **Seven return on investment approaches**
- **Five academic branding approaches**

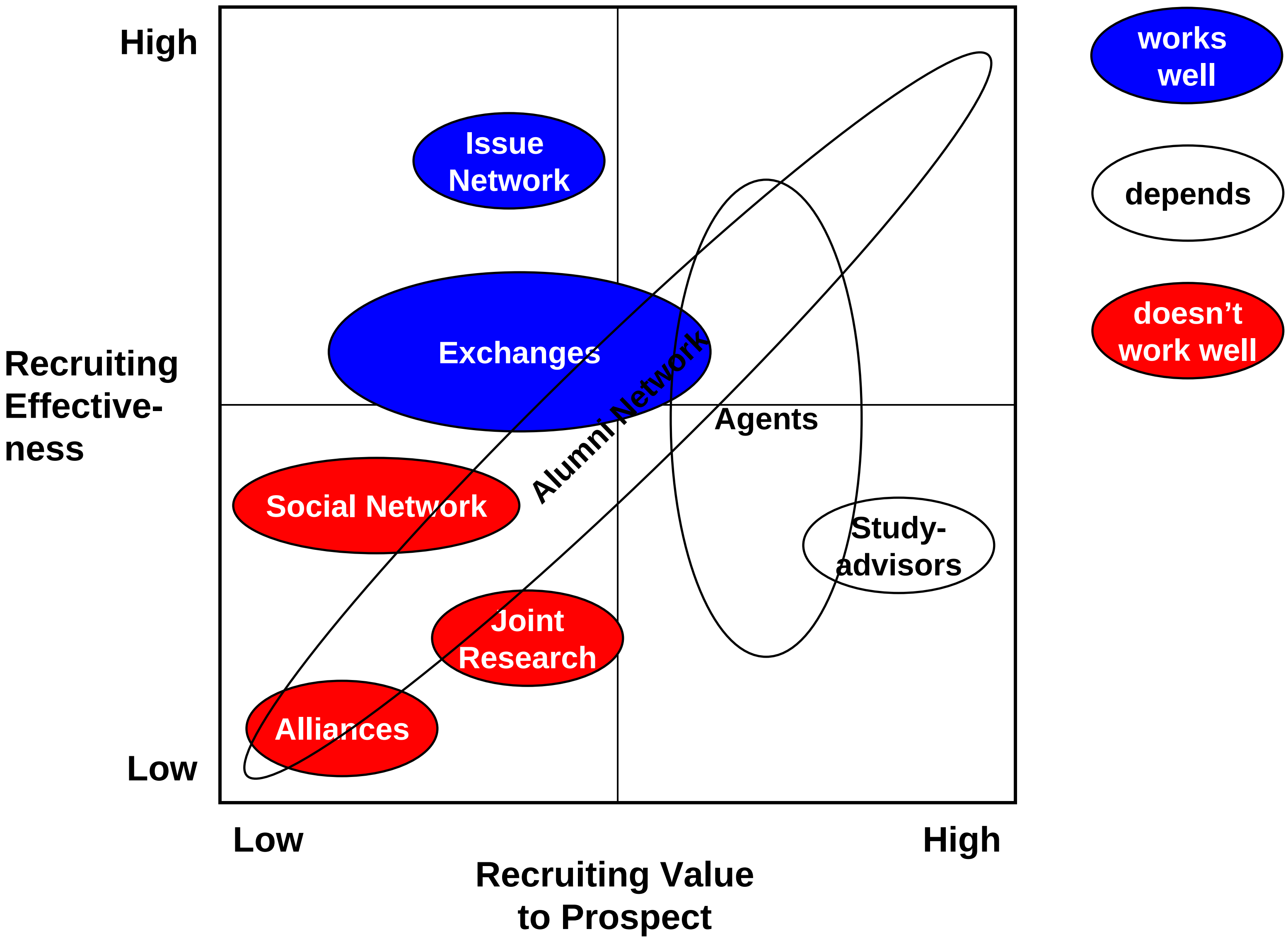
Each tool has eight components which define its utility, direction, and value to the institution. Websites are used as one example to illuminate the need for understanding each component of each tool.

The aim of this discussion is to highlight structural and strategic aspects of what works and what does not work in international student recruiting.

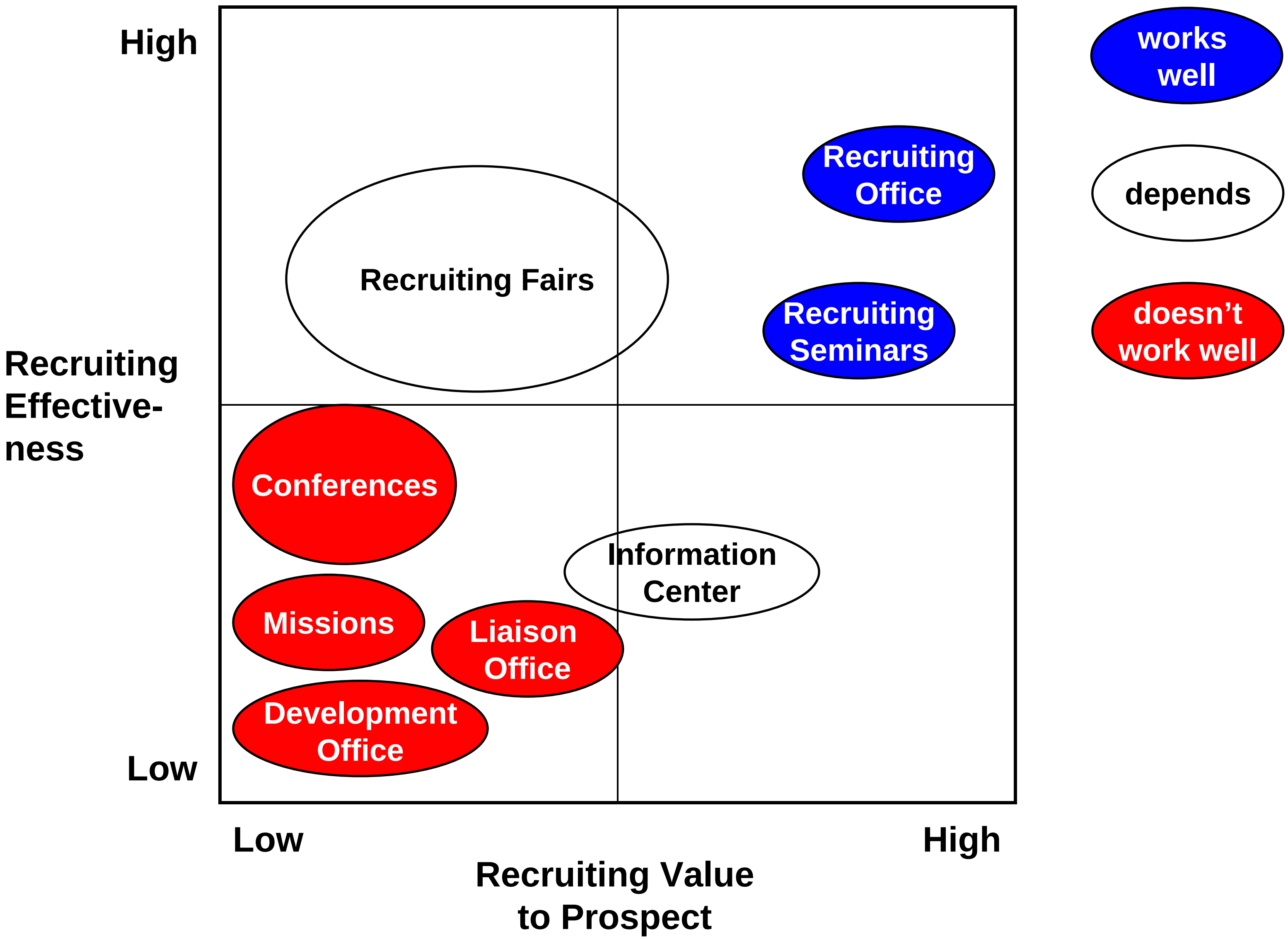
MARKETING TOOLS



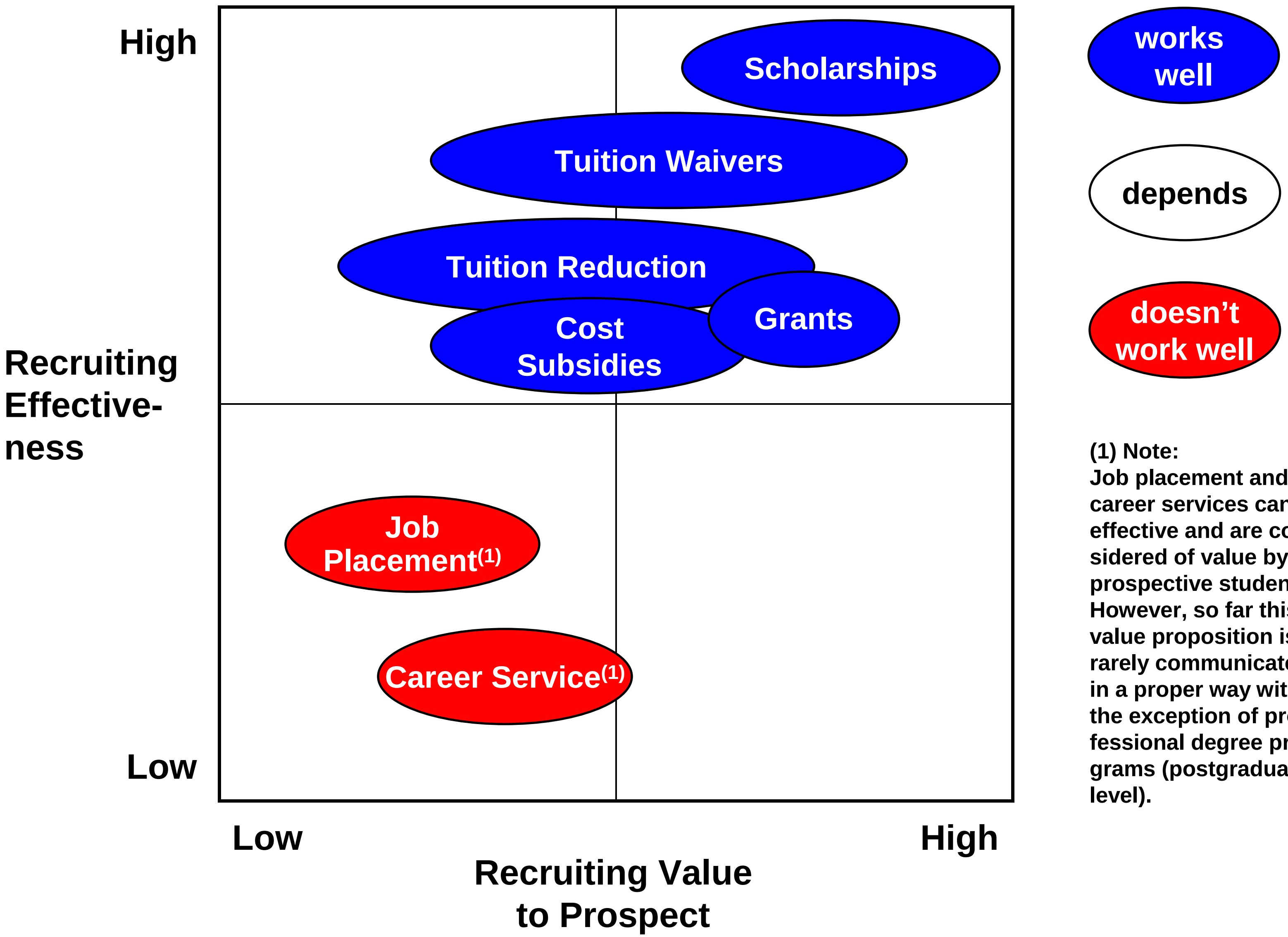
RELATIONSHIP-BASED APPROACHES



LEVERAGE-BASED APPROACHES

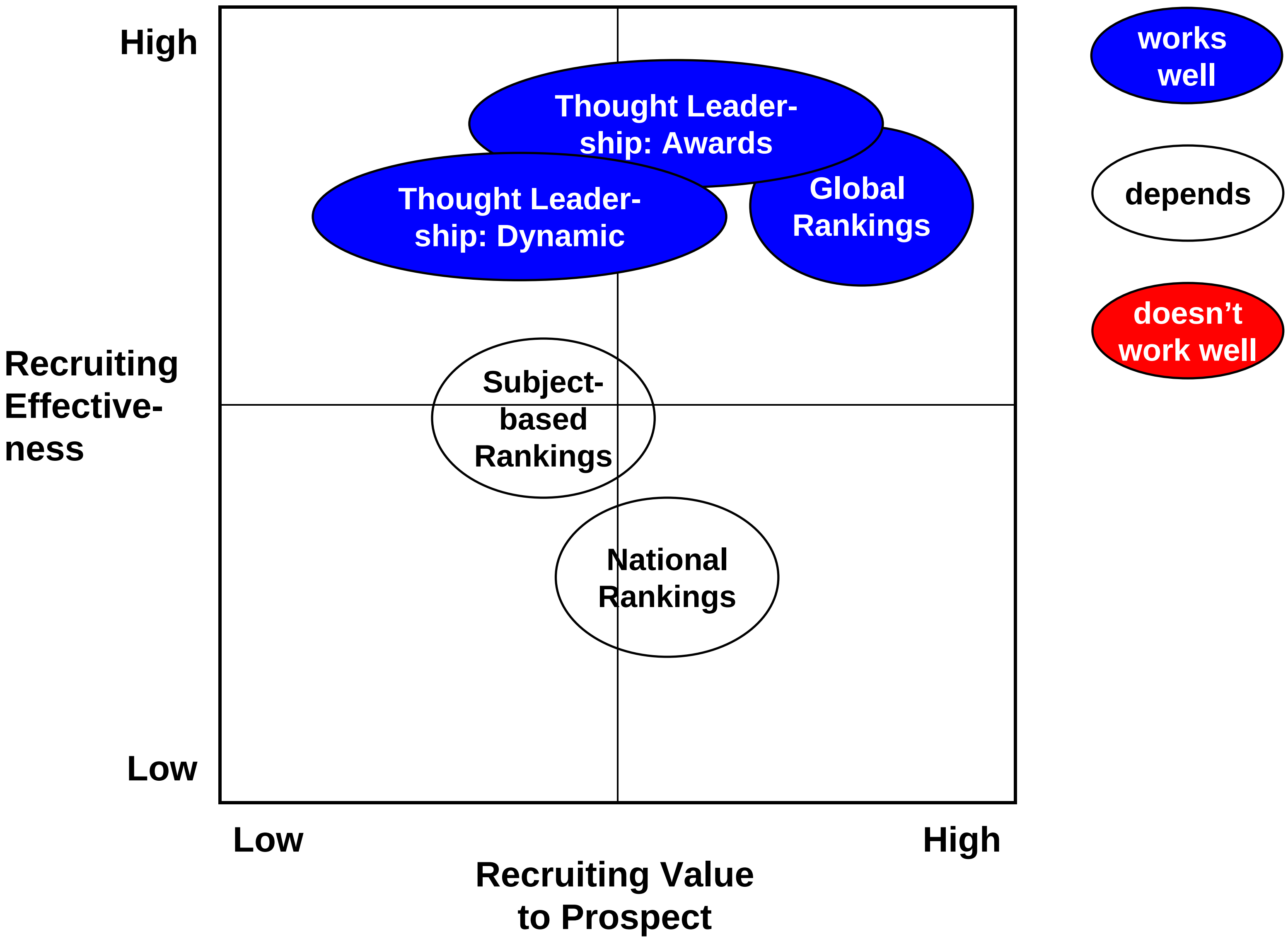


RETURN ON INVESTEMENT APPROACHES



(1) Note:
Job placement and career services can be effective and are considered of value by prospective students. However, so far this value proposition is rarely communicated in a proper way with the exception of professional degree programs (postgraduate level).

ACADEMIC BRANDING APPROACHES



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THE ISSUE OF "COLLEGE"

- **College as a term has a history to be subject to in-country interpretation and contextualization**
- **This can be a challenge in certain countries which equate college with a lesser form of higher education, or an a priori lower degree of desirability**
- **Responses around the world have been movements towards re-labeling (UK, Germany, Sweden, and on some level in the US)**
- **Even at an elite level, the term "college" can cause issue (i.e. Imperial College London)**
- **There does not appear to be a definitive answer to over-coming this issue. However, an active brand positioning, coupled with clear in-country communication, should be able to address many of the mis-understandings**

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Academic Brand Matrix

Perceptions of Canada

Value-added recruiting

BRANDING IN THE ACADEMIC WORLD: INTRODUCTION

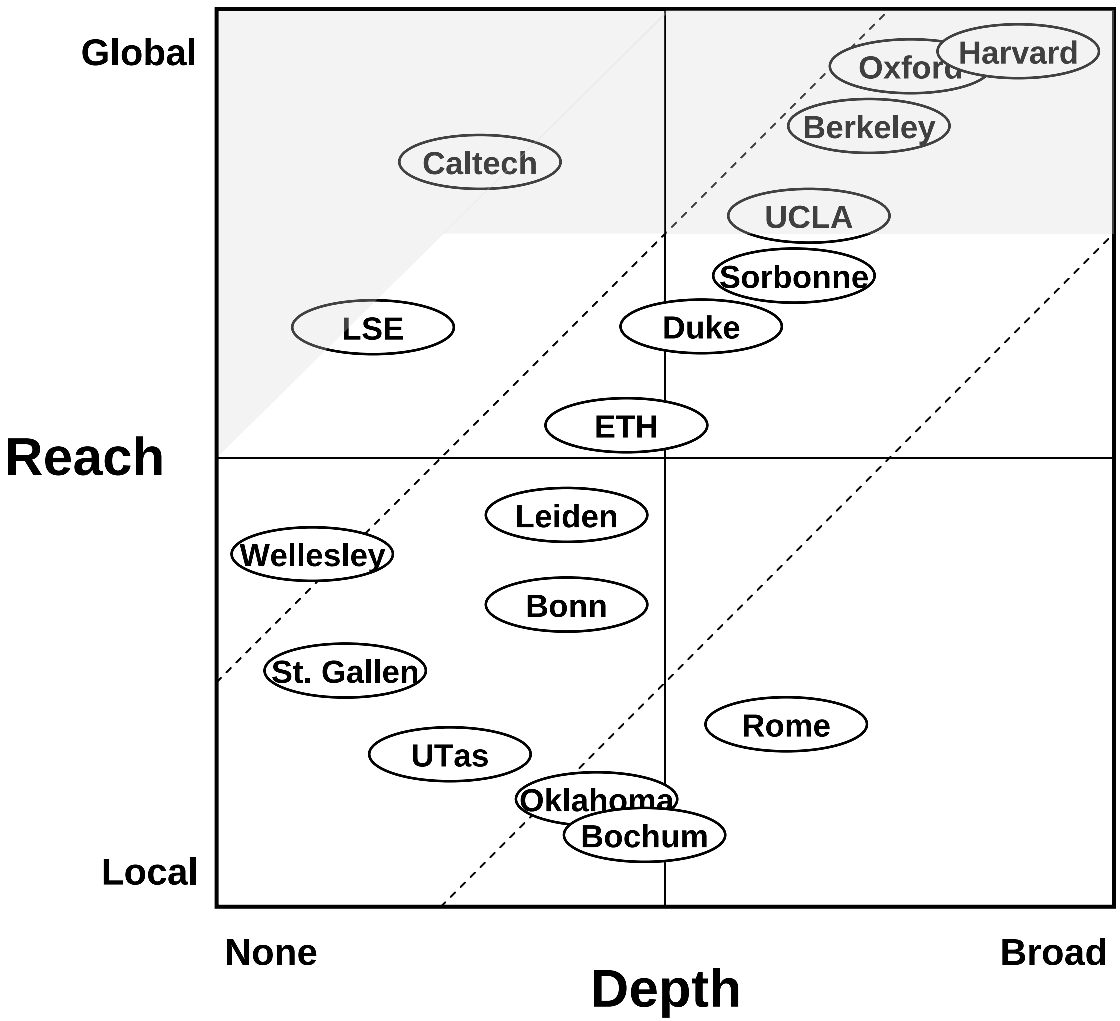
- **Professional, active academic branding is a relatively recent phenomenon. Yet competition for talent, funding, and attention has led to a strong acceleration of branding activities**

- **Higher education institutions are both complex as well as granular – this makes a unified brand positioning approach difficult**

- **Many faculty members – and entire academic cultures – still resist branding in the academic world. This is nothing short of naive. Academic branding is real, it is important, and it will not go away**

- **Branding in academia is often mis- or only partially understood. It is not just a logo (“crest”), slogan (“world class”), or a ranking (THES vs. Shanghai). It certainly is not simply based on academic reputation alone, though reputation underpins much of the an academic brand**

ACADEMIC BRAND MATRIX – MEASURING AN INSTIUTUIONS EXTERNAL PERCEPTION-BASED POSITION



Notes: The definition for the reach and depth axes is included in subsequent slides
Source: ICG.

ABOUT THE ACADEMIC BRAND MATRIX I

- **Axes**
  - **Reach is broadly defined by geographic reach as measured by the level of general public awareness of a given academic brand**
  - **Depth is defined by a combination of seven criteria: academic performance, innovation, financial strength, leadership, social/cultural contributions, athletics, and marketing/ positioning efforts**
- **Factors**
  - **Quantitative (most)**
  - **Qualitative transformed into quantitative (some)**
  - **Qualitative (a few)**
- **Placement**
  - **An institution's position is driven by both axes. Regarding the depth axis, the Academic Brand Matrix allows for customization (weighting)**
- **Competitive Aspect**
  - **The Academic Brand Matrix's main use is to establish an institution's relative, competitive position – and to highlight brand development pathways**

The Academic Brand Matrix is a conceptual and competition tool

ABOUT THE ACADEMIC BRAND MATRIX II

- **Internal world**
  - **Everyone**
- **External world**
  - **Alumni and friends**
  - **Applicants**
  - **Communities and networks (online and offline)**
  - **Employers**
  - **Experts (rankings, assessments, etc.)**
  - **Faculty members**
  - **Government**
  - **Influencers**
  - **Media**
  - **Peer and competitor institutions**
  - **Prospects**
  - **Staff members**
  - **Students**

The outside world matters (more)

BEST PRACTICE INTERNATIONAL BRAND LEVERAGE MODEL

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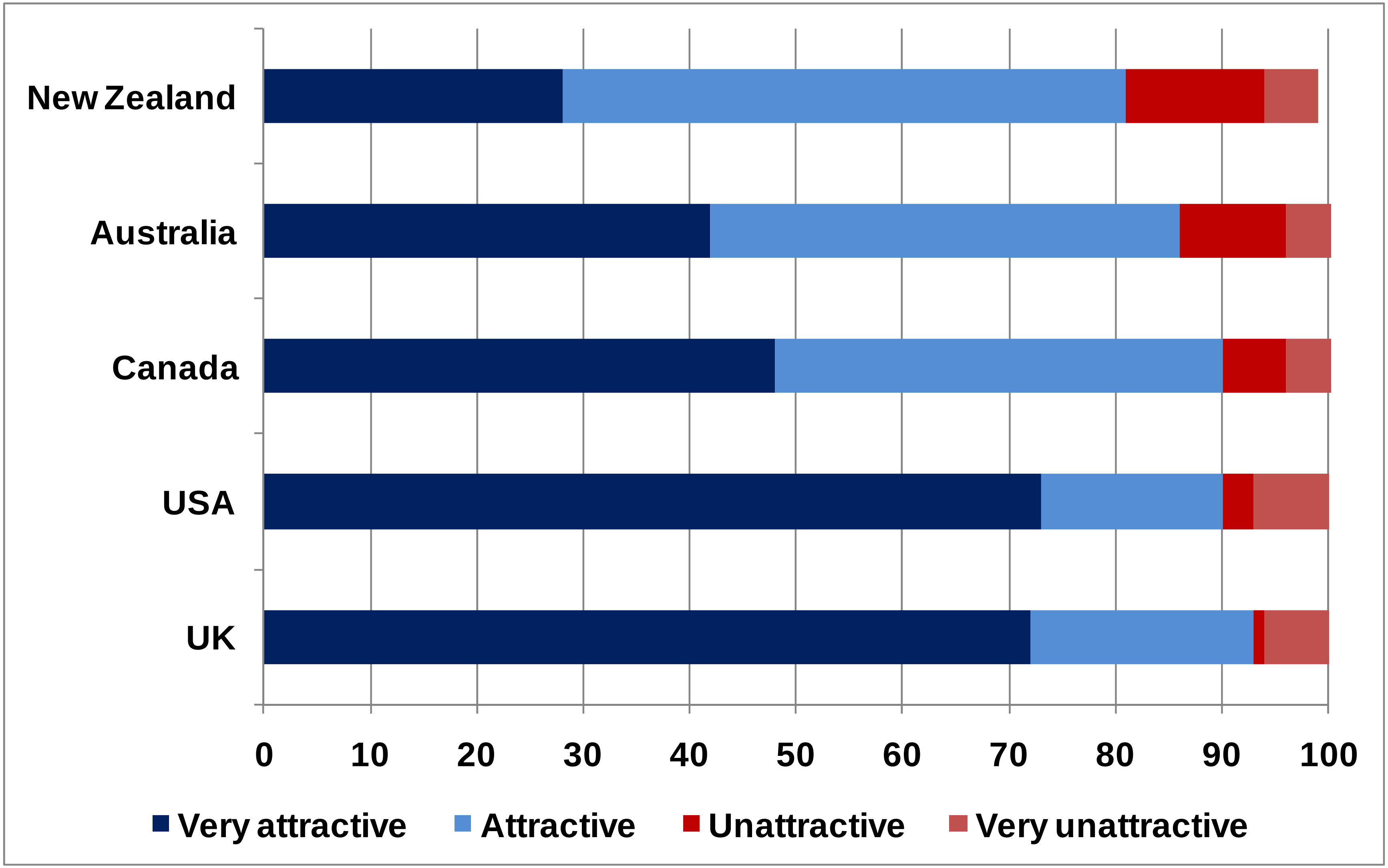
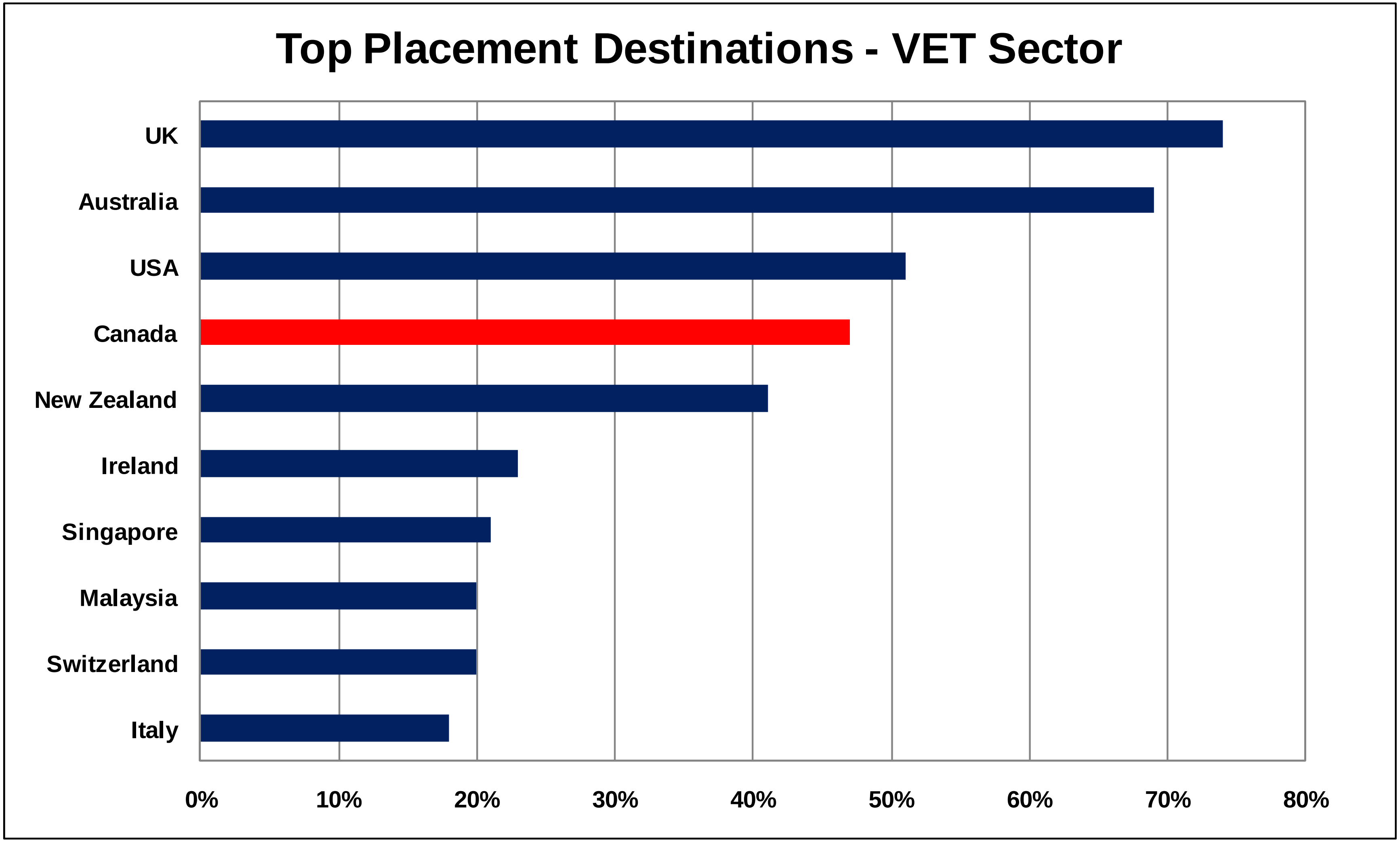
PERCEPTION OF CANADA –
Overall Attractiveness as a Study Destination

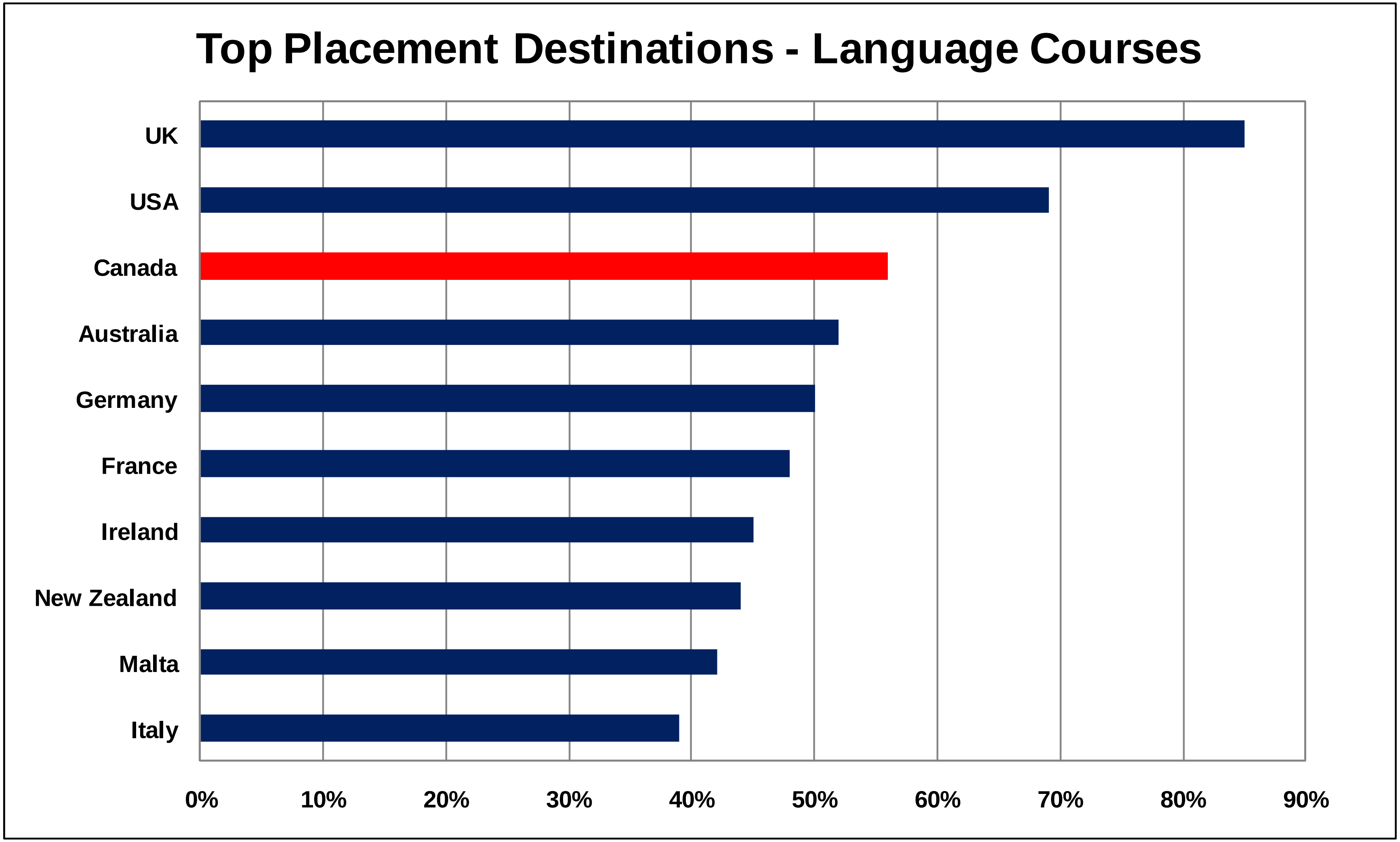


Notes: Sample size is 1,033 agents in 110 countries.
Source: ICEF Agent Barometer, September 2009.

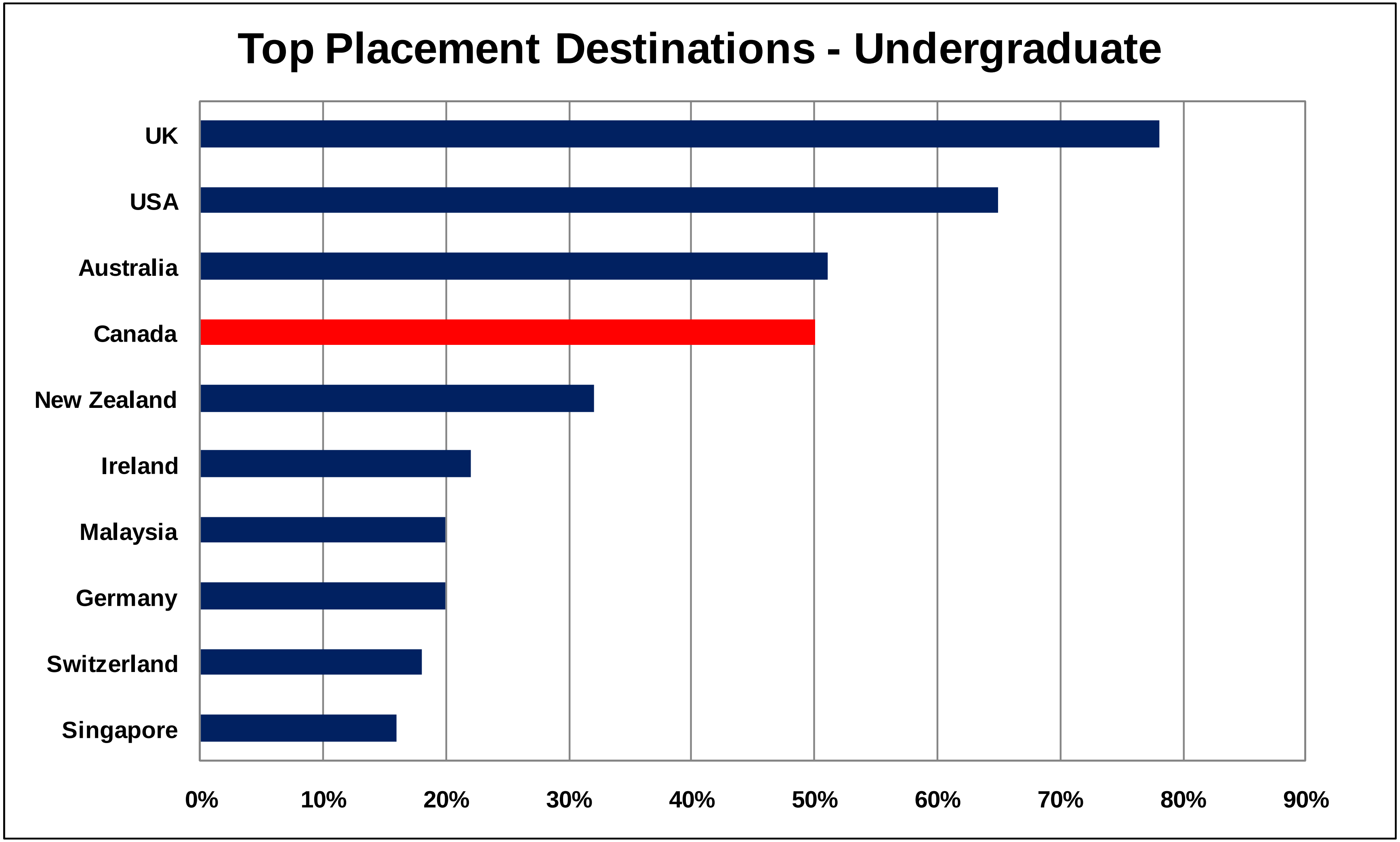


Notes: Sample size is 1,033 agents in 110 countries.
Source: ICEF Agent Barometer, September 2009.

PERCEPTION OF CANADA
Language Sector Destination

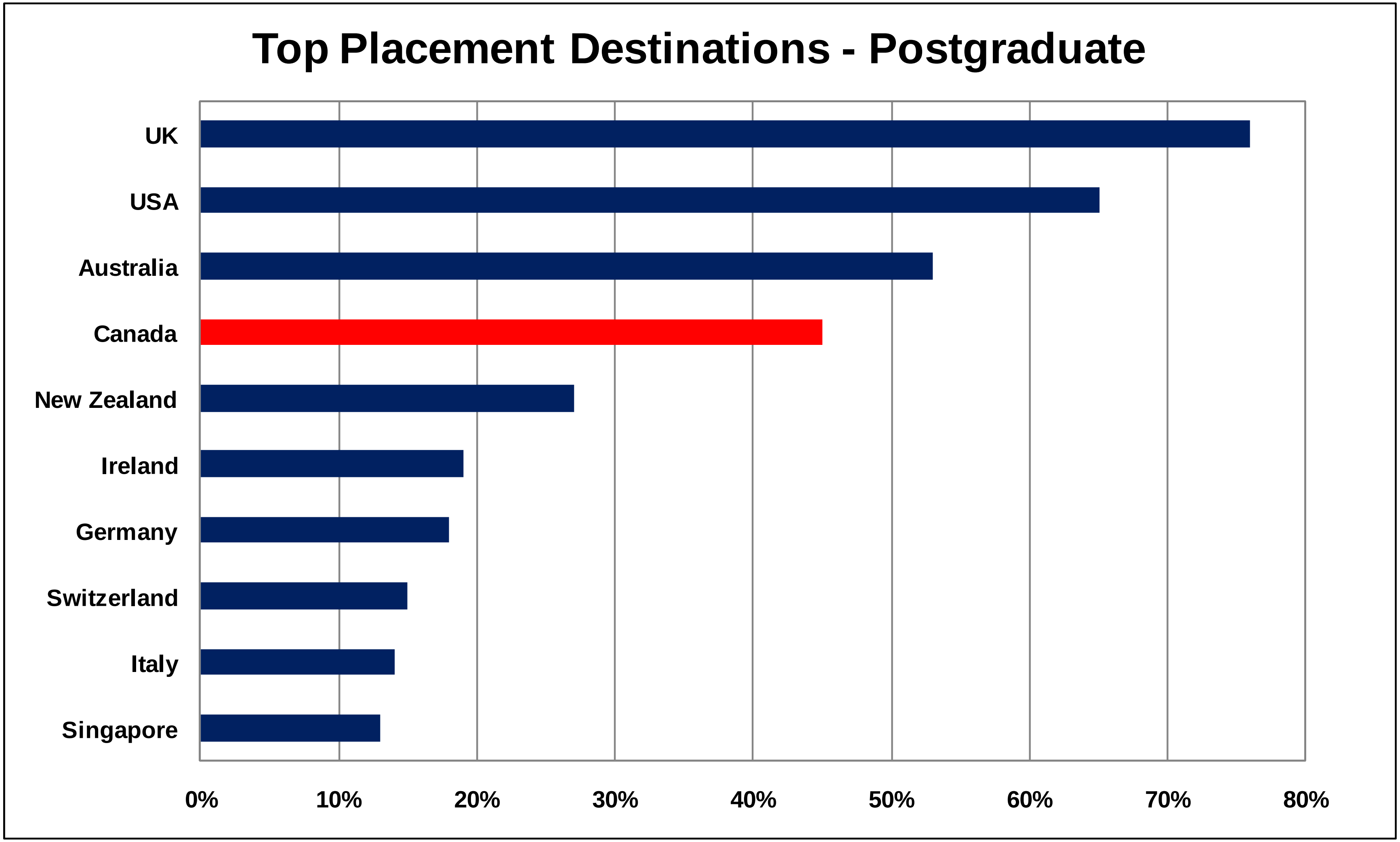


Notes: Sample size is 1,033 agents in 110 countries.
Source: ICEF Agent Barometer, September 2009.



Notes: Sample size is 1,033 agents in 110 countries.
Source: ICEF Agent Barometer, September 2009.

PERCEPTION OF CANADA
Higher Education (Postgraduate) Destination



Notes: Sample size is 1,033 agents in 110 countries.
Source: ICEF Agent Barometer, September 2009.

GLOBAL INNOVATION CAPACITY INDEX
Canada Ranks Seventh

Rank	Country	ICI
1	Sweden	82.2
2	Finland	77.8
3	United States	77.5
4	Switzerland	77.0
5	Netherlands	76.6
6	Singapore	76.5
7	Canada	74.8
8	United Kingdom	74.6
9	Norway	73.5
10	New Zealand	73.4

A high correlation between ICI and recruiting success

Source: EBS Innovation Capacity Index 2009-10.

RECOMMENDATION: CREATION OF AN INTERNATIONAL EDUCATION MARKETING AGENCY

Source: FutureBrand Country Brand Index 2009..

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VALUE-ADDED RECRUITING OPTIONS

- **Multi-international experiences**
- **Internationalization at home**
- **Alumni networks**
- **Internships**
- **Co-op programs**
- **Work permit**
- **Permanent residency**
- **Citizenship**

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