

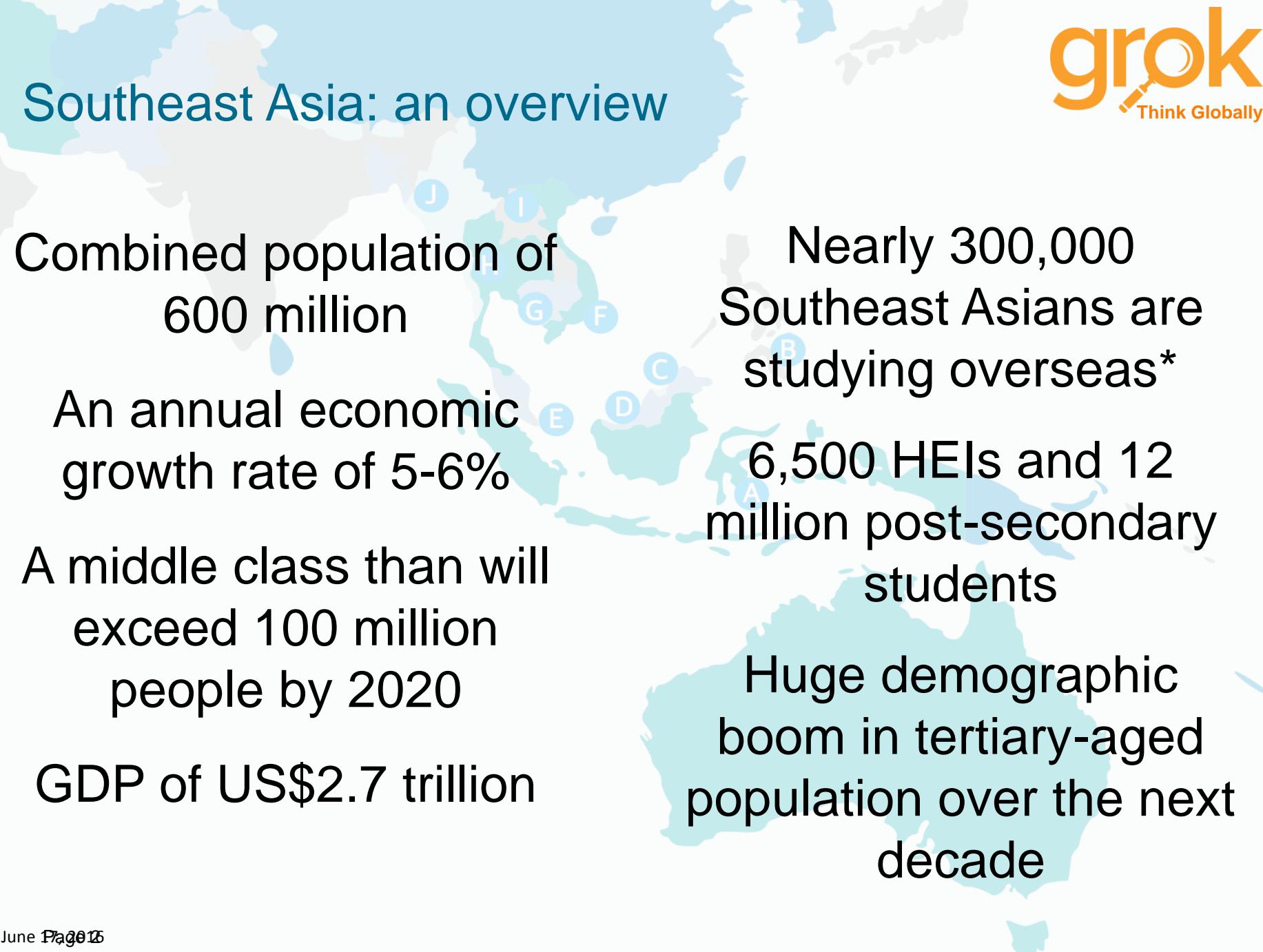


# A Rough Guide to Southeast Asia for BC Institutions

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## Southeast Asia: an overview



Combined population of 600 million

An annual economic growth rate of 5-6%

A middle class than will exceed 100 million people by 2020

GDP of US\$2.7 trillion

Nearly 300,000 Southeast Asians are studying overseas\*

6,500 HEIs and 12 million post-secondary students

Huge demographic boom in tertiary-aged population over the next decade

# Southeast Asia: a region full of contradictions ?

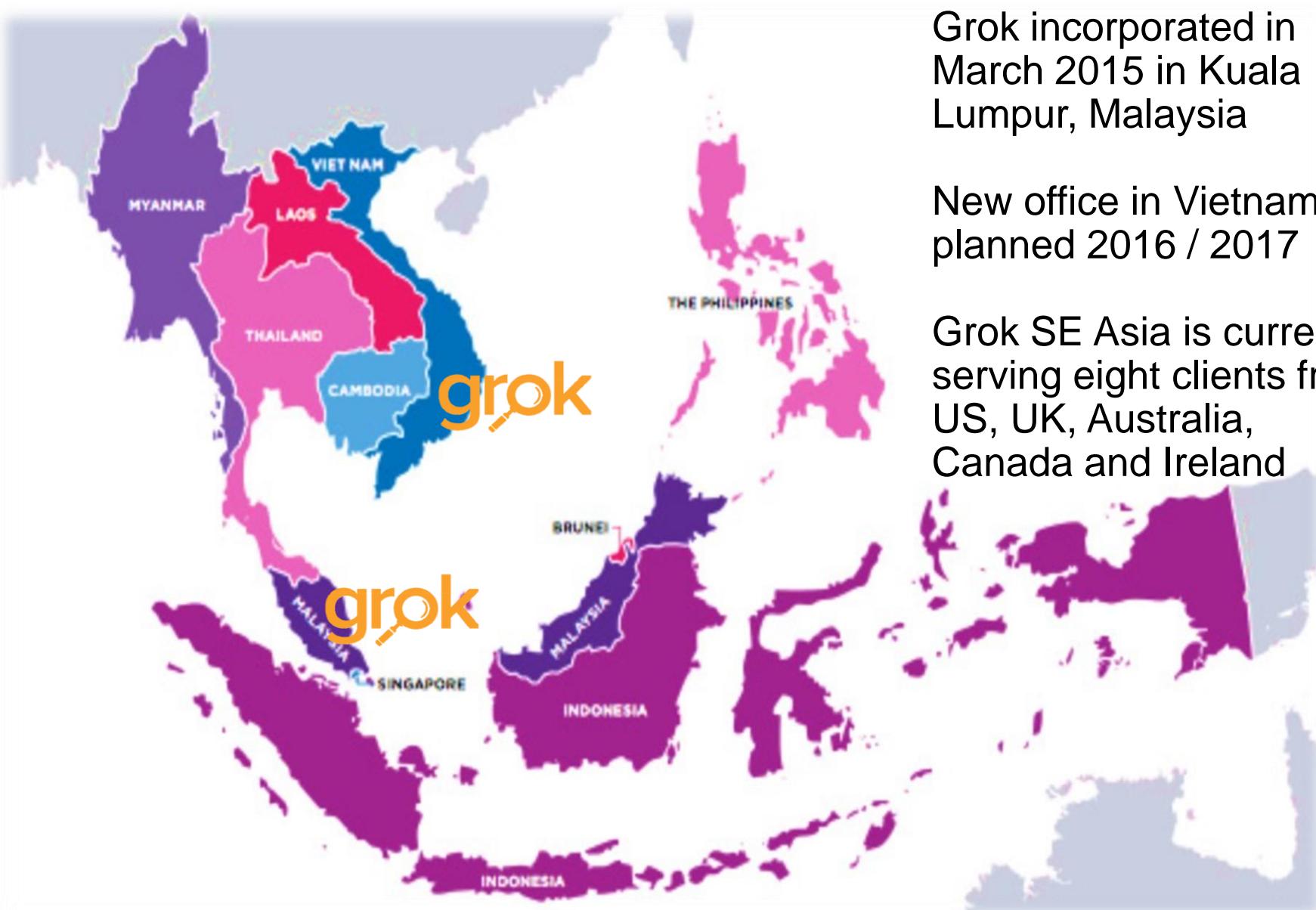
A hot house of  
**student & programme mobility, innovative forms** of managing and regulating **transnational education**

**Generally poor tertiary-level education** forcing the middle classes to **spend their way out of poverty** locally or abroad.

Lack of inter-regional **regulatory framework** for tertiary education, **credit transfer** or **quality assurance**

**Uneven development** of different nations means **diverse factors** can influence where & what students study abroad.

# Grok Southeast Asia



Grok incorporated in March 2015 in Kuala Lumpur, Malaysia

New office in Vietnam planned 2016 / 2017

Grok SE Asia is currently serving eight clients from US, UK, Australia, Canada and Ireland

# Southeast Asia & ASEAN

- Association of Southeast Asian Nations (Brunei, Cambodia, Indonesia, Lao, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam).
  - A geopolitical and economic organization seeking closer integration of trade, social progress and education.
  - ASEAN lacks a strong coherent identity, but 2015 saw the creation of the ASEAN Economic Community (AEC):
    - a single market and production base (essentially a free trade zone)
    - a competitive economic position (regulations on consumer protection, intellectual property rights, and taxation)
    - equitable economic development among member states (!)
    - full integration into the global economy.
  - Reflecting this ideal, ASEAN's *Work Plan on Education* seeks to create a '**Common Space for HE**' based on four priorities: student mobility, credit recognition, **quality assurance and research clusters**
- But regional diversity presents challenges....**
- *In Malaysia and Thailand*, local institutions and their partners are already beginning to recognize students' credits
  - *In Myanmar*, credits can only be transferred within the country, not abroad.
  - *In Vietnam*, the opposite: students can more easily transfer credits between international partner universities than between domestic institutions.
  - Regional HE integration resembling the EU is still a long road ahead for ASEAN

# Southeast Asia: what are the market characteristics ?

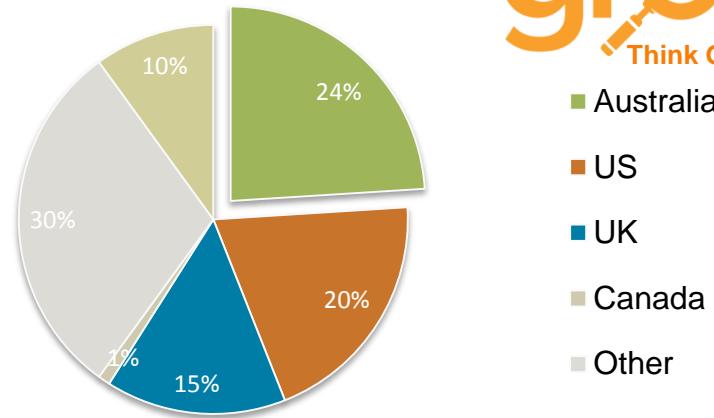
- The region is not a homogenous market. No single strategy will work uniformly across the market.
- Offers a competitive but often shifting marketplace for international students.
- Many well-known Western institutions actively marketing themselves and expanding their in-region presence with the UK and Australia leading the way.
- New high-quality institutions including International Branch Campuses (IBCs) are opening within the region, employing new ways of teaching & learning.
- Increasing access to education and training are national priorities in most countries
- Countries in the region can be clustered by income-level, reflecting their respective stage of HE development:
  - Lower middle-income countries: *Myanmar, Laos and Vietnam*
    - seeking to reform and build their national policies through increasing enrolment and infrastructure in HE.
  - Middle-income countries: *Indonesia, Malaysia, Philippines and Thailand*
    - more developed tertiary systems that are concentrating on quality, research output and entering world rankings.
  - High-income countries *Brunei and Singapore*
    - international reputation of local institutions and global partnerships.

# Significant market size. Diversity.

Country	Overseas students 12/13 (stock)	Estimated market growth	Estimated % self funded/sponsored	Top overseas destinations
Vietnam	<b>125,000</b>	+15%	90/10	US, Australia, Japan, UK, Canada
Malaysia	<b>78,936</b>	-3%	70/30	Australia, UK,
Indonesia	<b>43,000</b>	+20%	70/30	US, Australia
Thailand	<b>28,000</b>	+8%	80/20	US, UK, Australia
Singapore	23,000	-3%	95/5	Australia, UK, US
Myanmar	6,000	10%	60/40	Russia, Thailand, Japan
Philippines	12,000	14%	70/30	US, Australia, UK
Cambodia	5,000	5%	50/50	Thailand, France, Australia
Brunei	4,000	3%	60/40	UK, Australia, Malaysia

# Australia and Southeast Asia

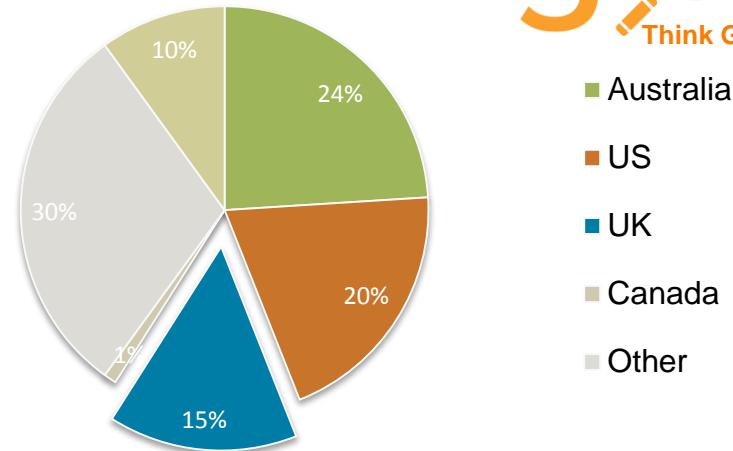
- The highest proportion of South East Asian tertiary students are studying overseas are in Australia, and it remains the number one destination for Singaporeans.
- As the region's closest neighbour, Australia has benefitted from a long engagement in the region as a prominent aid donor, and has invested strategically in education marketing.
- Branch campuses of a range of Australian HEIs (both high and middle ranking) have been established in Vietnam, Malaysia, Singapore and Indonesia.
- Emigration and naturalization after studying mean there are strong and growing family ties in Australia for many middle class families across the region



- Natural enemies with the UK, as closest competitors they have been engaged in a dogfight for the same Southeast Asia students in recent years (especially in Malaysia).
- Australian University Regional Offices dominate most regional markets, as well as a well-coordinated and incentivized agent network and good strategic support from AusTrade.

# UK and Southeast Asia

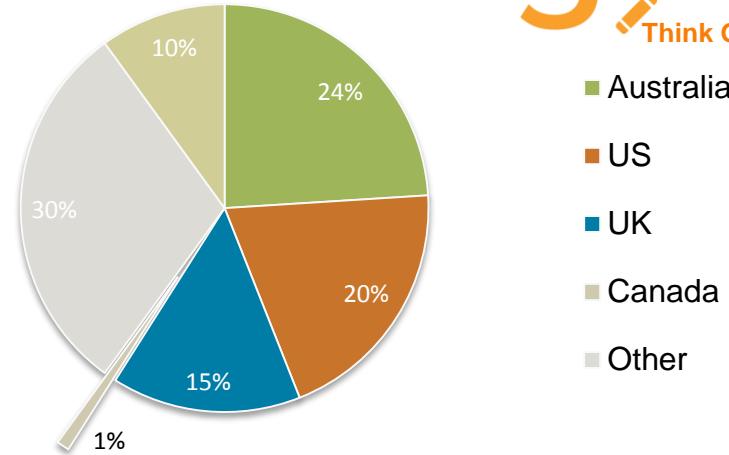
- Colonial ties to Malaysia and Singapore make the UK the top choice for many Chinese Southeast Asians.
- UK has benefitted from fluctuations in the global currency markets, making it a more affordable option for Southeast Asians than it used to.
- Recently overtaken Australia to grab the largest share of Malaysian student studying overseas.
- UK has invested consistently and effectively since the early 1990s, and for the last decade, captured a large share of the overall market, second only to Australia.



- The British Council is particularly active in markets like Myanmar and Indonesia, where they are expanding their presence in tier 2 cities, helping UK HEIs identify recruitment opportunities.
- UK has seen huge growth from Vietnam, especially in taught postgraduate programmes (over 300% increase for UK since 2004).

# Canada and Southeast Asia

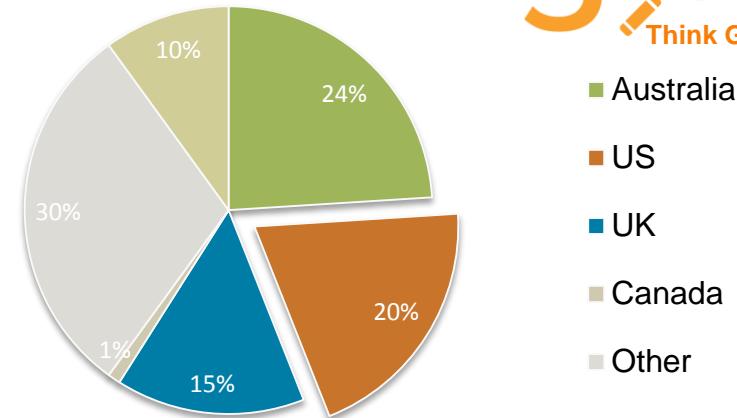
- Canada has historically under invested and under performed.
- According to CIS data from 2008 onwards, growth in student numbers going to Canada from the key ASEAN markets was less than 10% year on year, whereas the same period saw China and India achieving 15% and 32% growth rates respectively.
- UK and Australia have invested consistently and effectively over the long run, and for the last decade, captured the lion's share of the market.
- Recent data suggests that the market is open for diversity and there are signs of growth.



- Vietnam is seeing strong growth of nearly 20% each year, with Canada closing in on the UK in terms of its overall share of the Vietnamese market.
- The Philippines has also seen recent double-digit growth
- Malaysia: Canada has historically only pursued state sponsored students and Canadian institutions have failed to effectively nurture Malaysia's well developed agency channels and excellent private high school and pathway programs

# US and Southeast Asia

- US accounts for approximately 20% of the outbound Southeast Asian students, second only to Australia as a single most popular destination
- UG students from the region increased 22% between 2009/10 and 2013/14, but graduate students have declined by 13% over the same period.
- In 2014, the total number of Southeast Asia students studying in the U.S. rose only 1.8%, a slower rate of growth than other developing regions such as Latin America (+8.2%) and West Africa (+3.8%).



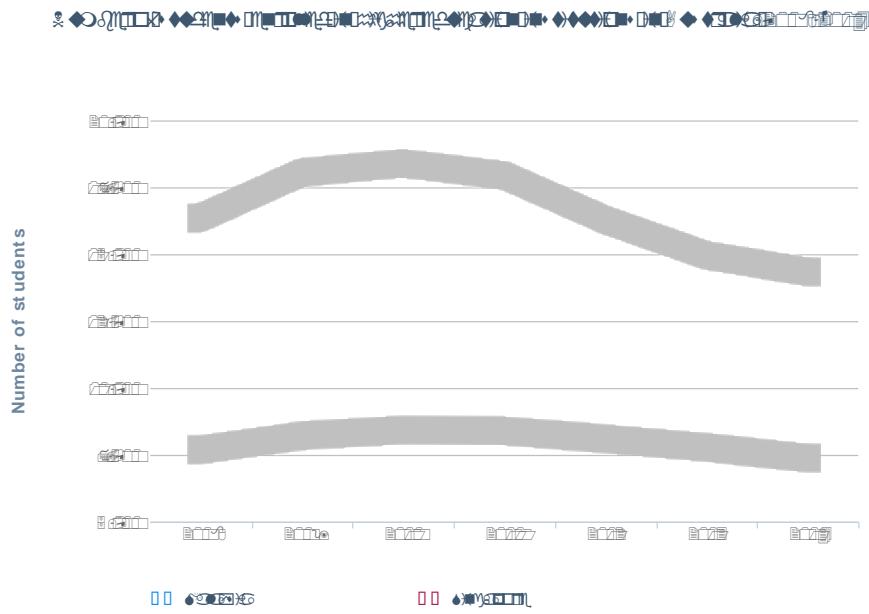
- This growth is primarily fueled by increased enrollments from Vietnam and Indonesia, which jointly account for 86% of the regional growth in 2014. .
- Strong competition persists for the US from Australia and the UK, who have been actively marketing themselves in Southeast Asia and developing transnational education partnerships to enrol local students- an areas in which the US is significantly behind.

# US and Southeast Asia

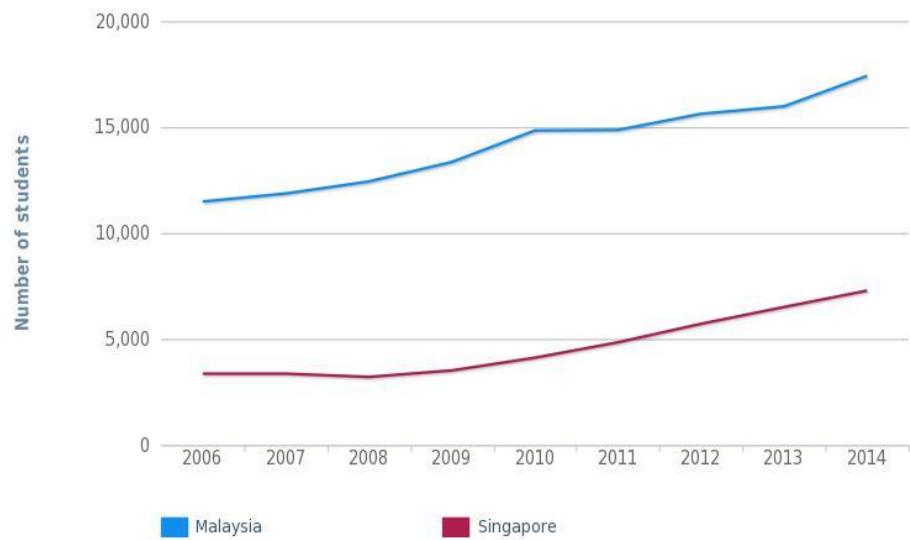
- Southeast Asia remains a market that US institutions should be looking to compete in, and to consider some of the relative low-risk delivery options for transnational education in countries like Malaysia and Vietnam
- Those HEIs prepared to be more active in building collaborative relationships with local institutions, using different transnational models, could achieve significant recruitment results.
- Still good opportunities to strengthen traditional recruitment efforts in emerging markets, such as Vietnam and Indonesia
- US institutions should recognize that a much higher proportion (44%) of Southeast Asian students consider pursuing a foreign degree in a country other than the U.S, before making their final decision.

# Region in depth: UK vs. Australia

- UK & Australia engaged in a battle for dominance for the relatively homogenous Chinese Malaysians and Singaporeans.
- **Stark symmetry** in declines and increases in both markets, but currency/economic situation may have been the biggest factor.



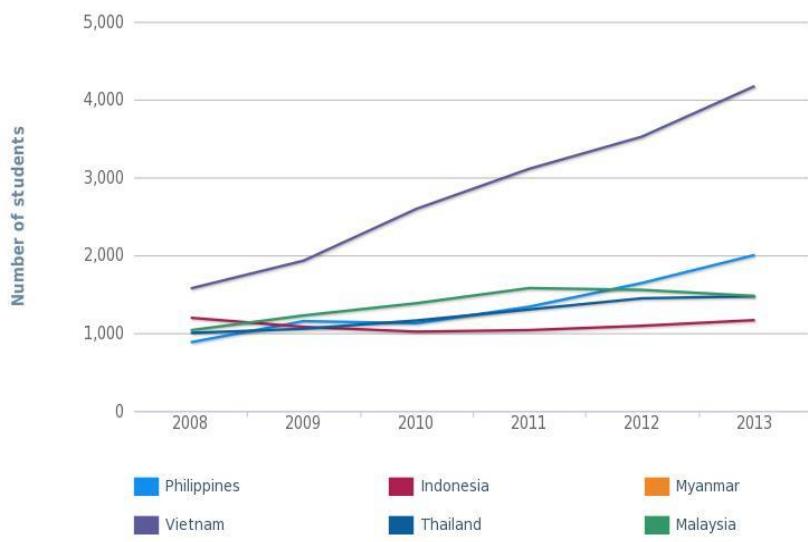
Number of students enrolled in higher education institutions in the UK, 2006-2014



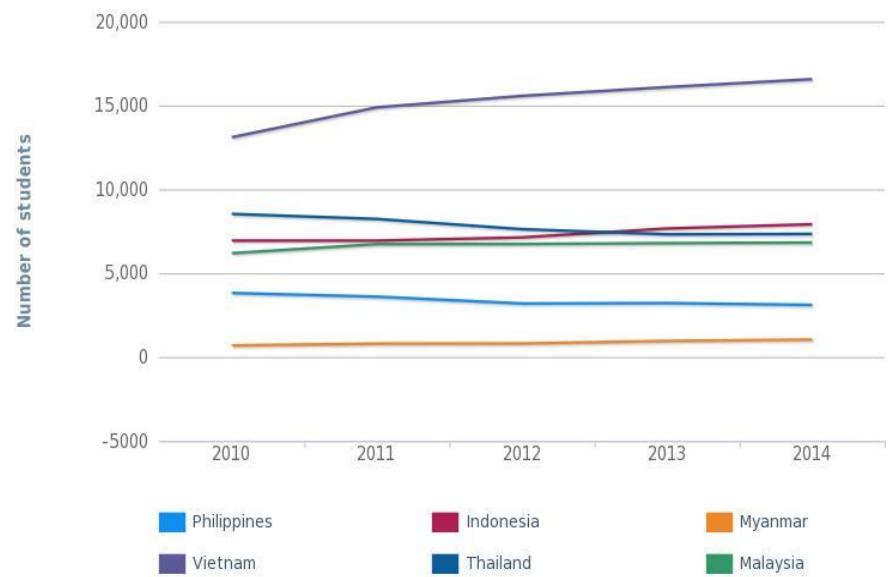
# Region in depth: Canada's quiet rise vs a US plateau ?

- Canada is seeing growth rates in most key markets, though starting from a lower base than competitors
- Despite the US policy shifts: Obama's 'pivot to Asia' bringing large amounts of scholarships and increasing ties in key SE Asian education markets, the upsurge in US enrollments is yet to be reflected in the data.

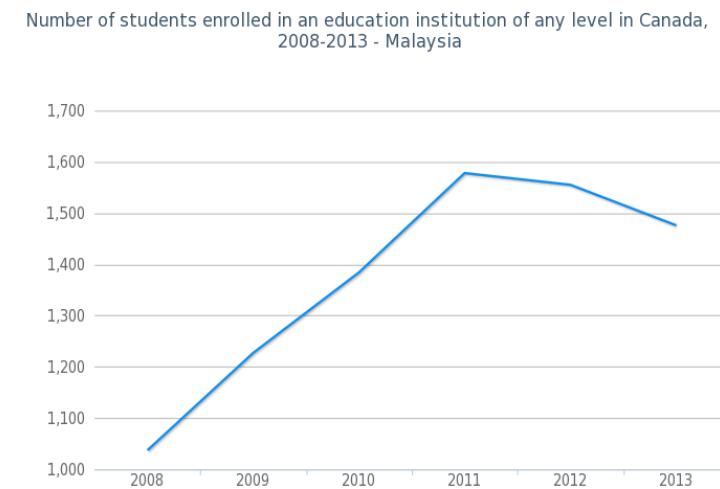
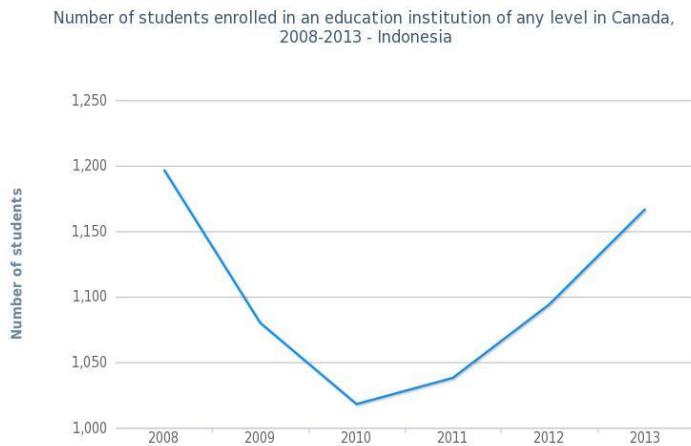
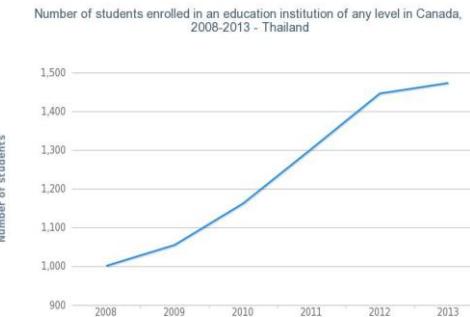
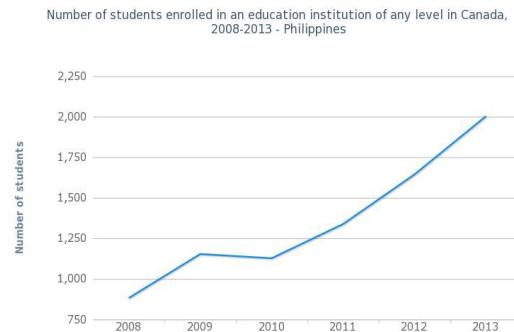
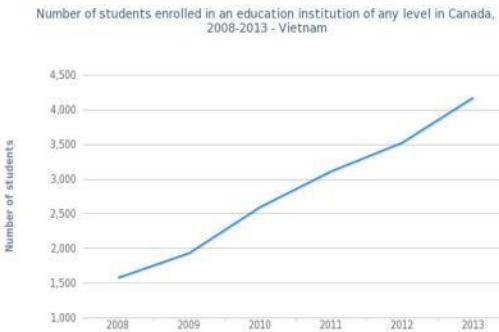
Number of students enrolled in an education institution of any level in Canada, 2008-2013



Number of students enrolled in higher education institutions in the US, 2010-2014



# Region in depth: Canada's quiet rise vs a US plateau ?



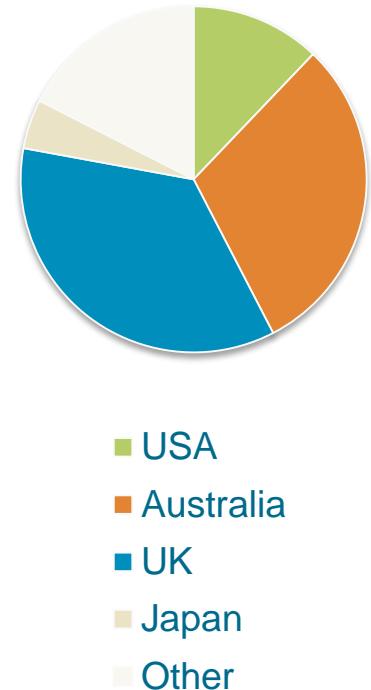
# Market potential for Canada : Malaysia (1)

- **Education agents remain an important source for self-funded students** but awareness of Canada **remains low**, specialist ‘boutique’ agents exist for countries like Ireland or New Zealand, but few agencies currently focus on recruiting students for Canadian HEIs.
- Stronger engagement through regular visits and training, as well as institution-funded familiarization tours for key Malaysian agents would help address this issue.
- A consortium-led approach (of active Canadian HEIs) could do well to pool resources to offer local agents access to a wider range study options across Canada, (i.e. joint marketing campaigns about the benefits of Canadian education, highlighting its attractive employment and migration opportunities).

- **K-12 syllabus taught locally** in Kuala Lumpur: Sunway College’s Canadian International Matriculation Programme and Taylors College’s Canadian Pre-University programme – Canadian institutions should cultivate strong relationships with both .

- **Business and Engineering** remain popular study abroad options for Malaysians at the undergraduate level, and should be Canadian institutions' primary focus.
- The **public high schools** (SPM, UEC) and **international schools** (i.e. Alice Smith, AISM) remain largely untapped by Canadian HEIs.
- Good opportunities for **‘twinning’** (1+2, 2+1, 2+2), **dual degrees** and **franchise** (3+0) programmes especially within local private HEIs

## Market share



# Market potential for Canada : Malaysia (2)

- Canadian institutions can target such institutions who offer their own **American Degree Transfer (ADP)** programmes (e.g. INTI, Taylors University, KDU), and explore through partnership agreements that map curricula and allow progression to Year 2 or Year 3 UG programmes.
- Similarly outreach to **International Branch Campuses** in Malaysia, who host international students (particularly from China, S. Asia and the Middle East) many of whom may be looking to study in Canada through credit transfer or at PG level.
- Malaysians continue to dominate the UG Market in Southeast Asia, especially for the UK where numbers have risen significantly over the last decade. Malaysia has seen steady but limited growth in students undertaking PG taught programs overseas, increasing strongly for the UK and plateauing somewhat for the US. A significant proportion (20%) of the postgraduate market is aged over 30.
- Whilst Australia has benefitted from long-term engagement in the region, the UK has gained from fluctuations in the global currency markets, making a British education more affordable for Malaysians relative to other OECD countries. The number of Malaysian students in Canada also saw a drop from 932 in 2012 to 683 in 2013
- The recently published government **Malaysia Education Blueprint 2015-2025 (HE)** recognises that the transformation of the higher education system and operation of HEIs is fundamental to Malaysia's ability to compete in the global economy.

# Market potential for Canada : Malaysia (3)

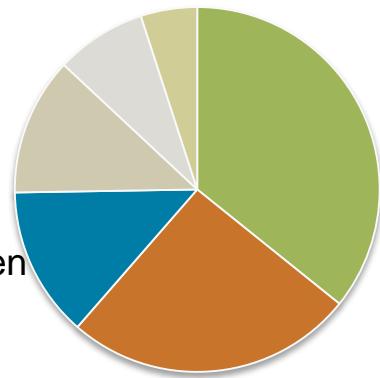
- The Ministry of Higher Education aspires to embed a more entrepreneurial mindset throughout Malaysia's HE system and produce graduates with a drive to create jobs rather than to only seek them; and to achieve a dual-pathway HE system where both the academic and TVET (*Technical Vocational Education and Training*) routes are equally valued. Thus opportunities to further develop TVET with Canadian partners are welcomed.
- Among Malaysian students studying abroad around 30% receive some form of sponsorship or government scholarship. The Malaysian government provides scholarships through MARA for *Bumiputera* students (ethnic Malays) and through the Public Service Department (JPA) to all Malaysian citizens. Scholarships are available for both domestic and overseas study.
- Sponsored Malaysian students make up 40% of those studying in UK and Ireland, 60% in Egypt, 40% in China and US, and 72% in Canada.
- The disproportionate amount of sponsored students in Canada reflects the fact that the decline in Malaysian students can be directly linked to the reduction Malaysian government scholarships for study abroad in recent years (specifically for UG study)
- There is a strong need for Canadian HEIs to more effectively target self-funded students. This will become increasingly difficult as the Malaysian government seeks to encourage and incentivize more self-funded students to study locally, potentially limiting growth in numbers of Malaysian students studying overseas.

# Market potential for Canada : Vietnam(1)

- Upward growth trend for all key markets – US (3%), UK (3%), Australia (23%), **Canada (27%)**
- Canada enjoys growing numbers with a **dramatic increase** from 1,574 in 2008 to 4,173 in 2013 (an increase of 165%). Direct enrolment to universities is still limited.
- The largest international student market in SE Asia with **preference for N. American institutions** at all levels: over 9,000 enrolled at American community colleges alone.
- 233 foreign/joint programs currently delivered with France, the UK, Australia and US accounting for the majority
- Strong potential for Canadian institutions to increase Vietnamese students who wish to transfer to complete a bachelor's degree, either via Canadian college pathway or via **credit transfer**.

- Strong desire to pursue **Business and Financial Services industries**. Opportunity for Institutional partnerships with universities
- **Word-of-mouth** and agent driven market
- 80% of students use agents which are smaller and of variable quality, lack of big organised players in recruitment market.
- Key markets for both agents and partnerships remain Ho Chi Minh City & Hanoi with potential in Da Nang, Can Tho and a few others second-tier cities.

## Market share



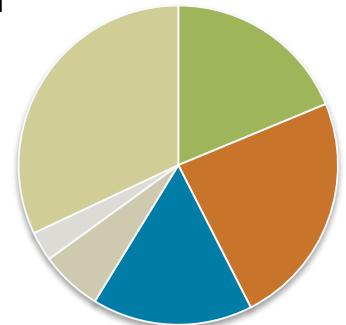
■ USA      ■ Australia  
■ UK      ■ France  
■ Japan    ■ Other

## Market potential for Canada: Vietnam (2)

- Already **the largest international student market in the region**: in the next 10 years, an estimated 400,000 students will be studying abroad
- Generally poor quality education in Vietnam and growing household incomes means that study abroad is not only attractive but increasingly realistic for a growing proportion of Vietnamese families.
- Affluent Vietnamese families see high quality education as face and status issue
- Not meeting national training requirements for skilled workers in areas such as information technology, tourism, finance and banking.
- Vietnamese government sponsors study abroad for a growing number of students.
- Vietnam's MOET announcement recently that it will invest US\$21.6 million for Project 911, which includes sending 10,000 PhD students abroad until 2020.
- US continues to perform well, increase in associate degree-holding Vietnamese students who wish to transfer to complete a bachelor's degree over 9,000 enrolled at American community colleges, presenting an opportunity for Canadian colleges.
- Parents remain the key source of influence, students tend to choose big cities and where their relatives/friends live already

# Market potential for Canada: Indonesia

## Market share



- Students are mostly **self-funded, middle class well-off** families in and around Jakarta, many of Chinese origin
- Canada seen as **second choice behind Australia** for those students seeking emigration and post-study work opportunities
- Employers are a key influencer on student's choice and use of successful alumni can be very important.
- Good **professional agent network** exists, and most students (60%) use agents based out of Jakarta but 2nd tier cities becoming important
- **Jakarta and Bandung**: main focus for student recruitment, but agents could also be targeted also in **Medan, Semarang, and Surabaya**.
- Indonesia offers particularly good prospects for Canada, if it can cultivate links with the newer scholarship bodies, local colleges, as well as with employers/MNCs, who are encountering a huge skills gaps and are willing to sponsor local staff.
- Indonesian HEIs offer lots of potential for Canadian HEIs to **establish academic partnership links**, especially for diploma students seeking **2+2 transfer routes** in subjects such as Engineering or Science.
- Like Vietnam, there is strong demand for routes to Canada from sub-degree levels diploma/polytechnic level students via credit transfer.

- USA
- Australia
- Malaysia
- Egypt
- UK
- Other

# Trends and Opportunities for our clients

- Higher availability (relative to China and India) of accredited Western degrees offered by local institutions means cost is a more important factor
- Southeast Asians more price conscious than their peers in China and India, who lack diverse local study opportunities.
- Opportunities for smaller players or less well-known institutions from Ireland, Canada or the US to capitalize on this with competitively priced packages and lower living costs than Australia and/or the UK.
- Integration of ASEAN HE systems means universities able to offer multiple study options through a network of academic partners could have an advantage i.e. a *UK/Singapore degree aimed at Burmese students*
- Western institutions would be wise to work with branch campuses, rather than against them.
- Increasingly unique and, often unorthodox opportunities, to take students from UK, US and Australian market shares as the landscape shift ands:
  - *Ireland capitalized on changes to the MQA and QAA joint recognition framework, which effectively ended recruitment of Advanced Diploma students by UK HEIs into their top-up degrees.*
  - *Students in Myanmar being prepared for study in the US system through the GAC programme mainly being recruited to the UK instead*
  - *University of Waterloo's specialist 2+2 Actuarial Science pathway developed out of HELP's American Degree Programmes (Malaysia)*

# Why should Grok clients want to work in Southeast Asia ?

- Many institutions have become reliant on China and India, penetrating an existing market for enrollment growth is often less costly route in terms of effort, time, and budget.
- As a result, many institutions are seeing an over-representation of students from leading countries i.e. Chinese students make up over half of the non-domestic student population.
- Institutions need to reduce their dependence on only a few large markets.
- Diversify by recruiting beyond China and India, and build a portfolio of countries with a mix of growth, risk and cultivation of emerging markets.
- UK education sector which is relatively successful in Southeast Asia is still far less dependent on Chinese enrolments than other major English language speaking countries, particularly Australia, where nearly two fifths of all international students come from China.
- However, any sudden slowdown in new Chinese enrolments would be keenly felt in Australia, Canada and US

## Southeast Asia: *more than the sum of its parts ?*

- Regardless strategy there will never be ‘another China’ in terms of student recruitment and China will remain the single most important student market, deserving to remain at the heart of many institution’s strategy.
- We may have already entered a post-China world : reached the high water mark of Chinese studying abroad.
- Southeast Asia contains relatively ‘new markets’, specifically ones predicted to become the engines of future student growth and can be worthy addition to institution’s portfolio of recruitment markets.
- Southeast Asia does not offer a readily apparent or easily digestible narrative, but rather a series of narratives where contradictory factors influence successful outcomes in international student recruitment.
- Collectively, its markets punch above their relative weight in Asia, and its projected demographic upsurge should not be ignored by institutions serious about internationalization or diversifying international enrollment.