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PARLIAMENTARY SECRETARIAT
FOR EUROPEAN FUNDS AND SOCIAL DIALOGUE

TRADEMALTA

Technical and Language Education

An Industry Report Focusing On Business Opportunities
For Malta-based Firms in

China | Brazil | India

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Both a quantitative and qualitative analysis of the opportunities involved has been undertaken. In quantitative terms, quantification of the growth of the sector, expected sales and profit growth, percentage of the population consuming products from the sector, number of firms operating in the sector as well as incentives offered by the country are considered. On a qualitative level, the analysis comprises an identification of the main political, economic, sociocultural and technological (PEST) trends or events that might constitute an important opportunity for Malta-based operators.</td></tr>
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For The 3 Geographical Markets analysed (China, Brazil and India)	*Routes to Market and Positioning Strategies in each of three geographical markets*	This section identifies and outlines a number of potential strategies that can be adopted by local SMEs considering internationalisation, from simply exporting their services to firms located in the foreign market concerned to considering such options as franchising or licensing, or ultimately setting up a branch in the country in question. The aim of this section is to look at these various options, citing the pros and cons of each option for each of the 3 geographical markets studied. The fiscal and administrative implications of each one of the options will be looked at based on the Doing Business Index developed by the World Economic Forum, which while having its limitations, sheds light on the practicalities of setting up shop in a country by gathering feedback from businesses in a multitude of areas. This section will provide the information on the basis of which local companies considering internationalisation can find their individual best route to market in each of the 3 markets studied.
	Differentiating factors to Consider	For each of the 3 geographical markets considered, this section shall analyse the consumer behaviour, tastes and socio-economic patterns in order to provide users of this report with the right tools to bolster take-up. These might include making some modifications to the product package offered to target these clients better, or to internal processes with a view to tailoring them to the needs of the consumers of the right segments within the country of interest.
	Concluding Remarks and Recommendations	Having gone through a thorough analysis of the three geographical markets (for the product selected), this section will conclude by proposing a way forward for Malta-based, making some practical recommendations on how to internationalise in the markets selected and provide some key references should they require any further information.

3. About TradeMalta & The Strategic Opportunities Reports It Is Publishing

TradeMalta Limited was established in 2014 through a private-public partnership between the Government of Malta and the Maltese Chamber of Commerce. The primary objective of the entity is to provide support and assistance to local small and medium-sized enterprises (SMEs) seeking to explore internationalising beyond the Maltese shores. Such support comes in various forms and includes, *inter alia*, the provision of ad-hoc advisory services, the organisation of business missions in countries of interest, as well as education and training to local business owners in the fields of international business and marketing.

The global political and economic arenas are nowadays increasingly dynamic and the organisations and players therein are in a constant state of flux. Political uncertainty and upheavals, as well as instability and critical politicial decisions made by the world's leading economies, together with a number of emerging economies experiencing fuelling growth, are a few of the multitude of factors that continue to have an important bearing in the global business environment.

Taking calculated risks and making informed decisions has, now more than ever before, become imperative and no entity considering venturing abroad, be it through franchising, marketing to foreign markets or physically setting up shop in a foreign jurisdiction, can do so successfully without first having undertaken a thorough assessment. To this end, through TradeMalta, Maltese businesses considering internationalisation have the ability to access good-quality, well-researched, relevant and updated information on the market and sector parameters that matter most.

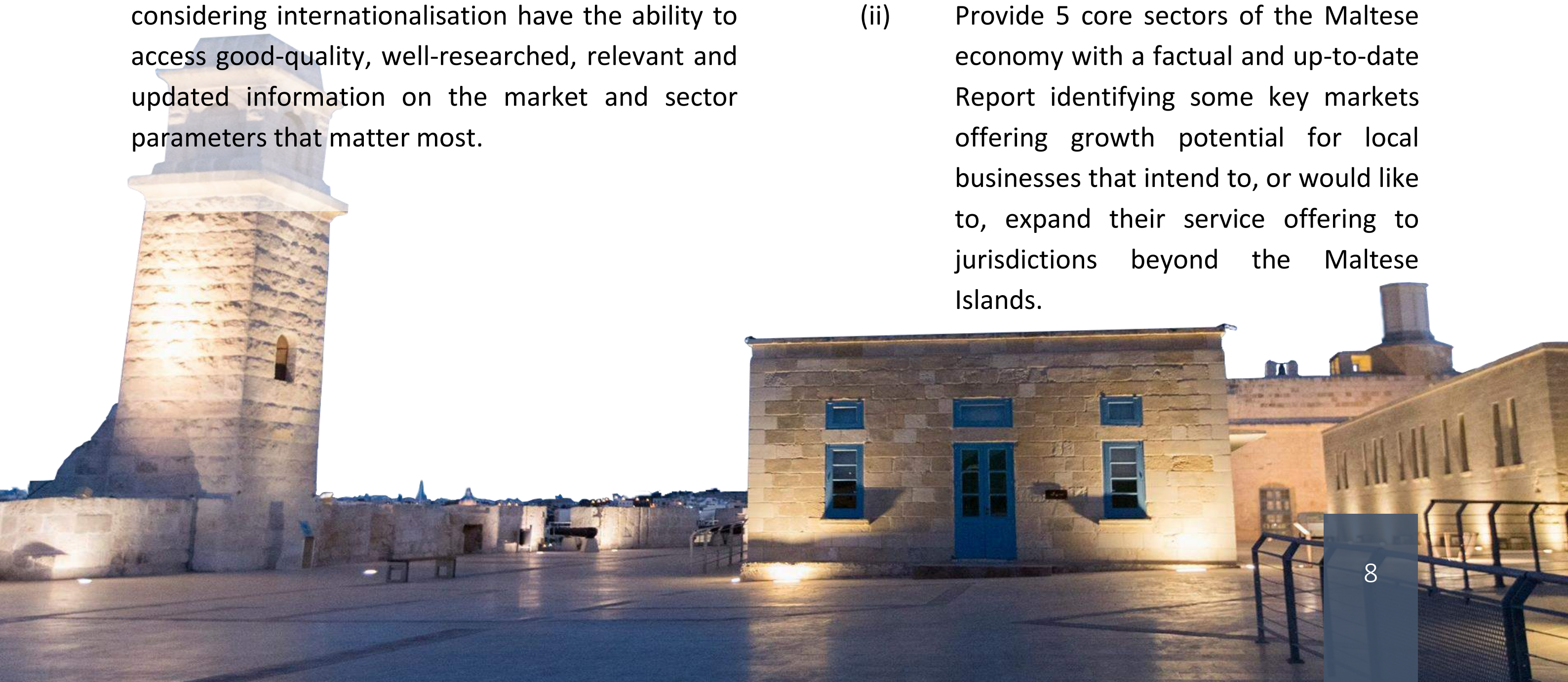
While tailor-made *ad-hoc* country reports can and should be commissioned when and where appropriate, they usually come at a considerable cost. In this milieu, Trade Malta's objective is to take on this cost itself with a view to facilitating internationalisation and trade.

It is in this context that this report and others like it are being published following the approval of the *Internationalisation Knowledge Platform* project for ERDF Funding. Through this project, TradeMalta is seeking to develop a digital platform within its new website with the key objective of providing SMEs access to relevant and updated international market and sector-specific reports for a certain number of countries and areas that TradeMalta deems to be strategically relevant to Maltese businesses.

Indeed, this is one of several initial Strategic Opportunities Reports that endeavour to analyse the key opportunities in five sectors that are deemed to be strategically important for the Maltese economy and that have shown great potential for growth.

In light of this, the Project that this report makes part of it is to our understanding that the objectives of this Assignment are to:

(i) Foster growth potential of SMEs at an international level through the provision of support services; and
(ii) Provide 5 core sectors of the Maltese economy with a factual and up-to-date Report identifying some key markets offering growth potential for local businesses that intend to, or would like to, expand their service offering to jurisdictions beyond the Maltese Islands.



4. Executive Summary

TRADEMALTA

The technical and language education sectors have shown significant domestic potential and expansion over the past two decades.

The language education sector has traditionally been very outward-looking and has preponderantly targeted foreign markets, most notably in Southern Europe. It is predominantly focused on English language education. In this regard, Malta has offered, and continues to offer, a holistic package that revolves around quality instruction, affordability relative to same-quality-standard destinations and the bubbly island lifestyle that is reputed to be both safe and fun. Over time, industry growth and clustering have enabled the attainment of economies of scope that were necessary for this industry to keep its growth momentum and to flourish. This has placed the industry in an ideal situation to be able to capitalise on exogenous factors such as sporadic English language training subsidies offered to students in jurisdictions that the industry targets. This industry stands to gain from exploring markets that are geographically further away from Southern Europe and by replicating its recipe for success (after the necessary adjustments) to these promising markets.

The technical education sector has traditionally been inward-looking, providing education services predominantly to Maltese firms and individuals. It has, however, not been any less vibrant than its language counterpart and has gone from strength to strength, fuelled by the growth in the Maltese services industry that generated a knock-on secondary effect on the demand for the services offered by the technical education sector. Despite facing some critical bottlenecks in skilled manpower availability, this industry could grow even further if it had to emulate the internationalisation strategy of its language education counterpart.

In this report, we look at internationalisation opportunities in three markets that are structurally very different, but which nevertheless offer significant growth opportunities for the expansion of local technical and language education service providers. In the education sector, internationalisation can take various forms. Attracting students from another market to come to study in Malta could be one of these forms. Another would be to open branches in the markets of interest. Another yet would be to partner up with service providers in the target countries who would already have established setups but which would not currently offer what the Maltese educational sector can offer. This report focuses on the first model that would entail attracting foreign students to study in Malta, as well as doing so virtually within a digital environment.

China

The Chinese market is, by far, the market that offers the biggest growth potential for language studies, but is rather limited in terms of potential for technical education. China's economy is booming and has been growing for a long period of time. The Chinese Government has a very sensible long-term economic growth policy, and despite the ongoing trade war with the USA, the prospects for the Chinese economy remain buoyant and highly-promising. The Chinese Government is also investing significantly in rebuilding trade routes to major economic destinations, has made and continues to make very significant inroads in Africa, and by Purchasing-Power-Parity of GDP is now the biggest economy in the world. Good command of the English language, which does not generally come naturally to Chinese people despite historical intermingling with Britain, is going to be crucial in being able to meet this trade expansion policy that China has embarked on. Chinese families also look very favourably on education, and even those with limited means are ready to make considerable sacrifices to invest in their savings in their children's education.

This set of conditions, together, make the development of English language education a necessary piece of the puzzle in China's continuing rise and there is definitely a lot of scope in exploring this market for local language education service providers, as the Chinese market is currently underserved in this area. When it comes to technical education, on the other hand, the prospects are not as good for the simple reason that China is already well-served, and in several instances is a world leader, in the areas of technical education that Malta can offer. This has been the result of both a focused education policy and knowledge transfer that was necessitated by statute for companies that have set up in China over the past two decades.

Penetrating the Chinese market can be quite difficult unless one understands Chinese society, politics and economics well. The mainstream markets are usually very competitive and are saturated by big multinationals. The Internet is also tightly-controlled by the Chinese Government and effective marketing requires a radically different approach from that which one could think of adopting if targeting a different country, if it is not to risk being blocked by China's efficient censorship filters. Marketing needs to take place in at least Mandarin or Cantonese, but might need to take on another language if necessitated by the geographical market chosen.

The best approach to target China for language education is therefore to identify a geographically-circumscribed target market or set of markets, the target groups within those geographical markets and to initially focus on those segments. The definition of how narrow or how broad the target market is should be governed by the marketing budget that a business can dedicate to the development of that market while securing an impact. Because China is, in more than one way, a world apart, it might also be more cost-effective from a marketing perspective to engage a Chinese company for the job than to try to do this in-house or with external service providers outside of China. If the Chinese market is to be extensively tapped, it might also be necessary to ensure that the right investment has been undertaken in having human resources who can handle instruction delivery in either Mandarin or Cantonese, or both (depending on the geographical target market), as this will be considered to be a big marketing plus. It is also worth noting that the Chinese market is likely to benefit from good network effect prospects as Chinese students typically find peace of mind in the knowledge that there is a Chinese community that is already established to which they can turn in case of need.

Brazil

The Brazilian economy is a slow-growing economy. It is beset by structural political-economic problems that are likely to result in subdued growth in the foreseeable future. Because of these bleak economic prospects and because of the lessons learnt from neighbouring countries, the number of Brazilians looking for work opportunities abroad is likely to rise sharply over the coming years. Despite the dull economic backdrop, this anticipated rise in outward migration is expected to make both English language education and technical education, if affordable, a service that is in high demand.

When it comes to language, Brazil has been pretty much a linguistic 'island' since the signing of the Treaty of Tordesillas in 1494, which demarcated Brazil as Portuguese territory and anything to the West of Brazil as Spanish territory. Outside of Rio De Janeiro and São Paulo, not many people can speak English, even at a basic level. So much so that in 2016 Universo Online produced statistics that show that only 5% of Brazil's population spoke a second language and only 3% were able to speak English fluently. This implies that any effective attempt at being successful in this market insofar as language education is concerned requires educating staff to be fluent in both English and Portuguese and that marketing material has to be in Portuguese as well. When it comes to technical training, this means that training has to be provided in Portuguese or that English language training must be a prerequisite.

It is worth noting that the Internet penetration rate in Brazil is 46% and that the Brazilian government does not embark on any systematic censorship of the Internet. The Brazilian people's attitude towards aesthetics and their general way of life are also attuned to Western lifestyles, so as in the case with India, existing marketing setups may be used for marketing purposes without major overhauls or tweaks. The addressable market is made up of students between 14 and 48 years of age who have attended or still attend private schools. Those who attend public schools are likely to find difficulties in paying the air fare and even more so any applicable tuition fees, and are unlikely to have the educational background to be able to progress smoothly with their studies. The market that can be successfully and cost-effectively addressed is also defined by the urban/rural divide along societal fault lines characterised by very significant income inequality.

It is further worth noting that when it comes to technical education, there is no one particular sector that is more promising than the rest and that the entire array of technical education services may be offered to the addressable market as defined by the service providers considering internationalisation in Brazil.

India

The Indian market is a fast-growing market offering attractive growth opportunities for local firms. In stark contradistinction to the Chinese market, the growth potential that this market offers is geared more towards technical education than it is towards language education. India is a Commonwealth country and the level of English language spoken is already high. Opportunities to learn English to a high standard in India also abound, making this market particularly difficult to penetrate by foreign English language schools. When it comes to technical training, however, there is still a premium that Indians place on studying in Europe, Canada or the USA, and this is something that Maltese educational service providers are well-placed to capitalise on.

The technical areas that stand to gain most from this are engineering, particularly (but not exclusively) the marine, civil avionic and smart manufacturing engineering subfields, ICT in its broadest sense, remote gaming and financial services. While there are clearly significant cultural differences between India and Malta, India operates a net neutral policy to the Internet and Indian principles of aesthetics and perception are well attuned to those of the Western world. Internet penetration is still relatively low at around 30%, but usually those without access to the Internet are destitute and are therefore not part of the addressable market for education. Accordingly, education service providers wishing to target the Indian market that would like to make use of their current marketing arrangements can do so without impacting on their prospective success rates. As with the Chinese or any other big markets, precision targeting of addressable audiences is a must.

Although one may think of India as one country with one market, India is in fact a very diverse place. At a high level of analysis, the North-South regional division is reasonable. Nevertheless, a meticulous subdivison that goes further than the superficial North-South divide is merited for the purposes of marketing. Understanding cultural clusters and the different ways in which these different cultural clusters need to be communicated with is also crucial. By way of example, when targeting the Hindu or the Christian population, an educational services provider might identify both male and female students as prospective candidates. However, the Islamic portion of the population is not culturally well-disposed to female education, so the target market and the marketing message to be communicated need to be well-refined along geographical, social, religious and income lines in a very precise manner.

5. An Overview Of The Performance Of The Technical & Language Education Sectors

5.1 Language Education

English Language Education, or English Language Teaching, as it is more commonly known, is a branch of education that deals with oral and written instruction of the English language, which has become the *de facto* international language of the world and business language. In Malta this activity could take one of several forms. Attracting students from another country to come to study in Malta is the first. Another would be to open branches in the geographical markets of interest.

Another option would be to partner up with service providers in the target countries who would already have established setups but which would not currently offer what the Maltese educational sector can offer. And lastly exporting services digitally. This report focuses on the first and last models (i.e. attracting students from abroad and digital learning).

This market overview will quantify the value of English Language markets where such information is available and will examine the English Education market in some of the leading destinations for English Language students.

The impact of globalisation and economic development has made English the language of opportunity and a vital means of improving an individual's prospects for well-paid employment. As a result, English language Education has become a huge multi-billion-euro market that is expected to grow further in the future.

Malta is a bilingual country where both English and Maltese are spoken in formal education contexts. Different schools have a tendency to favour one of the two languages for instruction purposes. In state schools, the main language of instruction tends to be Maltese, except during English lectures, whereas in private and church schools the tendency is to favour English as the main instruction language, except for Maltese classes.

Students will usually speak a separate (i.e. unilingual) or jumbled (i.e. bilingual-pidgin) version of both English and Maltese outside class, depending on what language they speak at home or what their peers speak. Spoken English usually has a distinctive Maltese accent, although this is not invariably the case.

The results of the European Survey on Language Competences (conducted by the European Commission in 2012) has identified Malta as a top-performing country in terms of English language levels in comparison to other European countries. In fact, 82% of Maltese learners reach the level of independent user, of which 60% achieve a B2 level on the Common European Framework of Reference for Languages (CEFR) using the global average of the three skills of Reading, Listening and Writing (Jones 2013).

The interesting corollary of this is that it has given Malta the ability to become a natural home for 'language stays' and courses for foreigners in Malta. The study of English is a vibrant economic sector and has grown constantly reaching several new heights in succession. Malta was also one of the first countries to enact legislation to regulate the English as a Foreign Language (EFL) industry and is nowadays considered to be a top-quality destination by students wishing to improve their English language proficiency. However, it is more than English tuition that the operators working in this industry sell. They sell a destination and a way of life underlying which is amusement, safety and an overall good quality lifestyle. Affordability was until recently also one of the factors underlying this value proposition, but this is gradually being eroded.

Many students visit Malta to learn English at one of the local EFL schools. According to the statistics issued by the NSO in 2013, 43 English Language Specialised Schools were operating in Malta. By 2017 this had gone down to 38.

In 2013, 74,992 students visited Malta to study English. By 2017, this number had gone up to 87,190, reflecting a steady increase fluctuating within upward trend limits. In 2013, the absolute majority of English language students were European. Of these European students, just under 90% were EU citizens, while the remaining 10% were from other European countries. In 2017, this composition had evolved in a non-trivial way. The share of EU citizens had fallen to 69%, that of the European Economic Area to under 1% and the remaining 30% came from non-EU and non-EEA destinations.

Breaking these numbers down further shows that the majority of students attending English language courses in Malta came from Italy (29.4 %), Germany (11.8 %) and France (10.5 %). Together, these accounted for more than half the total students who came to Malta to study English.

Table 1: Foreign students following courses in local licensed ELT schools by sex and citizenship

Citizenship	Male	Female	Total	Male	Females	Total
	2016			2017		
Italy	7,931	10,867	18,798	11,209	14,385	25,594
Germany	4,517	6,400	10,917	4,275	6,002	10,277
France	3,426	5,091	8,517	3,572	5,566	9,138
Russia	1,431	2,725	4,156	1,876	2,942	4,818
Brazil	881	1,740	2,621	1,594	2,925	4,519
Poland	1,034	2,097	3,131	1,513	2,999	4,512
Spain	1,383	2,594	3,977	1,380	2,231	3,611
Austria	1,569	1,965	3,534	1,436	1,671	3,107
Japan	584	1,810	2,394	744	2,180	2,924
Switzerland	819	1,146	1,965	995	1,387	2,382
Turkey	1,625	1,127	2,752	1,363	966	2,329
Czech Republic	502	895	1,397	518	957	1,475
Colombia	439	654	1,093	523	765	1,288
Netherlands	305	831	1,136	357	822	1,179
South Korea	255	571	826	305	726	1,031
Ukraine	277	379	656	326	456	782
Belgium	240	503	743	267	474	741

Slovakia	222	396	618	251	413	664
Sweden	427	874	1,301	116	514	630
Other countries[1]	2,499	3,699	6,198	2,492	3,697	6,189
Total	**30,366**	**46,364**	**76,730**	**35,112**	**52,078**	**87,190**

Note: [1] includes students whose citizenship is unknown
Source: NSO TEFL Statistics Database

By age cohort, the lion's share of language students was in the 15 years or below age cohort, making for 32.2 % of total students. Students in the 50+ age cohort were a minority and amounted to less than 7% (5,741 students). Female students outnumbered males in all age categories, and accounted for 59.7 per cent of the entire student population under review.

Table 2: Foreign students following courses in local licensed ELT schools by citizenship and age group - top six countries (includes only students arriving in 2017)

Age group	Citizenship					
	Italy	Germany	France	Russia	Brazil	Poland
15 and under	10,391	3,144	4,058	2,032	88	1,809
16-17	8,046	1,598	2,039	515	108	499
18-25	3,048	1,447	1,834	685	1,456	235
26-35	1,352	1,024	440	839	1,810	426
36-49	1,602	1,616	429	566	639	1,088
50 and over	1,142	1,446	336	178	418	442
Unspecified	13	2	2	3	-	13
Total	**25,594**	**10,277**	**9,138**	**4,818**	**4,519**	**4,512**

Source: NSO TEFL Statistics Database

The busiest months for local licensed schools seem to be July, followed by August and March. Geographically speaking, it is also evident that the preponderance of language schools are located in the Northern and Northern Harbour regions of the Island, which is the area that most appeals to tourists visiting Malta.

Malta holds great appeal for English Language Education in the world, with a diversity of nationalities making use of this service. The two main challenges in this sector are to match the sector's seasonality with good-quality seasonal workers and to try to fill in the trough months so that the fixed costs of the business can be recouped more uniformly throughout the year. An important aspect is to find an international team with qualified teachers to provide courses to younger generations. The English language market is a big and highly-competitive market, but Malta-based operators seem to have managed to thrive in this competitive environment.

English Language Education is a subset of the education sector, which is currently, after accounting for expenditure on national education systems, the second largest global market after healthcare. On a global level, the education sector is expected to continue growing as a result of demographic change and increasing incomes in developing countries. The sector has been forecasted to be on a compounded yearly growth path of 7% over the period 2012-2021. Within this sector, educational technology and English language teaching are predicted to be the fastest growing markets.

Table 3: Market size of the global language services industry 2013 to 2021 in billions of Euro[1]

2013	31.62 billion euro
2014	33.81billion euro
2015	34.96 billion euro
2016	36.61 billion euro
2017	39.16 billion euro
2021 (est.)	43.15 billion euro

Traditionally the key destination markets for English language training have been the UK, Ireland, the US, Canada, Australia, Malta and New Zealand. However, the demand for learning English is increasing in countries that are traditionally known for low English proficiency. These countries include China, Spain, Vietnam, Brazil, Columbia, Turkey, Taiwan, and Ecuador. The provision of English Education has become a valuable constituent of any economy in the world.

The estimated global percentage of the global English Language Teaching market in the leading English speaking destinations is presented below. It is worth noting that despite its small size, Malta commands a market share that is disproportionately big.

Table 4: Countries that lead the English language teaching market based on revenue [2]

United States of America	31.7%
United Kingdoms	30.4%
Australia	15.5%
Canada	13.5%
Ireland	4.6%
New Zealand	2%
Malta	1.7%
South Africa	0.6%

Indeed, the global English Language Teaching sector is being forecast to grow quickly all across the board. From a meta-analysis conducted for this study, all 114 reports considered purported an

[1] Source : Statista 2018 (US Dollar values converted to euro using 5-year average by author)

[2] Source: Study Travel Magazine (STM), Global English language market by revenue, 2013

expectation of fast-growing demand in this area. It is also worth noting that Asia continues to show growth in demand that is stronger than that in Europe and South America. Because of this, as well as due to the fact that the English Language Teaching market is the fastest-growing part of the education sector outside of the emerging education tech sectors, opportunities abound. Indeed, those considering getting into this business or expanding their existing their business in this area in the coming years should find ample room for expansion.

Another market that is not to be ignored is the Digital English Language training. The potential in the online English language learning market is enormous, and the proof of this lies in the evolution and the attraction of consumers to modern teaching methods. This market segment is increasing rapidly in size. It was worth €1.6 billion in 2014, and accounted for 7.3% or €2.3 billion of the global English language learning market in 2016.

The most important digital English language learning countries by revenue generated in 2013 and 2018 are illustrated below.

Table 5: Countries that lead the English language teaching market based on revenue [3]

	2013	2018
1	**China**	**China**
2	The United States	The United States
3	South Korea	South Korea
4	Japan	**Brazil**
5	**Brazil**	Japan
6	**India**	The Russian Federation
7	Taiwan	Turkey
8	The Russian Federation	**India**
9	Spain	Indonesia
10	Turkey	Taiwan

[3] Source: Ambient Insight

Overall, the revenue in 2013 from digital English products generated in the respective bloc is shown below.

Table 6: Revenue from digital English products generated revenue of in 2013 and 2018 annualised estimate

Asia	€784.6 million	Expected to rise to €1.5 billion in 2018
Latin America	€123.8 million	Expected to double to €188.1 million in 2018
Eastern Europe	€53.4 million	Expected to reach €97.8 million in 2018
Middle East	€105.5 million	Expected to reach €196.1 million in 2018

The top markets for English language learning in the world are **China**, Japan and South Korea in Asia; Italy, Germany and France in Europe, and **Brazil** in Latin America. Additionally, Mexico and **India** are also big markets with millions of potential students. This is illustrated in the table below.

Table 7: Potential markets for English Language Learning in the world [4]

Countries	Observation	Trends
China	The market for English learning is worth around €2.8 billion	Expected to grow: 12% - 15% in private English school sector.
Japan	The language business market was GBP 4.5 billion in 2012, a 102.7% rise from 2011	Set to grow another 104.3% to reach an estimated €5.22 billion in 2013.
Brazil	The Brazilian market for English language training abroad is estimated to be €232 million.	An estimated 52,500 students spend an average of €4,426 on learning English in Brazil.
Mexico	Market size of approximately 23.9 million people, which is about 21% of the population, 2015	Growing demand for English language learning in Mexico.
India	English language training of €2.5 billion in 2012.	English language training market size is expected to grow but this is usually catered for domestically.

The above-listed markets are growing at break-neck speed and present very lucrative opportunities. In addition to these markets it would also be advisable not to overlook other countries which have recently changed government policies to promote English Education in the Middle-East and Africa. Indeed, there is evidence of a strong and persistent demand for learning English in big emerging economies.

[4] Source: New Horizons English

5.2 Technical Education

Technical Education is that branch of education that prepares students for jobs involving a vocation, applied science and/or modern technology. For this reason, it is usually referred to as Technical and Vocational Education and Training (TVET) and this is sometimes interchangeably referred to as Vocational Education and Training (VET), and which in this report we will refer to simply as technical education. Technical education usually revolves around a good degree of understanding and practical application of basic principles of a highly-skilled trade and science and is essentially mainly concerned with 'applied learning', that is, with the acquisition of knowledge, skills, values and ethics appropriate for the world of work to increase opportunities for productive work, sustainable livelihoods, personal empowerment and socio-economic development. In so doing, it prepares students for occupations that are conventionally classified above the unskilled crafts but below the scientific or engineering professions.

Individuals who have undergone technical training are frequently (though not invariably) designated by the term "technician". This could include anything from accounting technician to dental technician. Technical education is distinct from professional education, which places significantly more emphasis on the theories, understanding, and principles of a wide body of subject matter designed to equip students to practice authoritatively in their field of specialisation. Technical education is characteristically offered in post-secondary school settings that vary from 1 year to 3 years in length, and are offered by specialised institutes like the Malta College of Arts, Science And Technology (MCAST).

While technical education in Malta has made great strides over the past two decades, it is in several (although not all) areas still no match for technical education in other bigger countries whose markets afford a higher degree of specialisation in a broader industrial context. Exceptions to this relate to the fields of IT, Tourism, Remote Gaming and Financial Services.

Moreover, data about the technical education sector is very hard to come by and in those instances where it exists, it makes it difficult to triangulate through a variety of sources due to different definitions given to the term by different studies.

Technical education is also limited in scope due to regional work certification requirements. By way of illustration, if a dental technician wanting to work in Brazil has to have a Brazilian certification of skills to be able to work in the field, there is no scope for any individual who wants to work in Brazil to study abroad unless his qualification is recognised and accepted as valid for work purposes in Brazil. Through the Bologna process, all accredited certification issued by Malta should be recognised by the other countries of the EU. However, China, India and Brazil are not in the EU. This limits the addressable market to a segment made up by those qualifications leading to professions and career paths where localised entry requirements are not in force in the country of origin of the student and to another segment targeting students from these countries who would like to work in the EU. Notwithstanding the Bologna process, even some employers in EU Member States exhibit a preference for their employment candidates to be certified from within the same EU Member State at least in some professions, and this has to be taken into account when looking at internationalisation prospects.

6. The Chinese Market

Quick Facts

Currency

yuán (元; ¥)

Exchange Rate (5-Year Average): 7.66 yuán to the Euro

Language

6 Main Dialects, with the main ones being Mandarin and Cantonese

Travel Visas

Needed for all visits to China except for:

- Hong Kong;
- Macau; and
- trips of less than 72 hours to a number of cities including Běijīng, Shànghǎi, Xī'ān, Guìlín, Chéngdū, Kūnmíng and Chóngqìng.

Money

Credit cards in big cities used and accepted, elsewhere less widely-used and accepted. ATMs available in most cities and towns. Cryptocurrencies are banned but still in use.

Mobile Phones

Pay-as-you-go (Prepaid) SIM cards can be bought domestically for most mobile phones and recommended for in-country travel as roaming costs from the EU are significant.

Time

Malta CET time plus six hours

Opening Hours

China officially has a five-day working week with Saturday and Sunday being public holidays.

Banks are open Monday to Friday 9AM to 5PM (or 6PM) China time but may close for two hours in the afternoon, depending on the bank. Most banks also open Saturday and some even on Sundays.

Bars open in the late afternoon and close at around midnight or later (in rural areas they tend to close relatively early whereas in towns and cities closing times occur later). Restaurants open at around 10.30AM and are open till 11PM, with several restaurants closing between 2PM and 5PM or 6PM.

Post offices are generally open daily.

Shops, department stores and shopping malls open daily from 10AM to 10PM.

Travel for Business Development or Service Provision

Běijīng Capital Airport

Airport Express train connects to subway lines 2, 10 and 13 every 10 minutes from 6AM to 10.30PM

Express buses run to central Běijīng; every 10 to 20 minutes from 5am to midnight

Taxi costs ¥90 to ¥120 and will take approximately anything between 40 minutes and an hour to the town

Pǔdōng International Airport

Maglev train connects to Longyang Road metro station with a train passing every 20 minutes from 6.45AM to 9.40PM. Metro Line 2 takes 45 minutes to People's Square

Shuttle buses run every 15 to 25 minutes from 7AM to 11PM

Taxi costs ¥160 and will take approximately one hour to get to town

Hong Kong International Airport

Airport Express train runs to Central Hong Kong Station every 12 minutes

Buses spread out to many Hong Kong destinations in a hub-and-spoke setting

Taxi costs HK$280 to Central Station, with luggage costing an extra HK$5. A Taxi will take 30 top 40 minutes to arrive at Central station

Getting Around

An extensive modern train network covers the nation with high-speed trains connecting many cities

Bus network is extensive and is cheaper but slower than the train. Bus service has more destination outreach and runs more regularly

China is also interconnected through numerous domestic flights

Car rental is also an option but roads are quite chaotic for people accustomed to EU driving practices, even those of relatively hectic roads like Malta.

Basic Statistics

Land

Area: total: 9,596,960 km^2

land: 9,326,410 km^2

water: 270,550 km^2

Population

1,379,302,771 (July 2017 est.)

Growth Rate: 0.41% (2017 est.)

Urban population: 57.9% of total population (2017)

Rate of urbanization: 2.3% annual rate of change (2015-20 est.)

*Data available excludes Hong Kong and Macau

GDP

€10.76 trillion (2016 est.)

real growth rate: 6.8% (2017 est.)

composition, by sector of origin (2017 est.):

- agriculture: 8.2%
- industry: 39.5%
- services: 52.2%

GDP Per Capita

€14,955 (2017 est.)

Distribution of income – Gini coefficient: 46.5 (2016 est.)

Religion

Buddhist: 18.2%

Christian: 5.1%

Muslim: 1.8%

Folk religion: 21.9%

Hindu: < 0.1%

Jewish: < 0.1%

Other: 0.7% (includes Taoist)

Unaffiliated (mostly atheist): 52.2%

Age structure *

0-14 years: 17.15% (male 127,484,177 / female 109,113,241)

15-24 years: 12.78% (male 94,215,607 / female 82,050,623)

25-54 years: 48.51% (male 341,466,438 / female 327,661,460)

55-64 years: 10.75% (male 74,771,050 / female 73,441,177)

65 years and over: 10.81% (male 71,103,029 / female 77,995,969)

*(2017 *estimates*)

Dependency ratios

Total dependency ratio: 37.7

Youth dependency ratio: 24.3

Elderly dependency ratio: 13.3

Potential support ratio: 7.5

***Note**: data do not include Hong Kong, Macau, and Taiwan

Important Contacts

Embassy of the People's Republic of China in Malta

Ambassador: H.E. Jiang Jiang

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Karmnu Court,
Lapsi Street,
St. Julians' STJ 1264
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+356 2136 4730

chinaemb_mt@mfa.gov.cn

Maltese Embassy in People's Republic of China

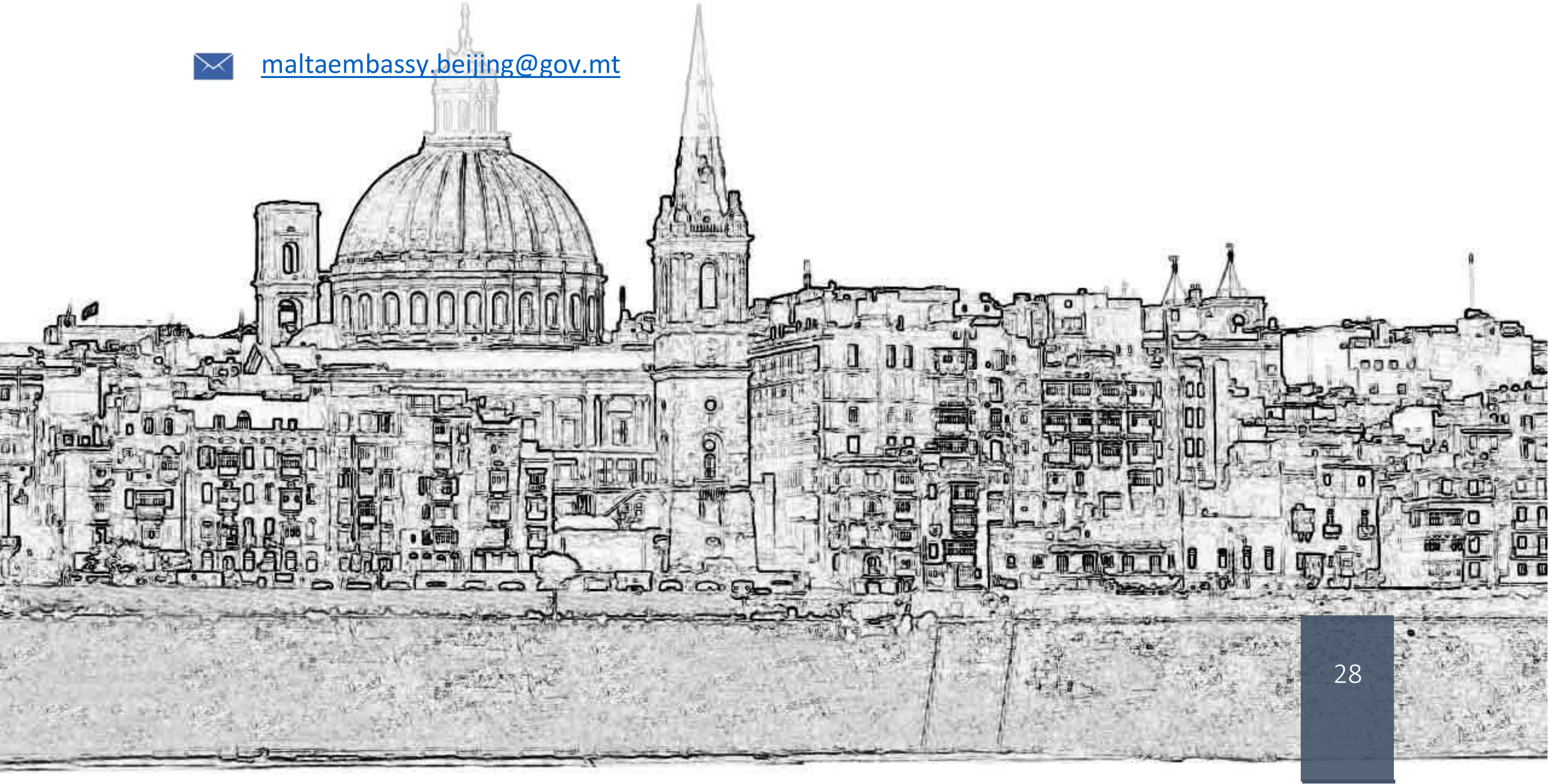
Ambassador: H.E. John Aquilina

Embassy of Malta
1-51 San Li Tun Diplomatic Office Building,
Gong Ti Bei Lu,
Chaoyang District,
100600
Beijing

+86 10 6532 3114

+356 2204 8700 (calling from Malta)

maltaembassy.beijing@gov.mt



6.1 English Language Education in China

China has been cited as a major English-learning society, where the numbers of English learners have been estimated at around 400 million, approximately one third of China's population. The country has the biggest education market per number of students, and in this context Malta-based English language education service providers have a golden opportunity in the growing Chinese market.

The importance of English in the state education system has been supplemented by the rapid growth of privately-run language schools and training institutes across the country. Indeed, analysts forecast that during the period 2017-2021, the English Language education market will grow at a Compounded Annual Growth Rate (CAGR) of 21.93%. This market is mainly represented by private institutes and training centres nationwide.

The Chinese market is segmented into regional categories to understand consumer behaviour, income level and local trends. The Tier 1 segment offers the largest consumer base, but is also more competitive. The market is fragmented in nature with many local and international players operating in the market.

Tier 1 – all first tier cities have a GDP over € 280 billion and a population of more than 15 million people (Beijing, Guangzhou, Shanghai, Chongqing)	Crowded and competitive marketplace, organized and well-established players operating (both domestic and international)
Tier 2 – cities with a GDP of € 62–279 billion and a population of between 3–15 million people (Suzhou, Dalian, Liaoning, Hangzhou)	Market is gaining momentum, very interesting area, characterised by growing markets that are not yet saturated.
Tier 3 – towns and villages with a GDP of under € 62billion, and a population of under 3 million people	Market is characterised by dormant potential and is largely untapped.

A Success Story

China is a very competitive market, but is also one that is growing particularly fast, presenting tremendous opportunities. As with any similar fast-growing market, success stories abound.

Some operators have adopted the strategy of 'recruiting' local schools and institutes to their cause with a view to amplifying their offer and reaching regional customers. These have varied from full-scale English Language Teaching service providers to just technology and material providers who have provided new equipment and pedagogical material to contribute towards the completion of domestic market players who lacked the technological means of delivery. Others yet have cultivated and maintained relationships with leading national businesses providing them with services like English training for employees and operated an intermediary model.

Of the over 30,000 English training institutes in China, the majority are regional players.

A success story that might prove useful for Maltese companies to look at is provided by **VIPKid**, which was set up in 2013. VIPKid has leveraged the increasing Internet penetration in China to offer remotely-delivered courses that are delivered by teachers all over the world whose only prerequisites to sign-up are a good command of English, a stable Internet connection and the ability to succeed at a test intended to gauge the level of the teacher's language. It has since then grown exponentially in both revenue and subscription terms and thus offers a model that can be quickly emulated. Having the other pieces of the puzzle already in place, it would be fairly easy for Malta-based companies to capitalise on the opportunities that this market and investment in technology can achieve.

6.1.1 Digital English Language Training

The Digital Learning revenues in Asia Pacific are heavily concentrated in China, where it accounted for 61% of all revenues in this area from 2015 to 2017.

English learning products have the highest growth rate in China at 16.2% in 2018 (this is an annualised measure that only takes January to May 2018 into account). Consumers are the largest buying segment, largely through their demand for mobile educational apps in general, and language learning apps in particular, followed by the Chinese government. The largest buyers of digital English language learning products in China in 2013 were government-run schools, followed by private language learning schools. However, the marketplace for consumers has boomed since then and now the consumer segment represents the biggest buyer group for Digital Learning Solutions in China.

Due to the increasing popularity of and the growing demand for English language learning in China, a significant volume of venture capital and angel finance is being invested in online English Language education. This cash infusion is allowing suppliers to expand at an accelerated rate that would not have been possible through organic growth and the reinvestment of retained earnings alone.

Domestic firms serving the consumer segment are managing to attract lots of visitor traffic, as well as lots of private investment. The Chinese government is also investing heavily in the run-up to the 2022 Winter Olympics, when an influx of tourists is expected to make its way to China.
In the private sector, very significant investments have been made. By way of a few examples, a start-up, Xiaozhan Jiaoyu managed to obtain a € 26.8 million seed capital investment in 2015, Shanghai-based TutorGroup put together € 13.6 million in 2012, and ALO7 managed to invest € 9.1 million in 2013. The objective of the investors is to target the Chinese students and gain market share in a steadily growing and buoyant market.

6.1.2 Routes to Market and Positioning Strategies

In terms of the possible positioning strategies for market entry in China, there are several different options to consider depending on the wherewithal, risk appetite and internationalisation experience of the operator.

English language courses have flourished throughout all the country, with youth English language education being the most promising sector. The level and intensity of competition in this market makes it essential for newer entrants to look at China differently and to embrace technologies that could prove to be disruptive to market players who are already in the market. While it may seem hard to compete with multinational companies in a quickly-maturing market, where those moving first have a clear advantage, it might be worth noting that several geographical areas are still underserved and that the rate of growth itself means that consumer lock-in might not be a big issue with specific market segments. The preponderance of the English Language Schools are concentrated in the economically developed areas such as Beijing, Shanghai, Guangzhou, Chengdu, Shenzhen, Chongqing, and Wuhan. There are significant differences in language and development inside the country, especially between rural and major cities. There are also some stark differences between the coastal and inland territories and between the north and the south of the country.

An optimal entry strategy will depend on the initial marketing budget available. Potential market entrants who can go in with a big marketing bang can safely target a Tier 1 cluster and concentrate on building a reputation of excellence there, following which they can then use the retained earnings from their operations to make targeted forays on clusters of Tier 2 and Tier 3 segments.

Those with a more stringent marketing budget, on the other hand, have the possibility to target rural areas in development, in Tier 2 and Tier 3 segments. The difficulty challenges to these market tiers are mainly physical access to the market, finding the right structures to enter the market with and perhaps more significantly finding teachers who can speak both English and Chinese. Market trend indicators show that Chinese students prefer international and overseas organisations over domestic schools, so the ‘established in the EU’ concept needs to feature in any operator’s value proposition. Skilled professionals, the numbers of which have soared following China’s economic miracle might also be another segment worth considering. Malta-based SMEs can target this segment either directly or through the establishment of partnerships with Chinese companies that already have a good outreach in terms of this market. Yet another model that could be used would be that of partnering with Chinese institutions involved in education and to have an exchange agreement for students to come to Malta and for Maltese students and potentially other students from countries where the operator already has existing inroads to be enticed to go to study Chinese in China. This could result in student exchanges between China and Malta and create a two-way demand flow resulting in a better Return on Investment and significantly better marketing and political positioning opportunities.

It is worth noting that several independent studies estimate that between 100,000 and 120,000 English teachers are currently needed in China, and that this number is set to increase over the next few years. These studies do not take into account any potential impact that disruptive technologies might bring about, but given the way they produce their estimates, they do take into account the impact of digitisation that has been penetrating the market over the years. The English teaching profession is changing rapidly, with a rise in salaries and an influx of teachers from South Korea and Japan. While international companies still have a competitive edge on domestic service providers, it is clear that they are facing significant difficulties in finding teachers. Any agreement or arrangement that included the secondment, even if for brief periods, of English language teachers, is therefore likely to be enough of an enticing factor either for domestic Chinese companies willing to consider operating a franchise or a partnership, or with international big players in the market.

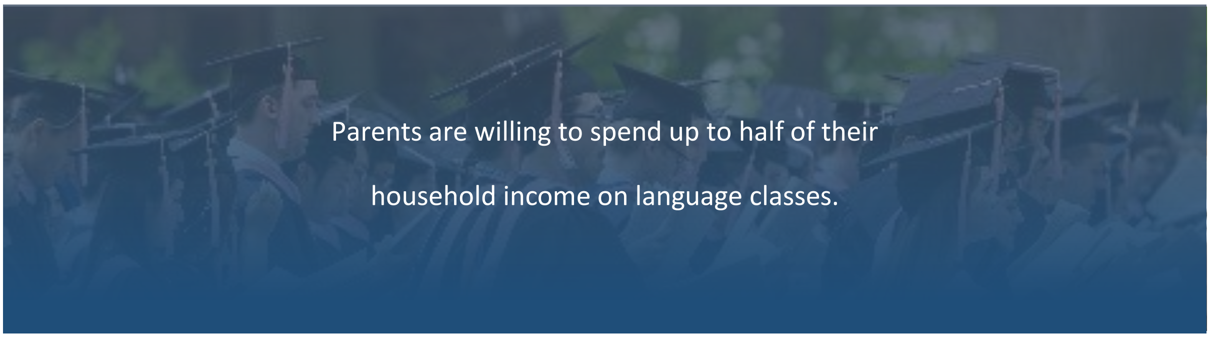
Moreover, while Digital Teaching Education is clearly an alternative for Malta-based operators to explore, classroom-based teaching and digital learning do not have to be mutually exclusive, but can also be complementary in delivering a blended learning environment. It is also worth noting that the results of several surveys indicate that the Chinese market has a moderate preference for US English when compared to UK English.

Lastly, when considering a digital approach to China, it is important to keep in mind the Chinese Government’s Internet censorship programme. This has implications on both how to conduct marketing campaigns and how to deliver digital products and services. In both cases, it is recommended to have a local partner or service provider who can guide operators interested in internationalising to China in ensuring that they do not fall foul of Internet censorship filters that can invalidate any efforts and money expended into ventures that have not been meticulously studied.

6.1.3 Differentiating Factors to Consider

Since that fateful day in 1997 when President Jiang Zemin had announced China's transition towards becoming a market economy, English language went from being a marginal matter of education to an enabler of economic growth and integration within the global market infrastructure.

According to a report by the 21st Century Education Research Institute in Beijing, Chinese parents want their kids to be successful and in order to be successful they need to be able to speak English. The same report also states that 70 per cent of Chinese parents want (and push) their children to learn English. They firmly believe that with a good command of the English language, their children will have better job and career prospects and other studies cited by the same report have corroborated the link between command of the English language and earnings. The Chinese government is aware of this phenomenon and has itself invested in fostering and promoting English language education, which itself proves the paradigm shift that has taken place in China where English was first perceived to be



a threat to China's language and sovereignty and then came to be seen as an enabler of Chinese global trade policy. This has also been reflected in public school policy that has seen public schools switch from starting English education at age twelve to starting at age nine, and with some schools in China's larger cities starting to teach English to pupils as young as six years of age. Various recent surveys also show that just over 47% of children were between the ages of 3 and 6 when they were first introduced to English. Of all PreK-12 (3 to 19 year old) students taking English, the largest cohort was three-year old children at 16.2%. For very young children, the pedagogical setting resembles an initiation to English language and culture and makes use of games and songs. Interestingly, parents are willing to spend up to half of their household income on language classes.

In the light of the transition delineated above, it is worth mentioning that the typology of English language courses provided in China has changed significantly over the years to become a youth-led market. Classroom-based training is currently the most prevalent, however new digital products are also changing the competitive scenario through the persistent inroads they are making.

All this translates into a very significant demand base that is either not yet catered for or is underserved and that could be made to materialise under the right commercial offering conditions. The target group here is the age cohort of students between the age of 3 and 14 years.

The typology of students and programs in the English language teaching institutes at the moment is summarised in the table below:

Type of Class	Individual Course	Small Groups	Class
Type of Work	Face-to-face	Group work	Global presentation
Number of students	1 student	3-6 students	15-30 students
General trends	Young professionals, aged 20 to 35; well educated	High school students, aged 15 to 20	Young Children and adolescents ages 5 to 15
Objectives	Progress in their career; increase employability	Cram English component and improve for university prospects	Initiation to English language and culture

6.1.4 Key Market Opportunities for Malta-based Operators

As noted in previous sections, the English language education market has changed dramatically in China over the last two decades, which saw China becoming the biggest English training market in the world. In this section, without any pretence of being exhaustive and while maintaining generality, we will put forward some options that are intended to help and assist Maltese SMEs in the Chinese market.

To start with, it will not be easy for any Maltese operator to enter the Chinese market and build a language school from the ground up without the support of one of the multinational or local players who have a significant first-mover advantage. When it comes to enticing Chinese students to come and study in Malta, the situation could be easier, but is still likely to require assistance from a Chinese marketing firm who has a good understanding of Internet censorship in China and who fully understands and is able to target the market segments of interest. The same applies for the pushing of digital learning products.

A blended learning approach making use of class-based learning and online learning is the most widely-used combination of learning methods in China at the moment. The deployment of such teaching methods are important differentiators vis-à-vis domestically-established schools. However, a digital platform requires a considerable upfront investment, even though if apportioned over a large-enough number of students, it can be significantly cheaper to operate and the market is continuously growing, as shown in Table 8, and is expected to keep doing so for quite some time to come. Various market intelligence reports seem to reach a consensus that the most important factor to consider at the moment for market share growth, after having secured a good level of quality, is price competitiveness. These reports also seem to be in agreement that when the market matures, teaching quality will rise in importance as a differentiating selling point. Therefore, companies and institutions that manage to build a reputation for quality instruction right away are expected to be the future market share winners.

Table 8: Online Youth English Training Market Growth Rate in China 2014-2019 [5]

	Size of the Market (in 100 Million RMB / year)	Growth Rate
2014	9.8	+38.9 %
2015	13.6	+37.8 %
2016	19.7	+45.4 %
2017	27.5	+39.5 %
2018	38.5	+39.8 %
2019	50.7	+31.9 %

Due to the increase in household disposable income and student mobility (so far mostly to countries such as United Kingdom and the USA), there is the potential for Malta, if positioned well, to become another destination for Chinese students who are looking for English language training-related services like test preparation, business English or academic basic, intermediate and advanced English education. The demand for exchange programs, overseas experiences and English courses abroad in English-speaking countries is also on the rise and Malta-based operators have an excellent opportunity here. In order to capitalise on this opportunity they need to manage to become household names for language stays and courses alongside the UK, Australia and the USA and to replicate the success story for English language education with Chinese language education. This can be done by complementing English language education stays for Chinese students in Malta with sending students from Europe for Chinese language stays in China.

6.2 Technical Education in China

China has been recognised as "world plant" for many years. The energy-intensive, pollution-intensive, and low value-added industries have created many jobs in China and effectively solved the problem of mass unemployment and mass underskilling, which has also been abetted by the requirements of knowledge transfer for companies wanting to access the Chinese market.

Over the past decade, with the demographic dividend disappearing and labour costs rising fast, private enterprises have been plagued by the shortages of skilled workers willing to accept low pay while millions of college graduates (still small as a percentage of the total Chinese population) are unable to find employment.

Chinese youth have experienced a higher unemployment rate than adults, despite obtaining higher educational attainment. They are also being crowded out by irregular employment of young migrant workers who are willing to accept lower wages. A higher rate for young people who are not in employment, education or training has also been observed in recent times (this, again, is insignificant as a total percentage of the entire Chinese market but is significant in terms of the absolute number of people in this situation).

[5] Source : GETChina Insights, iResearch

These issues may be ascribed to structural issues in the Chinese labour market: shortages of young people and shortages of young skilled workers, high pressures of employment resulting from the expansion of tertiary education, and the mismatch between migrant youth's educational attainment and employers' needs.

The Chinese government has responded by implementing vocational education and training policies to improve on youth employment. These polices have included curriculum reform to enhance youth employability, the creation of a modern vocational education system, and skills-upgrading programmes for migrant youth, all of which have significantly improved the labour market outcomes for Chinese youth. This has effectively addressed the surplus of college graduates and shortages of skilled workers that were creating a large gap between supply and demand in the Chinese labour market. Course structure and content are now much better matched to the abilities and skills needed for certain occupations, and are fully adjourned to the requirements of modern industry.

Indeed, since 2004, the Ministry of Education's 'appraisal for an Excellent Curriculum' referred to above has translated the strong desire for specific features in higher vocational education that was the catalyst for this curriculum reform into a roadmap. This has subsequently been successfully implemented. Thereafter, the focus on technical education development has gradually shifted to the curriculum. Significant weight has been placed on practical training, which transcends the limitations of subject-based curricula. This curriculum study focused on how to become free from the influence of the subject-based curriculum model in traditional universities and put more emphasis on the practical ability training for students. Its direct goal was to acquire specific features for higher technical education in China. Many higher vocational education colleges began offering practical approaches to the project-based curriculum. The project-based curriculum was created based on a systematic analysis of the working system, and therefore it was relatively comprehensive, complete, independent, and different from the traditional curriculum module based on skill units.

The project-based curriculum has today become the *de facto* direction of curriculum reform for higher vocational education. This reform has in fact also influenced the secondary vocational education system. Following the model of project-based curricula, more and more secondary vocational schools were involved into this vigorous reform. Teachers in secondary vocational schools were required to attend a variety of vocational curriculum reform training and were asked to recreate curriculum materials such as textbooks to follow the project-based approach.

Skills-based vocational education has received and is receiving unprecedented attention from the central government as China seeks to ensure high rates of employment and to improve the image of perceived 'cheap' made-in-China products. In June 2014, two of China's top leaders presided over a National Vocational Education Working Conference and around the same time, the State Council released a decision to accelerate the development of a modern vocational education system. Based on this decision, China's Ministry of Education and other national sectors jointly released a plan detailing how by 2020, China will establish a world-class modern vocational education system with Chinese characteristics. Secondary vocational schools will have 23.5 million registered students, and higher vocational colleges will have 14.8 million registered students. The focus will be to nurture skills in modern agriculture, advanced manufacturing, modern service businesses, new strategic industries and social management, as well as ecological civilization. The general quality of vocational schools will be improved with better school facilities and better faculty and staff.

This modern vocational education system means to build a lifelong learning system by integrating education before and after employment and linking the secondary and postsecondary vocational education systems.

The reform was an astounding success. Accordingly, given the constant influx of foreign know-how and the realignment on the education system in China, we do not believe that China offers much in terms of opportunities for Malta-based firms in terms of technical education.

7. The Brazilian Market

Quick Facts

Currency

Brazilian Real (R$)

Exchange Rate (5-Year Average): 0.27 Brazilian Real to the Euro

Language

A Brazilian dialect of Portuguese (European Portuguese understood perfectly)

Travel Visas

Maltese Passport Holders travelling for tourism or short-stay purposes to Brazil are not required to apply for a visa prior to their arrival or upon their arrival in Brazil **PROVIDED** their stay does not exceed **90 days**.

Money

Credit cards accepted in most restaurants and hotels. ATMs are widely available. Cryptocurrencies widely in use but more as a store of wealth as they are not widely accepted for transactions purposes.

Mobile Phones

Pay-as-you-go (Prepaid) SIM cards can be bought domestically for most mobile phones and are recommended for in-country travel as roaming costs from the EU are significant. They should work well in unlocked European phones as the same frequency bands are used.

Time

Malta CET time minus four to seven hours (depending on zone):

ACT	Acre Time	Rio Branco	CET – 7 hours
AMT	Amazon Time	Manaus	CET – 6 hours
BRT	Brasília Time	São Paulo	CET – 5 hours
FNT	Fernando de Noronha Time	Fernando de Noronha	CET – 4 hours

Opening Hours

Brazil officially has a five-day working week with Saturday and Sunday being public holidays.

Banks are open Monday to Friday 9AM to 3PM Brazil time.

Bars open at around 6PM and close at around 2AM. Restaurants open at around noon till 2.30PM and again between 6PM and 10.30PM.

Post offices are generally open Mondays to Fridays between 9AM and 5PM and between 8AM and noon on Saturdays.

Shops, department stores and shopping malls open 9AM to 6PM Mondays to Fridays and 9AM to 1PM on Saturdays.

Travel for Business Development or Service Provision

Aeroporto Galeão (Rio de Janeiro)

Premium Auto Ônibus (www.premiumautoonibus.com.br) operates a bus service with a frequency of approximately every 30 minutes to Flamengo, Copacabana, Ipanema, Leblon and other neighbourhoods for R$15. The bus takes between 75 minutes and two hours to arrive to destination, depending on the destination chosen.

Taxis cost between R$65 to R$130, again depending on the final destination.

Aeroporto GRU (São Paulo)

The Airport Bus Service (www.airportbusservice.com.br) is the most efficient way to get to and from GRU Airport. This stops at Aeroporto Congonhas, Barra Funda, Tiête, Praça da República and various hotels around Av Paulista and Rua Augusta. Guarucoop (www.guarucoop.com.br) is the only taxi service allowed to operate at the airport (R$136 to Av Pau-lista, R$161 to Vila Madalena) although arrangements with individual taxi operators waiting outside of the airport can be made for a cheaper fee.

Getting Around

Air travel is very useful and is the recommended way of travel for business travellers to cross Brazil's considerable distances. Air travel can save days of travel and even though the prices are generally quite high, airfare promotions are frequent.

Public transport offers extensive services throughout the country, except for the Amazon region. For timetables and bus operators, Busca Ônibus (www.buscaonibus.com.br) can be a very good starting point. Public transport is only recommended for short distances as long distance coverage can waste a lot of time.

The boat option in inland waterways is slow and uncomfortable, and should not be considered to be a serious option for business commuters, although it is quite common for tourists seeking to experience breath-taking views. Travelling around carnival time is not recommended as prices rise significantly and the infrastructure clogs.

Safety Precautions

Travellers to Brazil may fall prey to opportunistic crime, if they intentionally or unintentionally end up in dangerous zones. Armed robbery and gang shoot-outs in such zones is quite frequent, especially where tourists are concerned. Many problems can be avoided with a bit of common sense and appropriate caution, as well as by keeping away from favela areas.

Basic Statistics

Land

Area: total: 8,515,770 sq km

land: 8,358,140 sq km

water: 157,630 sq km

Population

207,353,391 (July 2017 est.)

Growth Rate: 0.73% (2017 est.)

Urban population: 86.2% of total population (2017)

Rate of urbanization: 0.99% annual rate of change (2015-20 est.)

GDP

€1.892 trillion (2016 est.)

real growth rate: 0.7% (2017 est.)

composition, by sector of origin (2017 est.):

- agriculture: 6.2%
- industry: 21%
- services: 72.8%

GDP Per Capita

€14,091 (2017 est.)

Distribution of income – Gini coefficient: 49.7 (2014 – the latest dataset available by the Instituto Brasileiro de Geografia e Estatística)

Religion

Roman Catholic: 64.6%

Other Catholic: 0.4%

Protestant: 22.2% (includes Adventist 6.5%, Assembly of God 2.0%, Christian Congregation of Brazil 1.2%, Universal Kingdom of God 1.0%, other Protestant 11.5%)

Other Christian: 0.7%

Spiritist: 2.2%

Other: 1.4%

None: 8%

Unspecified: 0.4% (2010 est.)

Age structure

0-14 years: 22.33% (male 23,599,867 / female 22,696,756)

15-24 years: 16.36% (male 17,212,048 / female 16,721,295)

25-54 years: 43.86% (male 45,114,076 / female 45,836,147)

55-64 years: 9.12% (male 8,931,065 / female 9,974,723)

65 years and over: 8.33% (male 7,356,838 / female 9,910,576)

*2017 *estimate*

Dependency ratios

Total dependency ratio: 43.8

Youth dependency ratio: 32.4

Elderly dependency ratio: 11.4

Potential support ratio: 8.7

*2015 *estimate*

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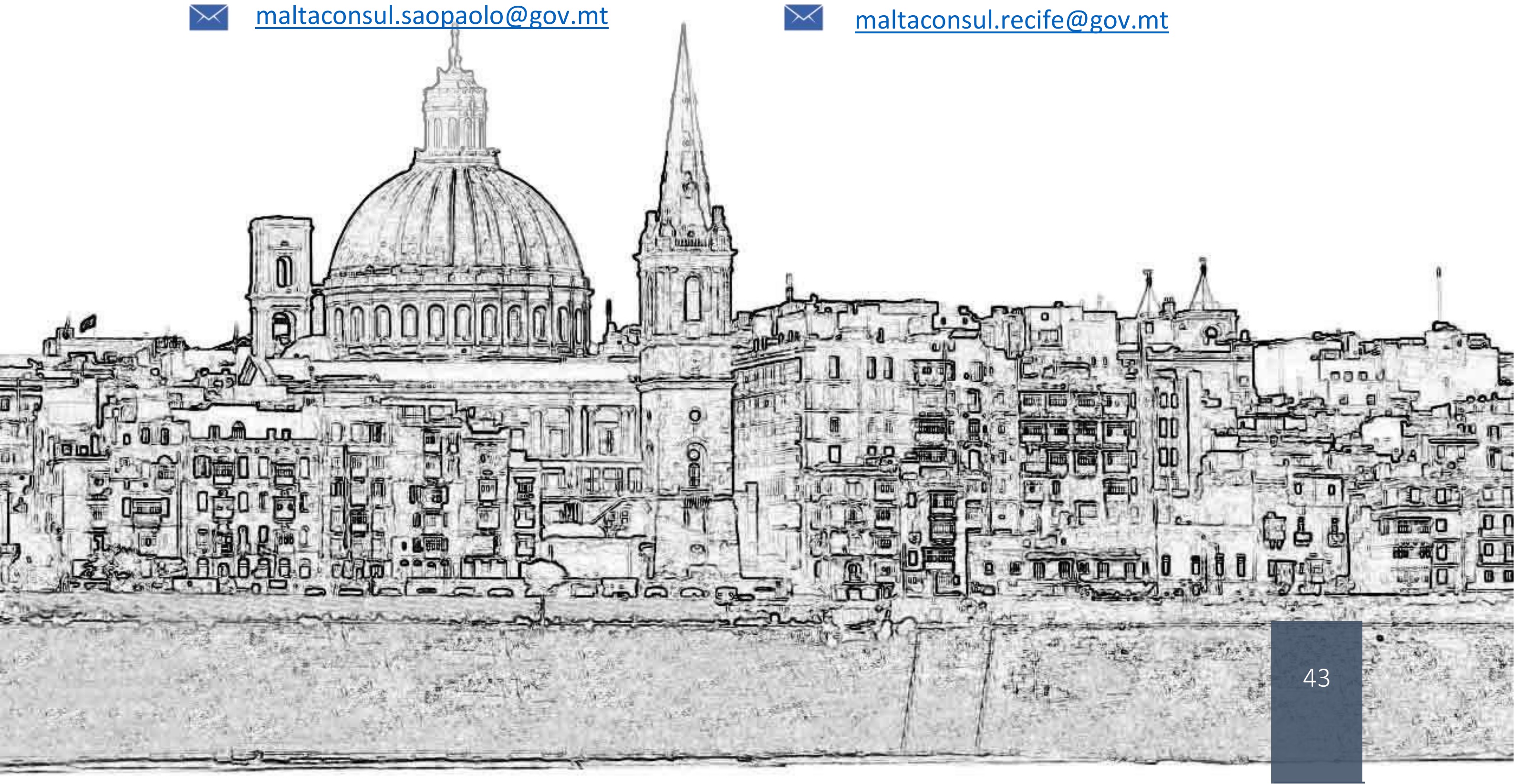

7.1 English Language Education in Brazil

Brazil has the largest education system in Latin America with over 50 million primary and secondary students. However, English Education in Brazil is currently at a very low level. Brazil is an inward-looking country and has a complicated relationship with foreign languages, especially English. It has long been denied special consideration in politics and education and is only considered as one of the seven languages offered to middle school students, who often shun it. As a result, less than 6% of the entire population aged over 16 have any knowledge of the English language (this translates into around 10 million people). Many Brazilians are unable to initiate and maintain basic conversational exchanges in English despite the fact that some of them undergo some seven years of studying it as a foreign language in school.

The British Council considers English education in Brazil as “poor” and “not sufficient to master the language”. Nevertheless, there are differences between the generations and a slight evolution in the mentalities. For instance, among younger people aged 18-24, English speakers double reaching 10.3%. The level of knowledge of the English language amongst Brazilians reflects both the educational opportunities available and, more broadly, the provision of education in Brazil.

7.1.1 Digital English Language training

The digital English portion of the private language learning industry is still quite small indicating a large growth opportunity for suppliers. Studying English at home is interesting but the majority of Brazilians still prefer classic English courses. Nevertheless, the government is spending investments on English language programmes. These initiatives in schools aim to improve the digital education in all the country.

Similarly to China, the consumers market is become the largest buyers of Digital learning products in 2018 with an increasing of the demand (28% during the period 2013-2018). According to Ambient Insight, in the meantime, the digital English language learning market grow over 20% and the corporations and businesses for 17%. In this latest sector, the largest corporate buyers are the private language learning schools which are under development. The relative low growth rate for self-paced courses is also due to the consumer preference for mobile products. There is now a strong consumer demand for both Mobile Learning and mobile education apps while the growth rate for live online English tutoring is a modest 6.5% in average. However, the market is very huge so the revenues might be significant in absolute terms.

A Success Story

Brazil is a very big market, despite the fact that the English language is not popular. Relative to the size of the overall market, however, the number of success stories is quite limited as the proportion of English speakers is rather limited.

Idiomaster has been around in Rio de Janeiro for a couple of decades. The strategy it has adopted is one where it offers courses in English, French, Italian, Mandarin, Spanish and Portuguese for foreigners in Brazil. It also offers languages consultancy and translation services where it deploys its language skills in the corporate sector, thereby generating an additional revenue stream.

Whether this model is worth emulating for Maltese firms or not will very much depend on the next general election in Brazil, where Jair Bolsonaro, a Trump-style nationalist, is likely to be elected according to current poll results. If Brazil takes a more autarchic stance, foreign languages might decline further in importance, making Brazil an irrelevant market when it comes to instruction in Brazil itself but possibly making the teaching of English as a foreign language in Malta more attractive as autarchic policies are usually recessionary. If, on the other hand, Brazil’s new leadership results in a move to integrate Brazil’s economy better with the global economy, the reverse will apply.

Idiomaster’s model of utilising resources to provide corporate translation and consultancy services is generally speaking a good one, and one that should be considered, as it provides a significant revenue stream in a market where the median income is not very high.

7.1.2 Routes to Market and Positioning Strategies

In terms of the possible positioning strategies for market entry in Brazil, the options to consider are rather limited and include setting up in Brazil and attracting Brazilians to learn English in Malta.

English language courses are available throughout the country's main cities, including Belo Horizonte, Curitiba, Fortaleza, Porto Alegre, Rio de Janeiro and São Paulo. The competition intensity in this market is low, reflecting the very small proportion of Brazilians who speak or would like to speak English. The main challenge for setting up in Brazil will be to reach a minimum efficient scale level of operations in a short period of time and to manage to get through to the relevant market of students who would like to learn English. Achieving a minimum efficient scale level of operations in a short timeframe might entail adopting the same strategy as Idiomaster and targeting the corporate sector for translation and consultancy services and deploying flexible resources who can work on translations and consultancy assignments, as well as do the teaching. The focus needs to be the main cities as money invested on the rural areas is tantamount to money thrown down the drain. The market is still not ready for a digital approach to English language teaching, as a multitude of studies show. Therefore, while it might not necessarily be a bad strategy to invest in a digital infrastructure now, such investment will be fraught with risk and will require a significant shift in market preferences from traditional class-based learning to digital learning, the characteristics of which might not be under the full control of any one single company.

Attracting Brazilians to undertake short courses in Malta, on the other hand, could provide the basis for a lucrative and growing market, as Table 1 on page 17 shows.

7.1.3 Differentiating Factors to Consider

When entering a market or trying to increase market share, one of the essential questions to ask is what it is that could make a potential customer in that market take the plunge to become an actual customer. Towards this end, one might want to distinguish between the corporate and the consumer market segments.

In the corporate sector, a potential customer might 'convert' into an actual customer because of internationalisation ambitions. Companies that have no intention of internationalising either the procurement part of their business or the sales part of their business, have no need for English language. Accordingly, one of the best categories of differentiators that one can provide corporate clients with consists of endorsements, testimonials and memberships of professional bodies, particularly those geared towards internationalisation. These can give a firm the right avenue to be able to better target those firms that will require language services and in the meantime be able to differentiate from other service providers.

When it comes to the consumer sector, one of the best differentiators that one can make use of is job placement targeting. This would entail working with recruitment agencies (both those operating in Brazil and also those operating outside of Brazil and making use of Brazilian labour) to target specific job categories that will require a decent level of spoken English to fill in and those who are in the process of emigrating to countries where English is required.

7.2 Technical Education in Brazil

When it comes to technical and vocational education, Brazil presents significant business opportunities for Malta-based operators. The United Nations has recently highlighted the importance of integrating secondary education and professional and technical education and has reported that efforts have recently started being directed in that direction in 20 of 27 Brazilian federative units, particularly in the Northern and North-eastern regions of the country. This means that technical and vocational education is still in its early stages and would be susceptible to competition if that competition can prove to be a superior alternative to what the state has to offer, which judging by several reviews, should not be too hard a feat for any company with well-established curricula and brand.

Brazils' National Education Plan, approved by the president of the country in 2001, specifies several goals that relate to the:

- mobilisation, linking and expansion of the vocational training system so as to triple, every five years, the coverage of continuous vocational training for people in the productive age bracket who need to adjust and readjust to the new demands and perspectives of the labour market;
- establishment of partnerships between the federal, state and municipal systems and the private initiative to expand and encourage vocational training coverage; and
- the stimulation of the use of public and private structures, not only for regular courses, and also for the training and retraining of workers, in order to introduce them in the labour market, and provide them with competitiveness and productivity conditions, thus fostering a raise in their educational, technical and income levels.

Under this framework, it should not be very difficult for a new entrant that manages to establish itself well in a relatively short period of time to benefit from the linkages provided for by the state under this framework.

Technical and vocational education legislation in Brazil has undergone significant changes in 1996, when the National Education Guidelines and Framework Law (Lei de Diretrizes e Bases da Educação) were approved. The Law ascribes 3 main objectives to secondary education and also organises secondary education in two levels: basic and higher secondary education. It integrates vocational education within these levels and allows the provision of skills training in secondary schools or in partnership with technical colleges.

Decree No 2.208 of 1997 created additional provisions for vocational training and made the diverse training modalities more flexible. According to the same Decree, vocational training is a process linked to education, work, science and technology that promotes continuing development of capacities throughout a productive life. The Decree establishes three levels of vocational training:

- Basic training that is provided through non-formal education and designed to prepare or retrain workers based on to their prior level of education to provide them with better opportunities on the labour market;
- Technical training that is organized independently from general secondary education and offered in parallel or sequentially to it;
- Technological training at post-secondary level that covers all economic sectors.

In Brazil, technical and vocational education is offered in parallel and in conjunction with general secondary/high school education. The Ministry of Education supports a network of vocational education schools that offer programmes aimed at fulfilling the need for vocational training in the areas of services, industry and agriculture.

Brazil consists of 26 states, over 5500 municipalities and a Federal District in which the capital city, Brasilia, is located. Public technical and vocational education is administered and managed by the Federal Government and the States. The private sector can be involved at any educational level given the approval and evaluation of the government.

Overall the Ministry of Education in cooperation with the National Council for Education is in charge of establishing National Education Plans, providing technical and financial assistance to the states, federal districts and municipalities for development of their respective school systems. The Ministry also supports a network of federal schools, comprising universities, institutions of higher education, technical and agro-technical schools and technological education centres. The Ministry of Education also comprises the Department of Technical and Vocational Education. The Department of Education in each state has the responsibility of administering the network of schools belonging to those states and supervising the network of private education providers.

The Ministry of Education works together with the Ministry of Labour in order to define vocational training policy, which is executed by technical and agri-technical schools, Federal Centres for Technological Education (CEFET), and System S, a group of institutions financed by means of levies paid by participating companies each belonging to different category and therefore contributing to a respective institution. Moreover, some governmental and non-governmental organisations are also involved in the education system of Brazil, either through special agreements or joint activities for specific goals.

O Conselho Nacional das Instituições da Rede Federal de Educação Profissional, Científica e Tecnológica (CONIF) gathers all Federal Institutions of Professional Education, Science and Technology of Brazil. CONIF is a forum for discussion, proposing and promoting technical and vocational education policies, while developing activities to promote interdisciplinary and inter-institutional studies and projects on technical and vocational education. The quality of teachers is reported in several sources to have remained a major issue for the Ministry of Education. Individual states make use of different strategies to address teacher quality.

For operators considering targeting Brazilians for technical courses abroad, in addition to the internationally-accredited certifications that a course may qualify for, it will also be important to ensure equivalent accreditation in Brazil, as this will prove to be a major selling point even for those Brazilians who intend to emigrate. Several anthropological studies conducted in Brazil, in fact, show quite a strong bond between Brazilians and their country and even those who are considering emigrating for better-paying jobs, will take comfort in knowing that if they decide to return at any one point in time, they will have an accreditation that can be considered to be valid in Brazil as well.

7.2.1 Routes to Market and Positioning Strategies

Given the fact that only 5% of Brazilians speak English, and those who do are unlikely to want to go into several of the technical fields of studies available, it follows that technical education either has to be delivered in Portuguese or else will require an English language course to be provided prior to allowing the students to progress to technical courses.

Moreover, as can clearly be seen from the foregoing section in this report, technical education in Brazil revolves around public administration bodies like CENEF, CONIF and the Ministry of Education. Accordingly, an optimal positioning strategy needs to assess how best to tap into the funds made available to the public schooling system by partnering up with a number of such educational institutions, as well as how to gain representation on national and regional networks and bodies. This may take one of many forms in practical terms and each operator needs to see which form it is most comfortable with.

For operators that might be considering attracting Brazilian students for technical courses delivered in other jurisdictions, the language issue has to be borne in mind, which might mean that it might require partnering with a language school to provide English language training first and then the technical education, or else the operation might need to reach a certain critical mass such that it would make commercial sense to provide the training directly in Portuguese in classes exclusively for Brazilian students.

7.2.2 Differentiating Factors to Consider

Insofar as technical education in Brazil is concerned, the most likely differentiating factors for an operator coming from abroad are likely to be along the lines of the following characteristics:

- teacher quality;
- brand image;
- curriculum;
- coverage;
- international accreditation;
- possibility of offering blended learning (totally digital learning is not likely to work in Brazil at the moment but might work in the future if the situation on the ground changes);
- international recognition.

It goes without saying that each operator needs to find the differentiating factors that could make it a success story and that is based on its own strengths. However, the above differentiating factors should provide a good starting point for a firm-specific analysis that is appraising its market positioning strategy. These differentiating factors are generic enough to apply both under a scenario where technical education is provided in Brazil and also if the model adopted pertains to getting Brazilian students out of Brazil with the training being provided in another jurisdiction.

7.2.3 Key Market Opportunities for Malta-based Operators

The Brazilian market offers a very attractive value proposition for Malta-based technical education operators. While the percentage of the total population constituting the addressable market might not be very big, the sheer size of the Brazilian market means that even with a small percentage, the number of students in absolute terms might be very considerable.

Given the market, there are two approaches that might seem to make most sense in the present circumstances. The first approach, which makes sense only for technical education operators who have no intention of setting up in Brazil, would be to start small and grow incrementally in the same way that the English language schools have done. Depending on how small a business decides to start, it might make sense for English language courses to be weaved into the technical courses or to provide the courses in Portuguese in the first place. The geographical distribution of opportunities is centred on the bigger cities in Brazil, unless the technical training being offered relates to agriculture, where the reverse would apply. The second approach, which requires an upfront capital outlay, would be to go in with a big bang in marketing, and run an operational loss for a year or two due to marketing expenditure, while ensuring that the brand is being entrenched in the long-run. This approach is riskier but if the risk is managed well, it might result in higher pay-offs. It is also apt to work with both market entry models explored, namely that of establishing a branch in Brazil and also that of attracting Brazilian students to Malta.

8. The Indian Market

Quick Facts

Currency

Indian Rupee (₹)

Exchange Rate (5-Year Average): 0.013 Rupees to the Euro

Language

India has 22 major languages, written in 13 different scripts, with over 720 dialects. Hindi, Bengali and Telugu are the main languages and English is very widely-spoken.

Travel Visas

Needed for all visits to India. A 30-day e-Tourist visa/Visa may be applied for on arrival, but it is advisable to apply online prior to arrival. This should be valid from the day one enters the country. For longer trips, one would need to obtain a six-month tourist visa.

Money

Credit cards are accepted quite widely. There are ATMs in most towns, but it is a good idea to carry some cash as a back up. Mastercard and Visa are the most accepted credit cards. Cryptocurrencies are in use but very rarely accepted as a means of payment.

Mobile Phones

Roaming connections are excellent in urban areas and very poor in the countryside and the Himalaya. Local prepaid SIMs are widely available; they involve some straightforward paper work and sometimes a wait of up to 24 hours for activation.

Time

Malta CET time plus four hours.

Opening Hours

China officially has a five-day working week with Saturday and Sunday being public holidays.

Banks (nationalised) are open between 10AM and 2PM or 4PM Monday to Friday. They are open up to noon, 1PM or 4PM on Saturdays and are generally closed on the second and fourth Saturdays of month.

Depending on the type of restaurant, restaurants are open between 8AM and 10PM, or from noon to 3PM for lunch, and 7PM to 10PM or 11PM for dinner.

Bars and Clubs are open between noon and 12.30AM.

Shops are open from 10AM to 7PM or 8PM, with some closing down on Sundays.

Markets open from 10AM to 7PM in major cities, usually with one day of closure in the week. Rural markets are open once weekly, from around 6 AM to lunchtime.

Post Offices open 9.30AM to 5PM from Monday to Saturday.

Travel for Business Development or Service Provision

Indira Gandhi International Airport

Prepaid taxis cost somewhere in the region of ₹450 to ₹550 for trips to the centre. Taxis on-demand will cost around ₹100 to ₹200 more.

Express buses to the centre leave every 20 minutes at a cost of ₹100.

Airport express metro trains link up with the metro system and cost between ₹60 and ₹100, depending on the day. If transferring from terminal 1 to 3, one needs to make an allowance for at least three hours.

Chhatrapati Shivaji International Airport

Prepaid taxis cost anywhere between ₹680 and ₹820 to Colaba and Fort, depending on whether they are air-conditioned or not and anywhere between ₹400 and ₹480 to Bandra, again depending on air conditioning availability.

For the train (but not during the 6AM to 11AM rush hour), one can also take an auto rickshaw for around ₹18 per km to Andheri train station and then the Churchgate or CST train for ₹10. This takes 45 minutes. From Colaba, an UberGo will cost around ₹385 in off-peak times. For peak times, the cost can go up considerably depending on congestion.

Kempegowda International Airport

Metered air-conditioned taxis to the centre cost between ₹750 to ₹1000. This includes the airport toll of ₹120.

Air-conditioned Vayu Vajra buses also run regularly to and from the airport to the city, with fares starting at ₹180.

Cochin International Airport (Kerala)

Taxis to or from Ernakulam cost around ₹850. Those to or from Fort Cochin cost around ₹1200.

Air-conditioned Volvo buses run between the airport and Fort Cochin at a cost of ₹80. Buses run every hour and pass through Ernakulam on their way to Fort Cochin.

Getting Around

Transport in India is frequent and inexpensive, though not always fast. Domestic flights or sleeper trains are a recommended alternative to long, uncomfortable bus rides where good company is not always warranted.

Domestic flights are available to most major centres and state capitals and are very cheap with budget airlines, though not always recommendable due to aeroplane maintenance considerations. It is recommended to do some research on the airline company before making a decision to fly low cost.

The train option offers frequent services to most destinations. Inexpensive tickets are available, even on sleeper trains.

Buses go pretty much everywhere. Some destinations (usually the more populous) are served 24 hours but longer routes may be served by just one or two buses a day. Car rental is also an option but roads are very chaotic for people accustomed to EU driving practices, even those of relatively hectic roads like Malta.

Safety Precautions

Travellers to India's major cities may fall prey to opportunistic crime, but many problems can be avoided with a bit of common sense and appropriate caution. Reports of sexual assault have increased in recent years, so women should take particular care to avoid potentially risky situations.

Some souvenir shops have also been known to take copies of the credit-card imprint slips and use them for phoney transactions later. Ask the trader to process the transaction in front of you. Memorising the CVV/CVC2 number and scratching it off the card might also be a good idea for avoiding fraud. In some restaurants, waiters will ask you for your PIN with the intention of taking your credit card to the machine – never give your PIN to anyone, and ask to use the machine in person.

One should not accept food or drink from strangers, even at the cost of being rude. Women should be particularly circumspect. Occasionally, travellers (particularly those travelling solo) have been drugged and robbed or apparently attacked. A spiked drink is the most commonly used method for sending them off to sleep. It is also good practice to avoid friendly people and 'officials' in train and bus stations offering unsolicited help, as they are likely to guide you to commission-paying travel agents. We recommend looking confident and saying you've been to India several times before.

Basic Statistics

Land

Area: total: 3,287,263 sq km

land: 2,973,193 sq km

water: 314,070 sq km

Population

1,281,935,911 (July 2017 est.)

Growth Rate: 1.17% (2017 est.)

Urban population: 33.5% of total population (2017)

Rate of urbanization: 2.28% annual rate of change (2015-20 est.)

GDP

€8.047 trillion (2016 est.)

real growth rate: 6.7% (2017 est.)

composition, by sector of origin (2017 est.):

- agriculture: 16.8%
- industry: 28.9%
- services: 54.3%

GDP Per Capita

€6,546 (2017 est.)

Distribution of income – Gini coefficient: 35.2 (2011 – latest reliable data available)

Religion

Hindu: 79.8%;

Muslim: 14.2%;

Christian: 2.3%;

Sikh: 1.7%;

other and unspecified: 2% (2011 est.).

Age structure

0-14 years: 27.34% (male 186,087,665 / female 164,398,204)

15-24 years: 17.9% (male 121,879,786 / female 107,583,437)

25-54 years: 41.08% (male 271,744,709 / female 254,834,569)

55-64 years: 7.45% (male 47,846,122 / female 47,632,532)

65 years and over: 6.24% (male 37,837,801 / female 42,091,086) (2017 est.)

Dependency ratios

Total dependency ratio: 52.2

Youth dependency ratio: 43.6

Elderly dependency ratio: 8.6

Potential support ratio: 11.7 (latest data available - 2015 est.)

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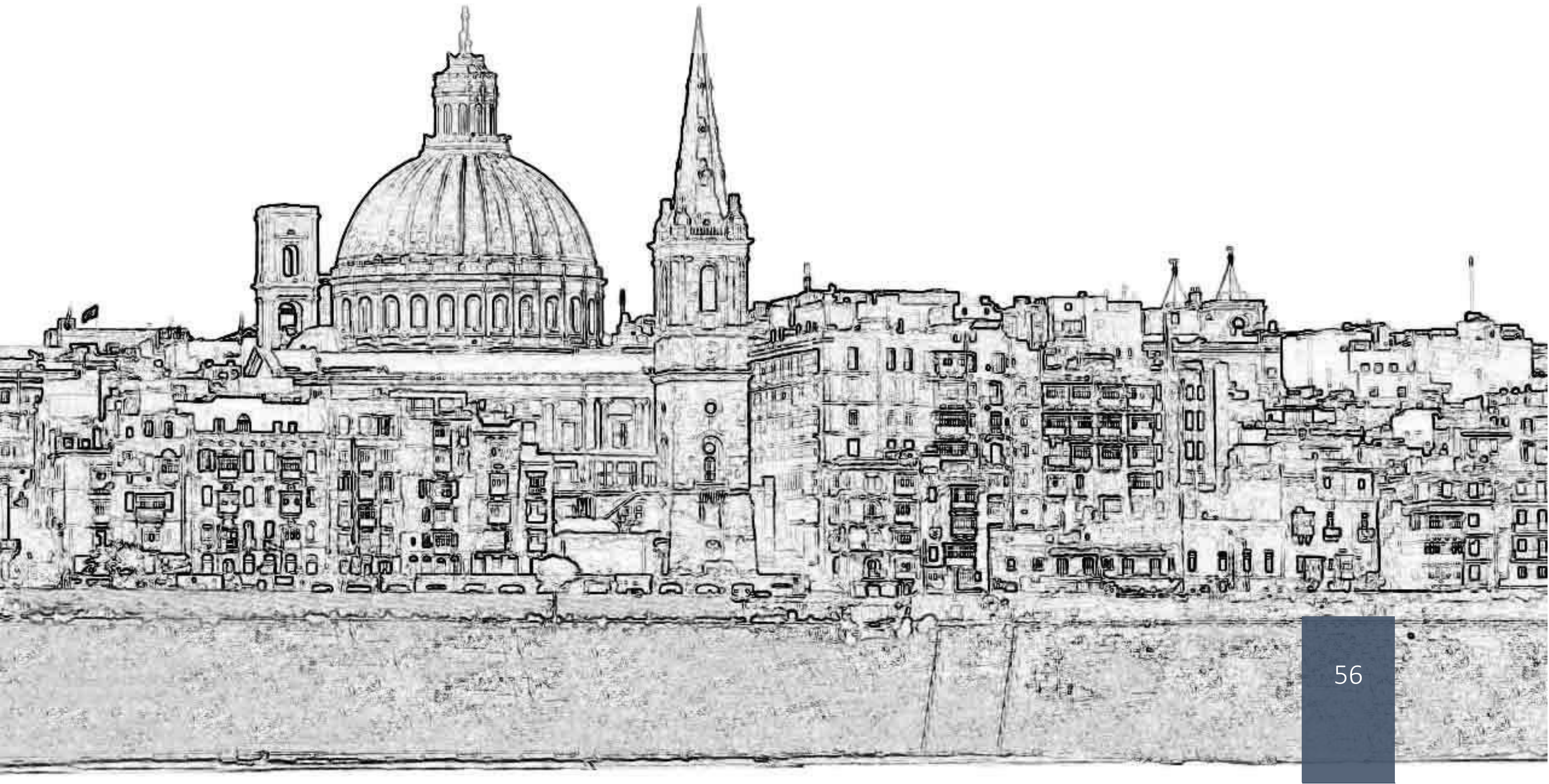

8.1 English Language Education in India

India's economy is an economy of contrasts and encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services. Slightly less than half of the workforce works in agriculture, but services are the major source of economic growth, accounting for nearly two-thirds of India's output but employing less than one-third of its labour force.

Even though Indian English is characterised by wide variations from native-like English to minimal proficiency, it is the pool of people working in services that constitutes the main addressable market for English language learning. However, if someone is working in services, the likelihood is that s/he already speaks very fluent English. In fact, India owes its economic ascent to its being able to capitalise on its large educated English-speaking population, which has allowed it to become a major exporter of information technology services, business outsourcing services and software workers.

Indian students' desire to learn English as a second or first language rather than a foreign language is amply shown by the dramatic growth of English medium schools. In a country where the language of administration, media and higher education is mostly English, proficiency in English is both reflective of and reflected by social class and income capacity. Because of this, the segment of the market that is worth targeting due to being able to afford good instruction, is that which is already proficient in what English language schools can provide instruction in.

This simply means that India cannot offer many opportunities for Malta-based English language schools. This is also shown corroborated by Table 1 on page 17, which shows that Indian students are not among the top ranking nationalities for English language learning in Malta despite being the second most populous country in the world.

8.1.1 Digital English Language Training

Given the relatively low Internet penetration rate and the high level of existing English language proficiency in those areas where Internet coverage is good, the prospects for Digital English language education for India are also not very good. Of course, it is also the case that if digital learning tools are developed for other countries and can be deployed in India at a very low or no incremental cost, it still makes sense to do so. Such tools would usually need to entail more advanced learning that can take a basic level of English for granted, as the translation costs that would otherwise need to go into it might be prohibitively high relative to any potential lucre.

8.2 Technical Education in India

While India is fast developing into an open-market economy, traces of its past autarchic policies are still very evident. Economic liberalisation measures, including industrial deregulation, privatization of state-owned enterprises, and reduced controls on foreign trade and investment, began in the early 1990s and served to accelerate the country's growth, which averaged nearly 7% per year from 1997 to 2017. India's economic growth slowed in 2011 because of a decline in investment caused by high interest rates, rising inflation, and investor pessimism about the government's commitment to further economic reforms and sluggish world growth. Rising macroeconomic imbalances in India and improving economic conditions in Western countries led investors to shift capital away from India, prompting a sharp depreciation of the rupee throughout 2016.

The outlook for India's long-term growth is moderately positive due to a young population and correspondingly low dependency ratio, healthy savings and investment rates, and increasing integration into the global economy. This makes technical education prospects positive as well, even though this positivity is dampened by stubbornly low wages and an unfavourable exchange rate. Long-term challenges also remain significant, including India's schooling discrimination against women and girls, an inefficient power generation and distribution system, ineffective enforcement of intellectual property rights, decades-long civil litigation dockets, inadequate transport and agricultural infrastructure, limited non-agricultural employment opportunities, high spending and poorly targeted subsidies.

8.2.1 Routes to Market and Positioning Strategies in India

India is a very diverse market with widely-varying key characteristics. Accordingly, a 'targeting India for technical education' strategy cannot and will not work. Anyone who is serious about targeting the Indian market for technical education needs to be aware that India is a preponderantly Hindu society, with a non-trivial Muslim population with as many as 22 recognised languages [6] and huge disparities of income. Investing money in promoting female education in the predominantly-Muslim parts of the country, for instance, is tantamount to throwing that money away. There are also stark differences between the North and the South of the country and many speak of a North-South Indian divide.

Positioning oneself as a technical education institute in India means being able to provide aspiring young Indians, most of whom are ready to bet big on bite-sized education that imparts employability, with a fast track to better earnings. Accordingly, any marketing campaign undertaken needs to make the link between education and employability, as well as between employability and higher earnings. A one-size-fits-all marketing campaign will also not be likely to work. The market needs to be segmented along a number of characteristics and those characteristics need to feature in the marketing campaign. Three of the characteristics that are usually considered to be a safe bet are geography, religion and the general overall aspiration to become rich. Indian aesthetics are similar to European aesthetics but not identically the same. Indian aesthetics are influenced by Rasa thinking. This is an Indian concept of aesthetic flavour, an essential element of any work of visual, literary, or performing art that can only be suggested, not described. It is a kind of contemplative abstraction in which the inwardness of human feelings suffuses the surrounding world of embodied forms.

[6] http://mhrd.gov.in/language-education

For anyone intending to enter the technical education market, it is also worth considering tapping into the All India Council for Technical Education (AICTE), which is the statutory body and a national-level council for technical education, under the Department of Higher Education, Ministry of Human Resource Development and the Indian Society for Technical Education. The latter is a national, professional, non-profit society registered under the Indian Societies Registration Act of 1860, tasked with advancing the cause of technology education.

In India, there are already numerous engineering colleges in operation. Their main aim is that of imparting undergraduate and graduate courses in engineering, applied engineering and sciences. According to several studies there are over 3,300 engineering colleges in India.

Correct marketing positioning in India also means using the leverage of a foreign brand or name. A made-in-EU curriculum, for instance, could provide a strategic advantage for new entrants coming from abroad. Nevertheless, finding the right human resources to keep up with a lofty brand image might be a challenge.

As with other markets, both setting up an institute in India and attracting Indian students to come to Malta might be valid strategic options.

8.2.2 Differentiating Factors to Consider

The biggest differentiating factor that a new entrant in the Indian technical education market may have is a foreign brand coming from a high-salary trading bloc. Many Indians would, in fact, consider moving abroad at least for some time, in order to get a higher salary and given a choice they usually settle for the higher-paying jurisdictions. The Brand and the jurisdiction where it comes from is therefore the first and perhaps most obvious differentiator.

Other differentiators that may be considered include the quality of the instruction, the tuition fees which need to be set relative to the competition in India and in accordance with whether one wants to target the mass market or to adopt a cherry-picking approach and admission criteria.

8.2.3 Key Market Opportunities for Malta-based Operators

In contradistinction to the English education sector, in technical education India offers a number of opportunities for Malta-based operators. This applies for both those wanting to set up in India and also those wanting to attract Indian students to Malta. The latter approach might prove to be more difficult due to the fact that getting a visa from India for Malta might prove to be a little bit hassling for the applicants. Indeed, Indians would need to travel to New Delhi and it is not always clear to everyone what sort of documentation they need to take with them to acquire the visa. Some facilitation from the technical education services operator itself might therefore be required in order not to serve as a discouragement for take-up. However, this should not prove to be an insurmountable barrier.

It is also doubtful whether any Malta-based technical education services operator has the capacity to adopt a mass-targeting approach. Most probably, therefore, the approach that needs to be adopted is one of cherry-picking and exclusivity, and this requires a combination of high-quality and surgical-precision marketing, high-quality instruction, and wide recognition of the accreditations in India and abroad.

The Indian market has the potential of being very rewarding because even though a very tiny proportion of the overall market is targeted in the cherry-picking approach, the market is so big that it will still be relatively easy to reach a minimum efficient scale of operations.

9. Conclusion

The three markets analysed in terms of attractiveness for English Language Education and Technical Education underscore a series of opportunities and potential pitfalls that pertain to China, Brazil and India.

The three countries we have looked into are all very different in each imaginable respect and yet have one very fundamental and interesting thing in common – the opportunities that they represent for the Maltese business community.

In providing you with the analysis in the foregoing pages, we have sought to provide you with some of the basic building blocks of a market penetration strategy on the basis of which you can build and premise your own.

This report and the other reports in this series are not intended to be academic or esoteric, but practical and empirically useful for doing business. We have accordingly sought to put together the essence of what every entrepreneur would need to know before targeting a new market. The views represented herein are purely those of the winning bidder (Equinox Advisory Ltd.) to the tender for services published by TradeMalta to commission this series of reports.

While hoping that you have found the information presented in this report to be useful, we also invite you to register at www.trademalta.org. Registration will grant you access to all the portal's features, which are tailored to help Malta-based companies reach new heights in international markets.

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