



**Global Student Mobility 2025
Analysis of Global Competition and
Market Share**

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Global Student Mobility 2025: Analysis of Global Competition and Market Share

Building on the research IDP undertook in 2002 *Global Student Mobility 2025* which presented forecasts of the global demand for international higher education, IDP has undertaken four additional research projects to better understand the future drivers within international education. The first of those research projects, *GSM2025: Global Competition and Market Share* provides insights into global competition and Australia's market share.

IDP in conjunction with the Centre for International Economics has developed the world's first 'discrete choice model' for international education. This model provides unparalleled insights into the drivers of global competition and the dynamic factors influencing Australia's market share. Given a set of attributes about different destination countries, the 'discrete choice model' calculates the probability that students will choose a particular destination country. This helps us to answer questions, like: What factors influence Australia's market share? How have these factors changed over time? Or more specifically, if the perception of quality of Australian education in China were to decline by 10%, how will this impact on Australia's market share in China?

On the basis that Australia's share of the global market is determined primarily by *market maturity* and *attractiveness*, the research incorporates these factors to generate a more sophisticated forecasting model for Australia's share of the global demand for international higher education. A range of revised forecasts of the global demand for Australian education were generated under different model assumptions.

By identifying Australia's relative *attractiveness* to international students using factors that influence a student's choice of country, IDP investigated the possible differences in decision-making factors by country or region of origin. A literature review resulted in the development of six attractiveness factors which were incorporated into the model using an attractiveness index.

In addition, understanding at what point Australia's market share will plateau or reach *market maturity* in the key Asian markets is essential to better understand Australia's share of the international education market. To evaluate movements in market share over time, IDP drew on all available comparative international higher education student statistics. In addition to identifying any external factors, including economic, social and political factors, that are likely to impact on Australia's market share.

Modeling Future Outcomes through Scenarios

Global Student Mobility 2025: Global Competition and Market Share

Through the use of a number of scenarios using different combinations of forecasts drivers it is possible to form an understanding of the factors that will be most important in determining future outcomes of global competition and demand. The results of the research are based around four scenarios, including:

1. **Base Scenario:** This scenario was similar to the base scenario presented in IDP's 2002 *Global Student Mobility 2025* research and was used as a reference to determine the impact of other scenarios.
2. **Growth Scenario:** This scenario was designed to improve Australia's relative position or attractiveness in a competitive environment. Under this scenario, the attractiveness attributes of quality of education, employment prospects, lifestyle and education accessibility for Australia were set with the highest relative growth while affordability was set to slightly decline over time.
3. **Composition Effect Scenario:** This scenario assumes Australia will maintain its current performance levels in terms of attractiveness.
4. **Quality Shock Scenario:** This is a 'worst case' scenario for Australian international education. Under this scenario Australia will experience a relative decline in attractiveness. For example, events such as a plagiarism or corruption scandal in Australian transnational programs lead to concerns over quality such that professional bodies no longer recognise Australian qualifications, or Australian universities reaching capacity limits on-campus and excess demand being met by other destination countries.

Key Findings of the Research

Base Scenario

The global demand for international higher education is forecast to increase from over 2 million in 2003 to 7.6 million in 2025. Of this global demand, 3.4 million will study in one of the five major English-speaking destination countries including the United States, the United Kingdom, Australia, Canada and New Zealand. The market share for the major English-speaking destination countries will slightly decline from 46.8% in 2003 to 44.3% in 2025.

The global demand for Australian international higher education will reach 658,104 in 2025 or 19.3% share of the major English-speaking destination countries. This represents a 9% annual growth rate. In 2025, the Asia region will represent 93% of the demand.

Growth Scenario

Global Student Mobility 2025: Global Competition and Market Share

In the growth scenario, improvements in the relative performance of Australia in quality of education and employment prospects will drive growth such that Australia's market share will increase from 10% in 2003 to 25.2% or 858,800 students in 2025. This represents an annual growth rate of 10%. Asia will again be the dominant source region increasing its share of global demand from 79% in 2003 to 93.7% in 2025. All top ten source countries in 2025 will be Asian with Asian students increasing to 804,991 in 2025. India will be the primary driver of growth, followed by China. Indian students will increase to 251,929 in 2025 and Chinese students to 205,061 in 2025. The relative importance of European Union will decline from 8.5% market share in 2003 to 1.9% market share or 16,006 students in 2025.

Composition Effect Scenario

Under this scenario, no changes are assumed in the relative performance of Australia and other major English speaking destination countries and consequently, growth in this scenario is a result of composition effects.

Australia's share of this market will increase from 10% in 2003 to 11.3% or 384,500 students in 2025 representing a 6.4% annual growth rate. The Asian region will continue to dominate with Asian students increasing to 347,900 in 2025, an increase in market share from 79% in 2003 to 90.5% in 2025. All top ten source countries will be Asian countries while China and Malaysia will be key countries driving growth. In 2025, Chinese students will outnumber Malaysian students three to one, increasing to 115,298 in 2025. The relative importance of the European Union as source region will decline from a market share of 8.5% in 2003 to 2.9% in 2025.

Quality Shock Scenario

This is a 'worst case' scenario for Australian international education. Under this scenario Australia will experience a relative decline in attractiveness which includes a dramatic decline in the performance of Australia in quality of education and employment prospects. Global demand for Australian international higher education will significantly decline from 10% market share in 2003 to 1.5% or 50,818 students in 2025. Asia will be the dominant source region with Asia's market share increasing from 79% in 2003 to 90.5% in 2025 however actual numbers of Asian students will decline to only 47,533 in 2025.

Implications for International Education

IDP's research reveals quality of education and employment outcomes are the most important drivers of growth for the global international education community.

The implications of IDP's research have far reaching implications for the international education community. Importantly, this research reveals that quality of education is the most important driver of growth for international higher education. Australia's market share was found to be more sensitive to changes in the perception of quality and employment prospects relative to the United Kingdom and the United States yet less sensitive to New Zealand and Canada.

Employment prospects are the second most important driver of growth. Both quality of education and employment prospects are key demand drivers in the Asian region and are driven by a high expected private rate of return of individuals undertaking international education as they seek to participate in a globally competitive labour market.

A key finding of the research also demonstrates that the global international education market is relatively inelastic with respect to price which means market share is unresponsive to changes in the perception of affordability. However, Australia's market share was shown to be slightly more sensitive to changes in price relative to that of key competitors the United States and the United Kingdom.

Interestingly with a concentration of media on global security issues, personal security is only considered an important driver in the Oceania region while lifestyle was considered an important demand driver for Europe and Central America.

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