Britain's Higher Education Empire

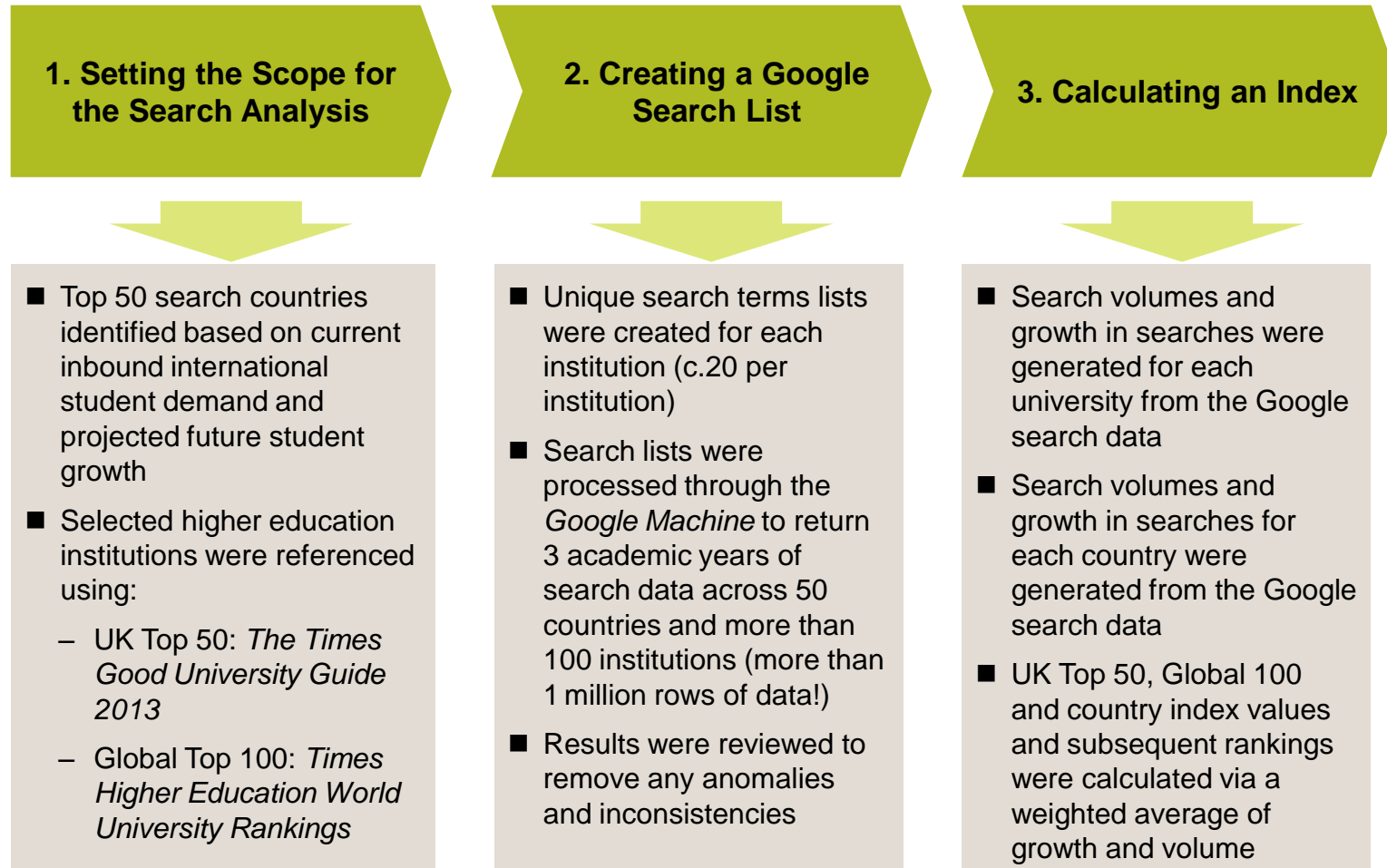## A Study on the Internationalisation of Britain's Universities

11 December 2013

Background to the Study

- Higher education is a global industry, and the UK is one of the most sought after destinations for international students

- In recent years, the UK's higher education landscape has undergone considerable change – while inbound international students numbers have experienced steady growth, a number of institutions have ventured further afield, establishing operations in developing countries and exploring opportunities online

- The internationalisation of higher education has subsequently received increasing attention, with transnational education and Massive Open Online Courses (MOOCs) featuring on the agenda of many Vice Chancellors. Despite this, there is still a lack of clarity on best practice or the way forward

- With increasing demand from developing markets and new technology developments, the path to 2020 offers both great potential, but also increasing international competition. The UK, as a leading provider of higher education, is uniquely placed. Success however is by no means guaranteed. British universities must prepare and invest now, building partnerships and capabilities, if they wish to succeed in the future

- To understand the true scale of the opportunities associated with the internationalisation of higher education and what it will take to succeed, Google UK has partnered with OC&C Strategy Consultants to produce an independent study

- Google UK and OC&C Strategy Consultants are therefore delighted to launch **'Britain's Higher Education Empire'** - drawing on Google's proprietary data, interviews with senior academics and executives of the UK's foremost higher education institutions (including universities, education services providers, online enablers and other stakeholders) and OC&C's analysis, this study places the spotlight on the internationalisation of higher education and the growing opportunities available to British universities

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Our Google International Search Indices were created from a process of careful planning, intensive research and rigorous analysis

Analysis of Google Search Data – Methodology

1. Setting the Scope for the Search Analysis

- Top 50 search countries identified based on current inbound international student demand and projected future student growth
- Selected higher education institutions were referenced using:
  - UK Top 50: *The Times Good University Guide 2013*
  - Global Top 100: *Times Higher Education World University Rankings*

2. Creating a Google Search List

- Unique search terms lists were created for each institution (c.20 per institution)
- Search lists were processed through the *Google Machine* to return 3 academic years of search data across 50 countries and more than 100 institutions (more than 1 million rows of data!)
- Results were reviewed to remove any anomalies and inconsistencies

3. Calculating an Index

- Search volumes and growth in searches were generated for each university from the Google search data
- Search volumes and growth in searches for each country were generated from the Google search data
- UK Top 50, Global 100 and country index values and subsequent rankings were calculated via a weighted average of growth and volume

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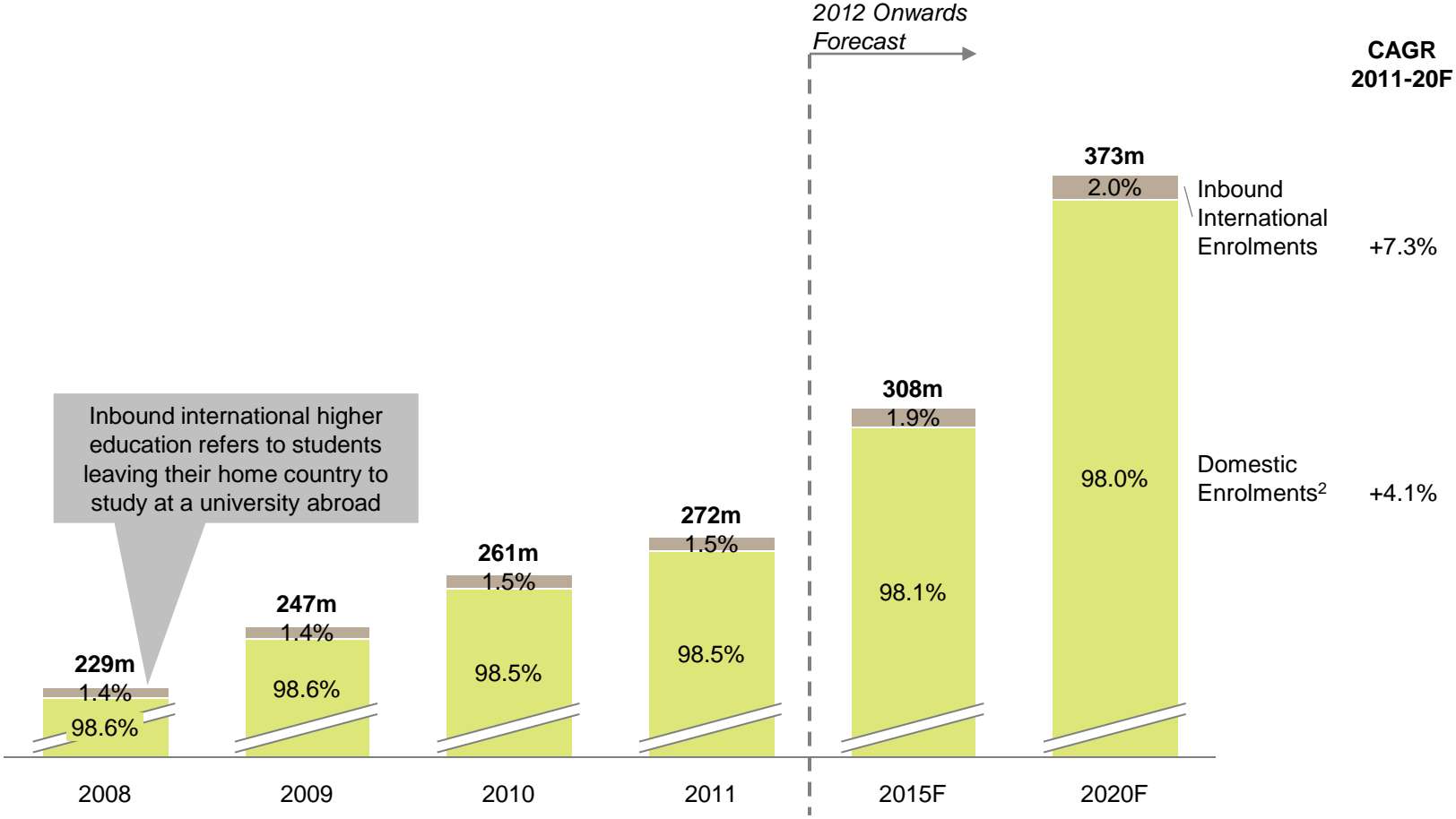
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Our analysis of Google search data was complemented with a number of interviews with leading universities, education services providers and other stakeholders

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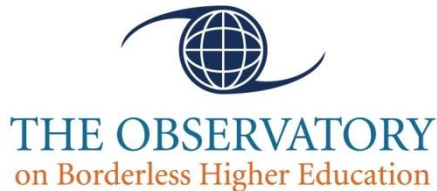
Growth of inbound international student enrolments has historically outperformed domestic enrolments – this is forecast to continue

Global Tertiary Enrolments, 2008-20F[1]

m, %

2012 Onwards Forecast

CAGR 2011-20F

Inbound international higher education refers to students leaving their home country to study at a university abroad

Year	Total	International %	Domestic %
2008	229m	1.4%	98.6%
2009	247m	1.4%	98.6%
2010	261m	1.5%	98.5%
2011	272m	1.5%	98.5%
2015F	308m	1.9%	98.1%
2020F	373m	2.0%	98.0%

Inbound International Enrolments   +7.3%

Domestic Enrolments[2]   +4.1%

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This growth will be driven by Asia and Africa

Global Distribution of International Students by Origin, 2011-20F[1]
\# m

	CAGR 2011-20F
Other	+4%
Oceania	+1%
N. America	+2%
S. America	+3%
Africa	+9%
Europe	+3%
Asia	+9%

+6.3%

7.2m

0.1m 0.0m 0.0m 0.1m

0.1m
0.7m
0.5m

1.6m

4.2m

0.1m 0.1m 0.0m
0.3m
0.5m
1.0m
2.2m

2020F
0.2m Other
0.2m Oceania
0.4m N. America
S. America
1.2m Africa
1.4m Europe
3.8m Asia

China and India represented 0.9m students in 2011, rising to 1.9m in 2020

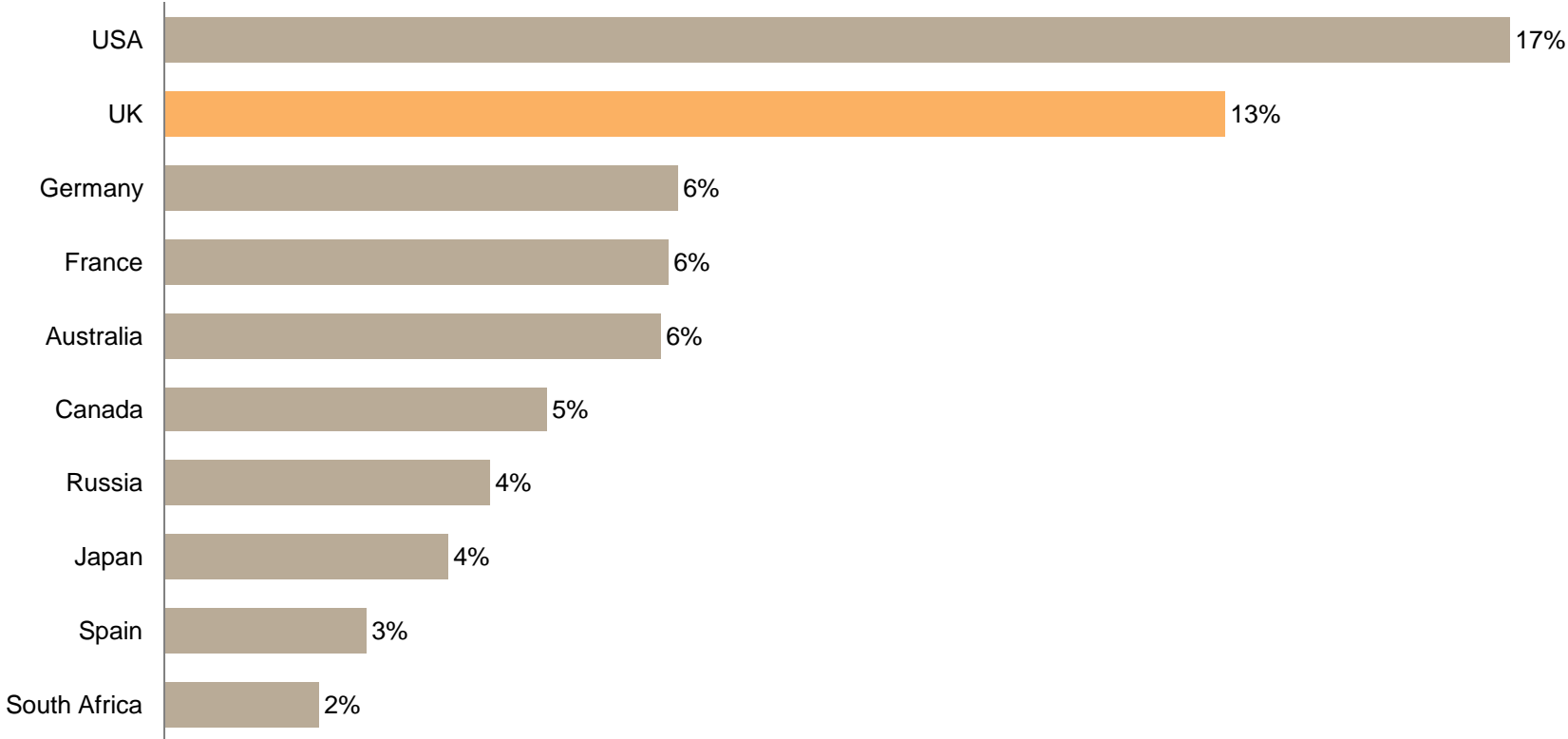**2011** | Asia | Europe | Africa | S. America | N. America | Oceania | Other | **2020F**
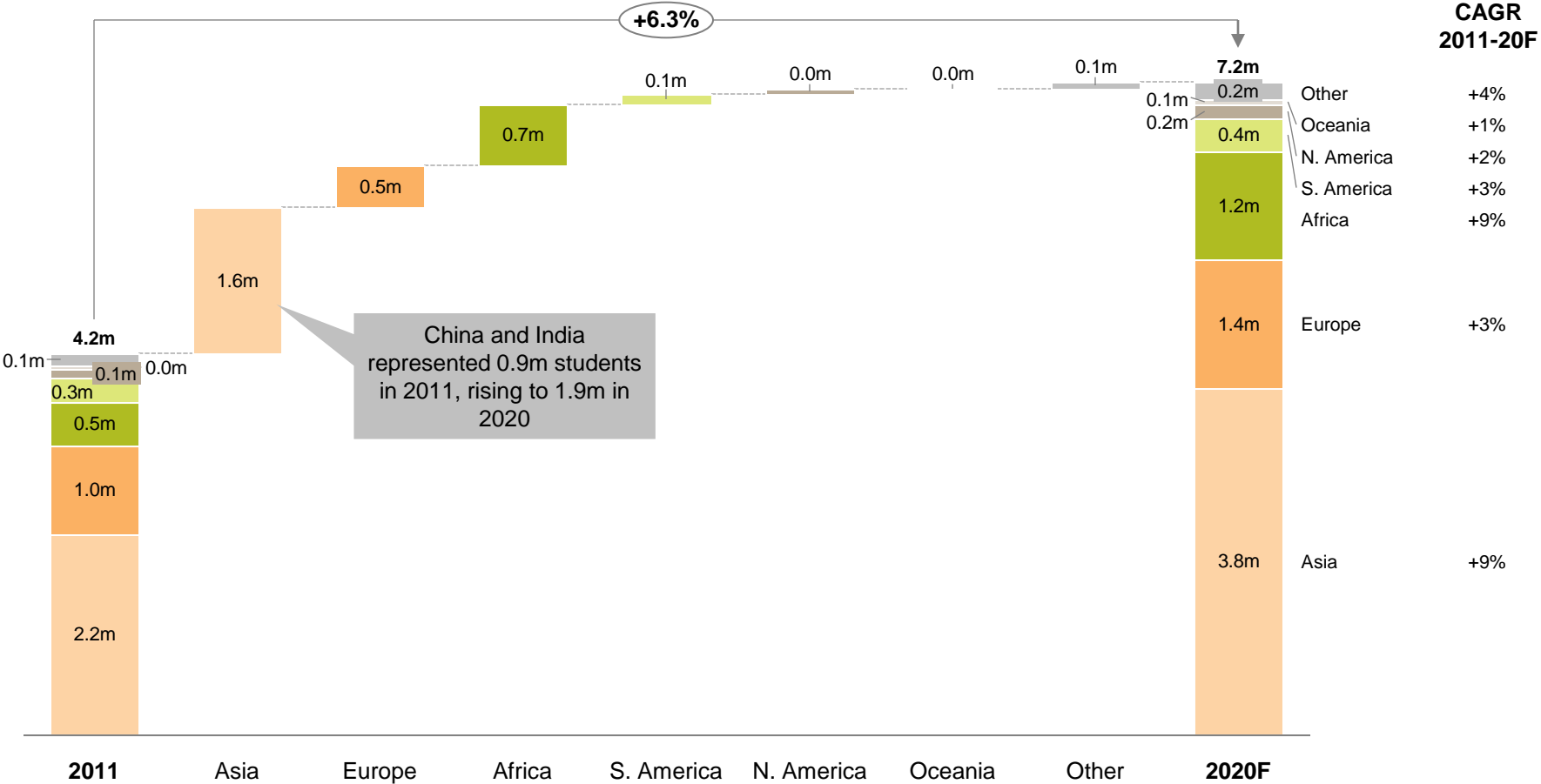
1. Growth forecasts are based on historic total tertiary enrolment trends for each respective region

Source: OECD, OC&C analysis

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6

The UK has a strong higher education brand, making it a popular study destination

Top 10 Destinations for International Students, 2011
% Share of International Students

Country	Share
USA	17%
UK	13%
Germany	6%
France	6%
Australia	6%
Canada	5%
Russia	4%
Japan	4%
Spain	3%
South Africa	2%

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Growth in international searches highlights the continued interest from prospective overseas students in UK universities

Searches for UK Universities[1], 2010/11 – 2012/13
Indexed to 100 in 2010/11
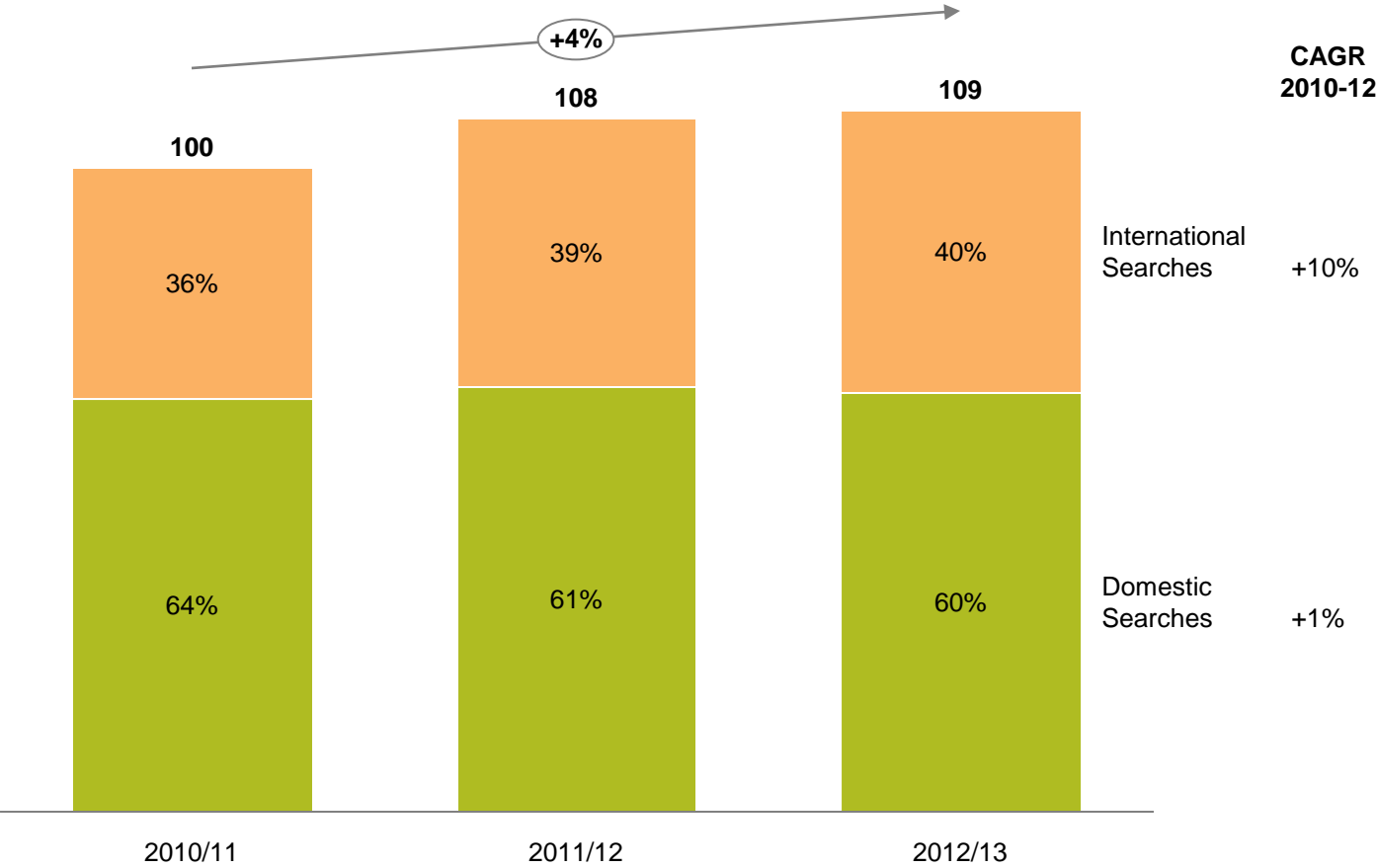
+4%

100	108	109

CAGR 2010-12

2010/11	2011/12	2012/13		
36%	39%	40%	International Searches	+10%
64%	61%	60%	Domestic Searches	+1%

1. UK Top 50 universities, as provided by The Times Good University Guide 2013
Source: Google Search Data, The Times Good University Guide 2013, OC&C analysis

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Growth in international searches is strong across all regions, with Asia Pacific and South America standing out in particular

Searches for UK Universities[1] by Country of Origin, 2010/11 – 2012/13
Indexed to 100 in 2010

Region	CAGR 2010-12
Africa	+10%
Australasia	+15%
S. America	+19%
Middle East	+10%
E. Europe	+1%
Central Asia	+2%
N. America	+8%
W. Europe	+4%
Asia Pacific	+17%

100 (2010/11): Africa 3%, Australasia 3%, S. America 3%, Middle East 6%, E. Europe 7%, Central Asia 12%, N. America 20%, W. Europe 24%, Asia Pacific 21%

115 (2011/12): Africa 3%, Australasia 4%, S. America 4%, Middle East 6%, E. Europe 7%, Central Asia 11%, N. America 19%, W. Europe 22%, Asia Pacific 25%

118 (2012/13): Africa 4%, Australasia 4%, S. America 4%, Middle East 6%, E. Europe 6%, Central Asia 11%, N. America 20%, W. Europe 22%, Asia Pacific 24%
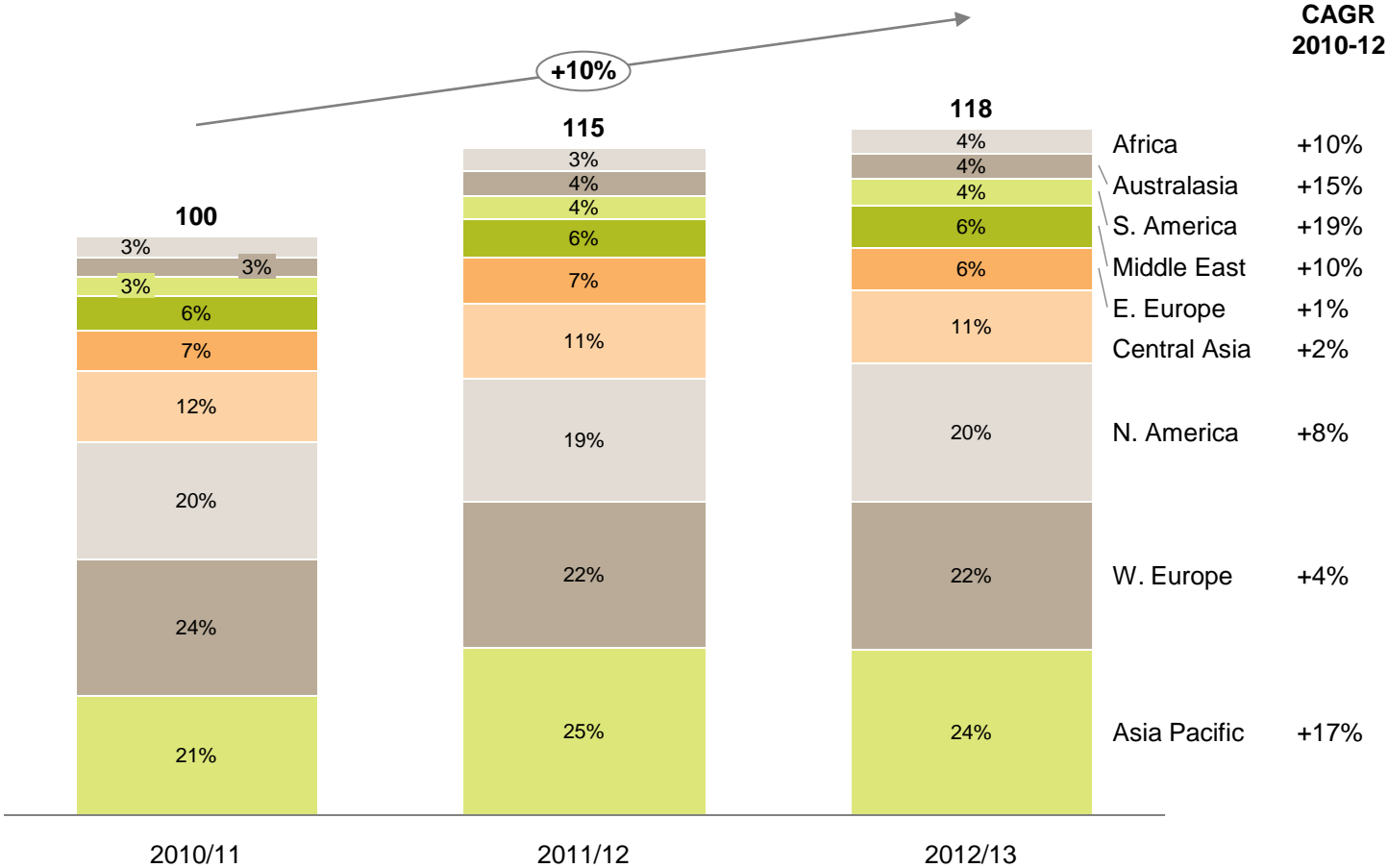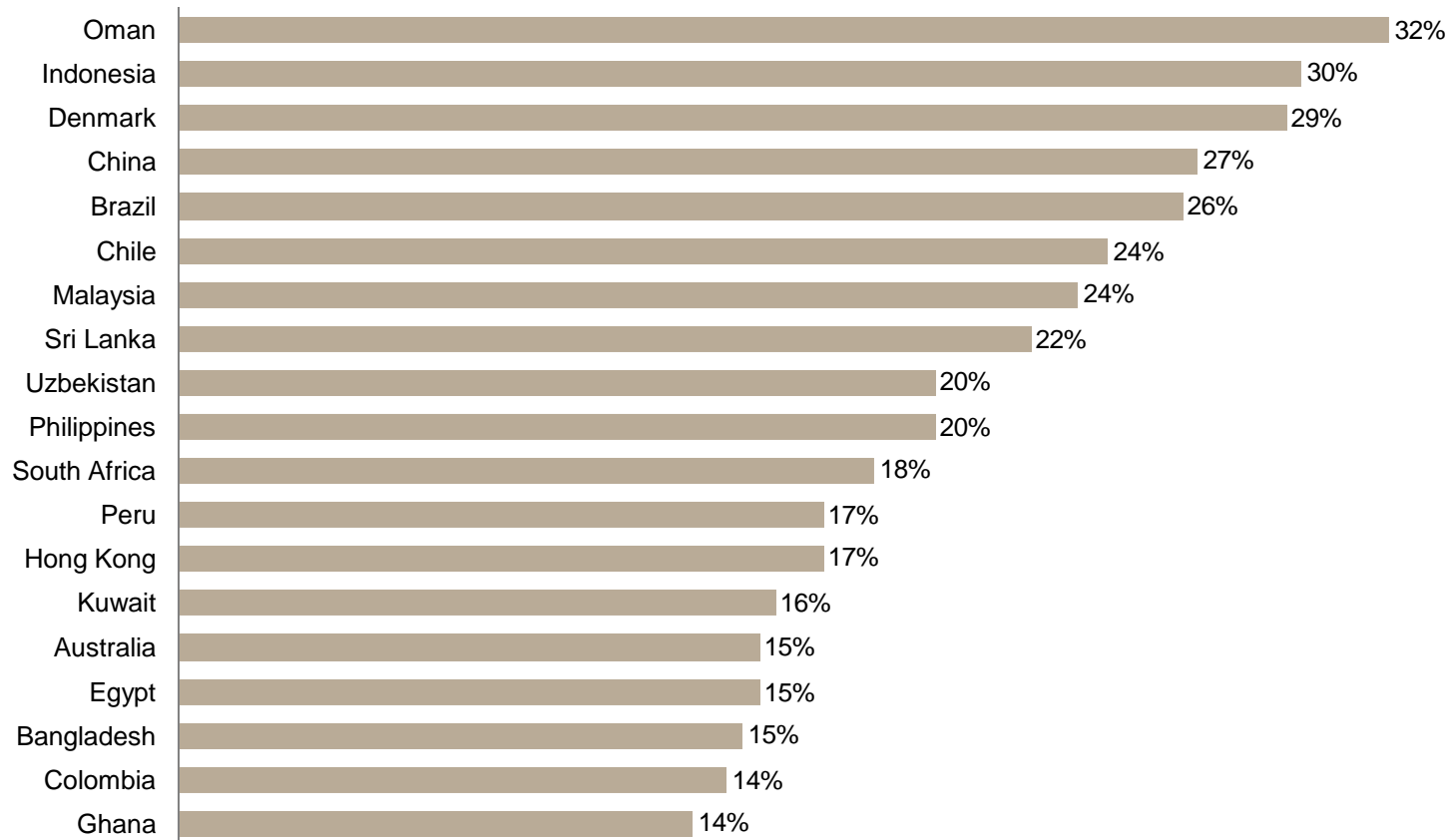
+10%

1. UK Top 50 universities, as provided by The Times Good University Guide 2013
Source: Google Search Data, The Times Good University Guide 2013, OC&C analysis

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On a country level, growth in searches for the UK's Top 50 universities has been growing rapidly, particularly in Asian and South American countries

Search Origin Growth, 55 Source Countries[1] Searching for UK Universities[3]
CAGR, % 2010/11 – 2012/13

UK Top 50 Universities

Country	Growth
Oman	32%
Indonesia	30%
Denmark	29%
China	27%
Brazil	26%
Chile	24%
Malaysia	24%
Sri Lanka	22%
Uzbekistan	20%
Philippines	20%
South Africa	18%
Peru	17%
Hong Kong	17%
Kuwait	16%
Australia	15%
Egypt	15%
Bangladesh	15%
Colombia	14%
Ghana	14%

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1. Country results scaled up based on estimated Google search penetration; 2. Total re-based to 100; 3. UK Top 50 universities, as per The Times Good University Guide 2013
Source: Google Search Data, OC&C analysis

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Countries can be ranked, based on search volume and growth in searches

Search Origin Index, 55 Source Countries[1] Searching for UK Universities[3]
Indexed Scores Based on # of Searches

#	Country	Total Score (100)	Indexed Volume of Int'l Queries (100)	Indexed Growth of Int'l Queries (100)	#	Country	Total Score (100)	Indexed Volume of Int'l Queries (100)	Indexed Growth of Int'l Queries (100)	#	Country	Total Score (100)	Indexed Volume of Int'l Queries (100)	Indexed Growth of Int'l Queries (100)
1	China	100	87	90	21	France	57	58	44	41	Norway	51	33	57
2	US	89	100	57	22	Thailand	56	43	57	42	Uzbekistan	51	13	77
3	Malaysia	79	57	83	23	Bangladesh	56	31	68	43	Switzerland	50	36	53
4	Brazil	77	48	89	24	Germany	56	59	40	44	Greece	50	49	38
5	Denmark	76	40	94	25	Ghana	56	33	65	45	Czech Rep'c	49	29	57
6	Indonesia	75	38	95	26	Egypt	56	30	68	46	Sweden	48	34	51
7	Australia	73	61	68	27	Belgium	55	55	43	47	Cyprus	47	35	47
8	Hong Kong	71	55	71	28	Colombia	55	30	67	48	Viet Nam	46	31	50
9	Oman	70	25	100	29	Nigeria	55	46	50	49	Bahrain	45	21	59
10	Italy	69	59	63	30	Kuwait	54	27	69	50	Israel	44	25	53
11	India	68	76	44	31	Japan	54	45	51	51	Finland	44	28	49
12	Chile	66	32	85	32	Pakistan	54	51	45	52	Bulgaria	43	33	44
13	Canada	64	59	55	33	Saudi Arabia	54	39	57	53	Romania	42	35	39
14	Sri Lanka	64	32	81	34	Peru	54	24	71	54	Qatar	27	26	22
15	Singapore	64	48	65	35	Russia	53	44	50	55	South Korea	19	33	0
16	Turkey	63	46	65	36	Poland	53	41	54					
17	South Africa	62	36	74	37	Netherlands	53	41	54					
18	Philippines	60	30	77	38	Mexico	53	38	56					
19	Spain	59	51	53	39	Kenya	53	30	63					
20	UAE	58	38	64	40	Ireland	51	47	43					

1. Country results scaled up based on estimated Google search penetration
2. Total re-based to 100
3. UK Top 50 universities, as per The Times Good University Guide 2013

Source: Google Search Data, OC&C analysis

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Interest is not just for traditional brand name institutions; universities that have actively pursued an international strategy are popular

University Internationalisation Index, Top 50 UK Universities[1] and Internationalisers[2]
Indexed Scores Based on # of Searches

		Google International Search Index[3]	% International Students Enrolled	The Times Good University Guide Ranking			Google International Search Index[1]	% International Students Enrolled	The Times Good University Guide Ranking
1	Imperial College	100	42%	4	26	University of Kent	48	24%	34
2	University of Cambridge	95	32%	2	27	University of Surrey	48	31%	26
3	University of Oxford	91	28%	1	28	Newcastle University	48	28%	23
4	University College London	90	41%	7	29	University of York	46	24%	13
5	The Open University	74	18%	n/a	30	Royal Holloway, University of London	46	32%	27
6	University of Edinburgh	72	33%	14	31	University of Aberdeen	45	26%	38
7	University of Glasgow	70	20%	15	32	University of Bath	45	31%	9
8	Durham University	66	25%	5	33	Cardiff University	45	26%	32
9	City University London	65	40%	46	34	University of Leicester	44	49%	17
10	Heriot-Watt University	65	72%	42	35	University of Sussex	43	37%	18
11	Loughborough University	59	22%	16	36	University of Liverpool	40	51%	29
12	Queen Mary, University of London	59	n/a	38	37	University of Reading	40	25%	24
13	University of Exeter	59	27%	10	38	SOAS, London	40	47%	31
14	University of Manchester	56	11%	33	39	University of Southampton	38	50%	18
15	King's College London	56	27%	22	40	University of Birmingham	38	24%	24
16	University of St Andrews	53	45%	6	41	University of Leeds	37	19%	30
17	University of Nottingham	53	41%	20	42	Aberystwyth University	36	16%	47
18	University of Bristol	51	23%	11	43	University of Buckingham	35	50%	41
19	University of East Anglia	51	22%	28	44	Queen's University Belfast	35	10%	35
20	Keele University	51	21%	45	45	University of Hull	35	22%	49
21	LSE	51	67%	3	46	Goldsmiths, University of London	33	25%	48
22	University of Sheffield	50	25%	21	47	University of Dundee	30	n/a	44
23	Lancaster University	50	44%	12	48	University of Strathclyde	29	24%	36
24	Brunel University	50	30%	43	49	University of Stirling	28	n/a	50
25	University of Warwick	49	36%	8	50	University of Essex	26	30%	40
					51	Aston University	26	32%	37

1. UK Top 50 universities, as provided by The Times Good University Guide 2013; 2. Internationalisers are universities identified as having made significant efforts to grow international student share domestically and/or internationally; 3. Index based on % of international searches, search volume and search growth
Source: Google Search Data, OC&C analysis

Interest in study destinations tends to be regionalised, except for the UK and USA which have wide appeal

International Searches by Region of Origin and Target Country[1]

Origin of Search

Increasingly Active in Searching

Most Active Search Relationships

Destination of Search

Increasingly Targeted in Searches
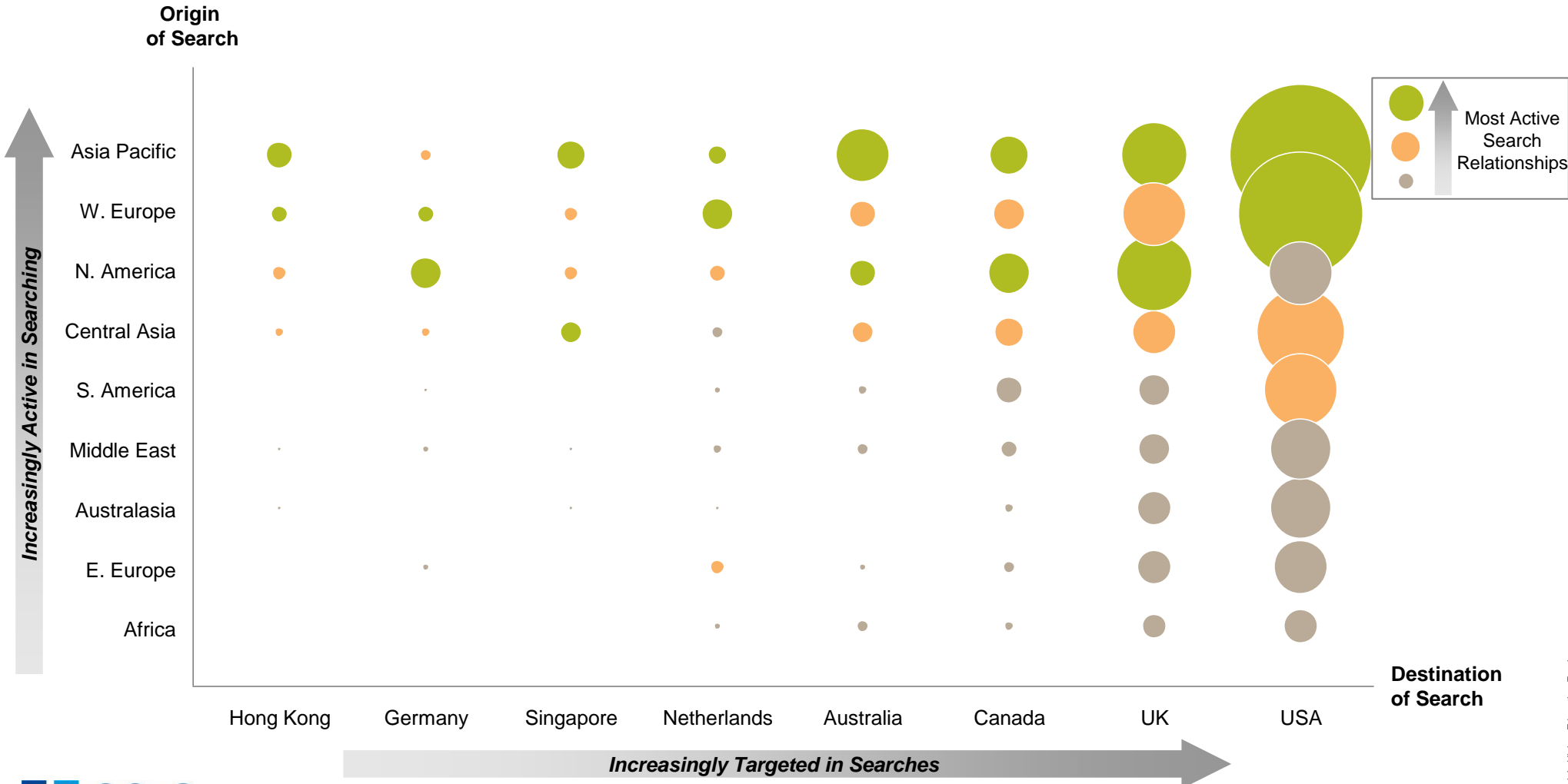
1. Based on Top 100 from THE World University Rankings 2013

Source: Google Search Data, OC&C analysis

Searches for the UK's Top 5 institutions have grown at a higher rate than equivalent institutions in both the US and Canada

Searches for Top 5 Ranked[1] Institutions In Most Popular Destinations by Country of Origin, 2010/11 – 2012/13

Indexed to 100 in 2010/11

CAGR 2010-12

+8%

100
- 2%
- 10%
- 12%
- 33%
- 42%

113
- 2%
- 10%
- 13%
- 34%
- 40%

117
- 3% — Netherlands — +16%
- 10% — Australia — +12%
- 13% — Canada — +9%
- 34% — UK — +10%
- 40% — US — +5%

2010/11   2011/12   2012/13

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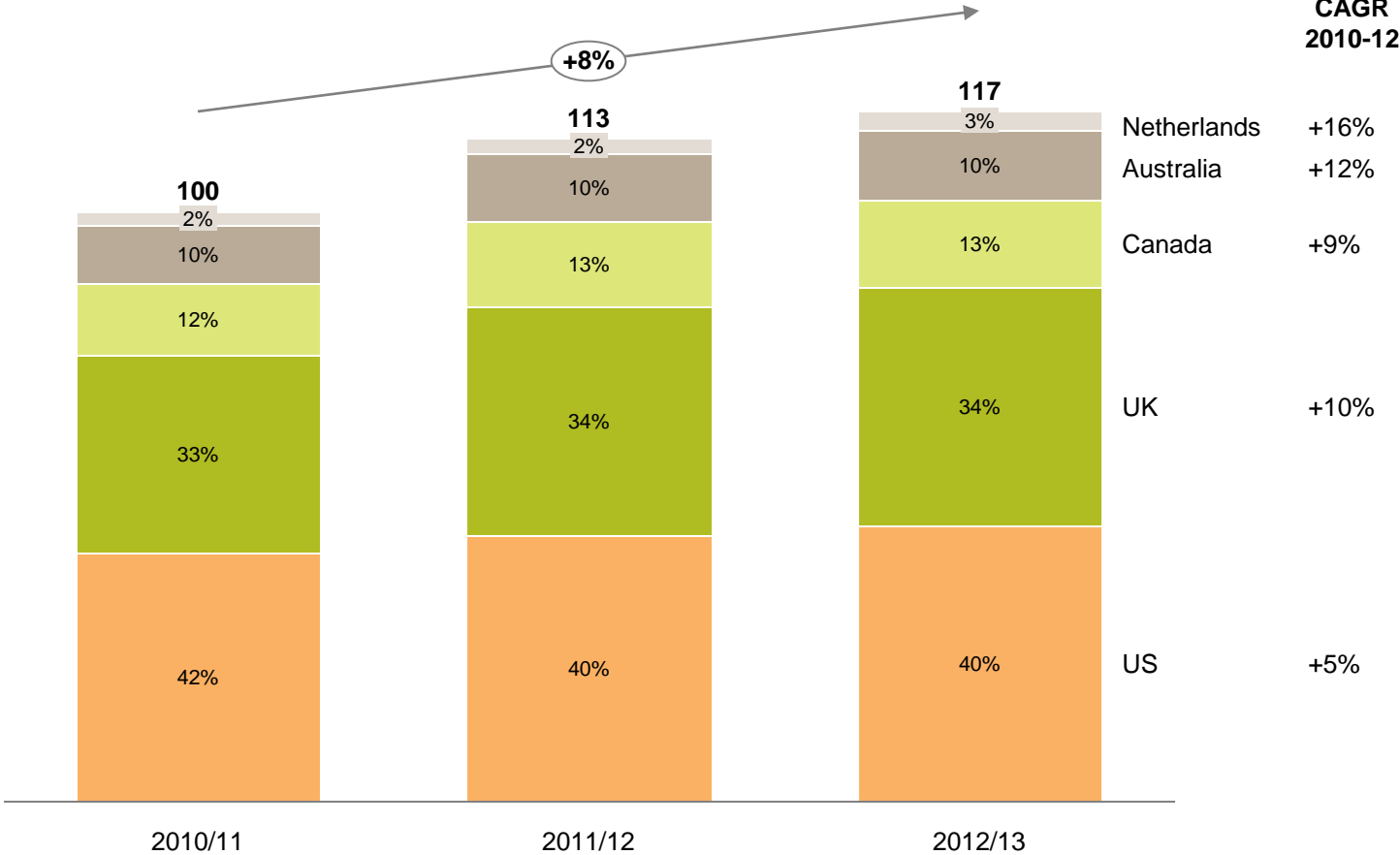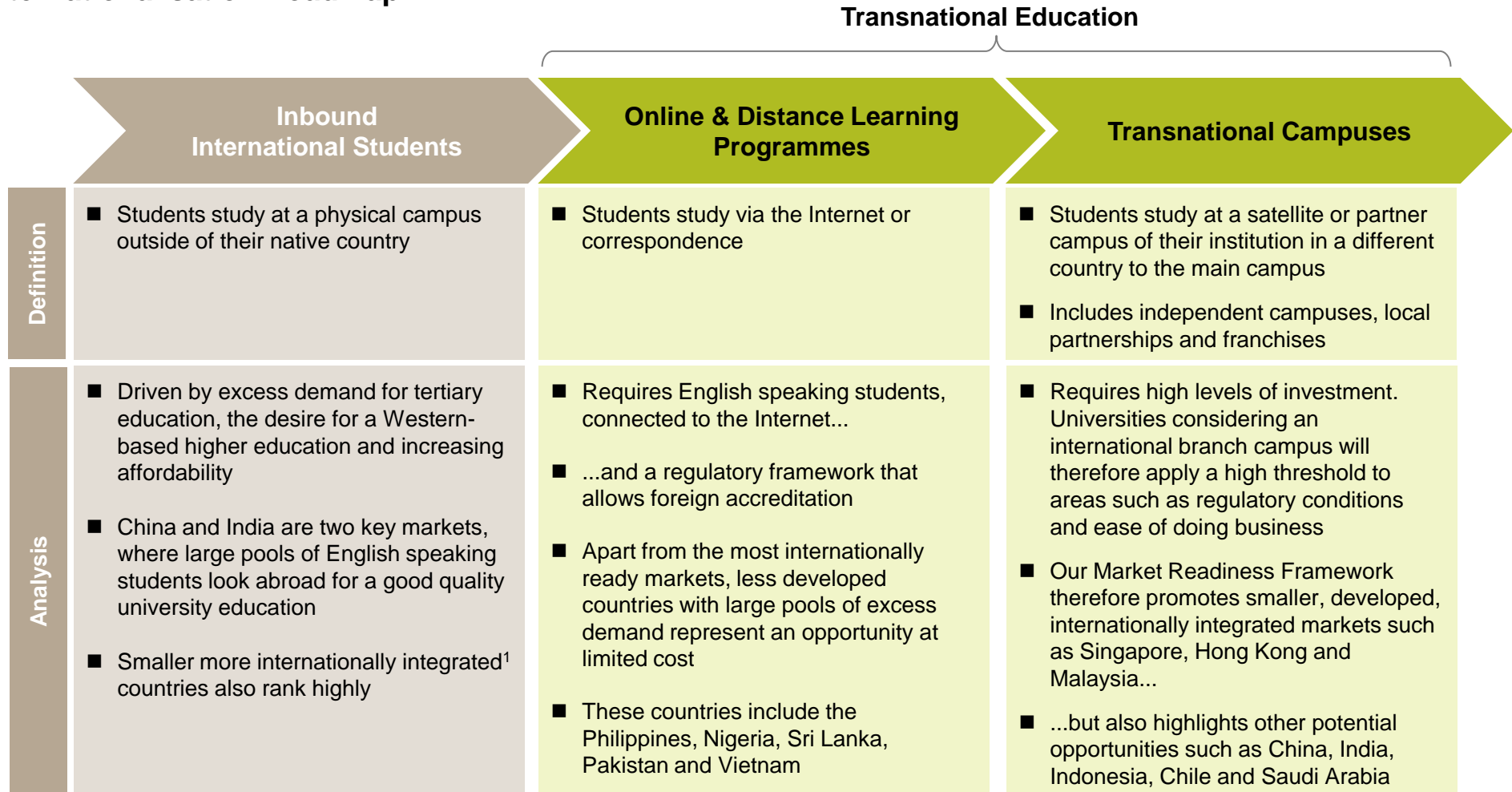
1. Based on THE World University Rankings 2013

Source: Google Search Data, The Times Good University Guide 2013, OC&C analysis

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Transnational Education represents the next opportunity for UK universities to internationalise

Internationalisation Roadmap

Transnational Education

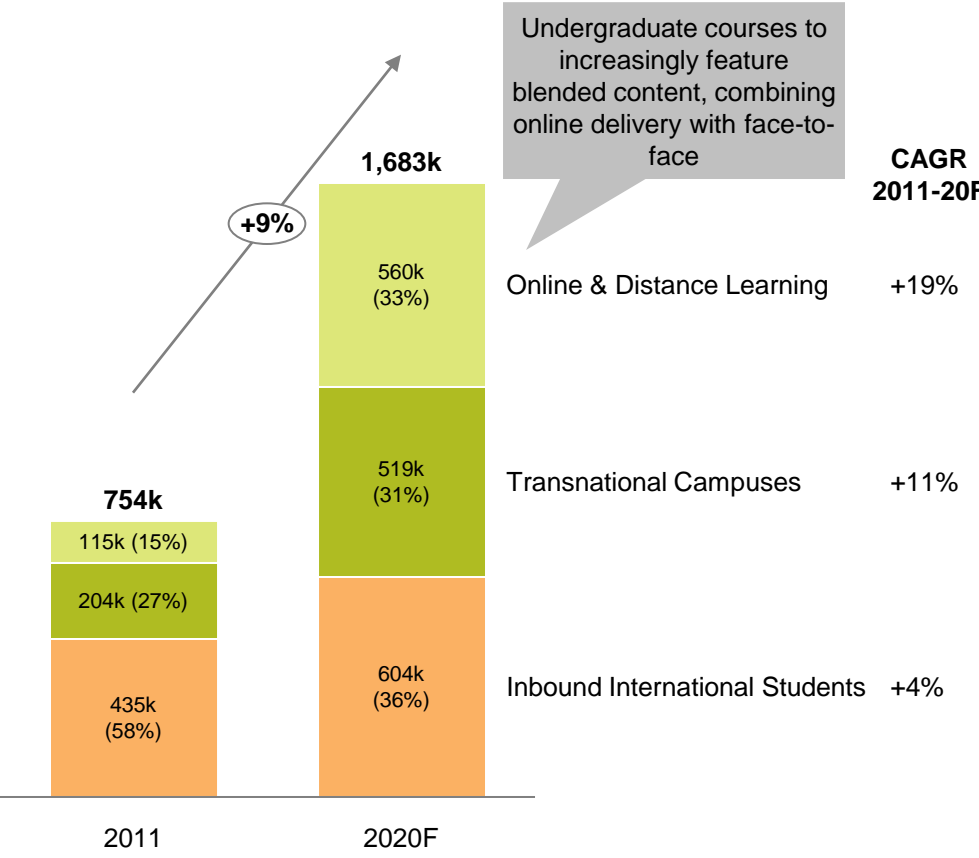|	Inbound International Students	Online & Distance Learning Programmes	Transnational Campuses
Definition	■ Students study at a physical campus outside of their native country	■ Students study via the Internet or correspondence	■ Students study at a satellite or partner campus of their institution in a different country to the main campus ■ Includes independent campuses, local partnerships and franchises
Analysis	■ Driven by excess demand for tertiary education, the desire for a Western-based higher education and increasing affordability ■ China and India are two key markets, where large pools of English speaking students look abroad for a good quality university education ■ Smaller more internationally integrated[1] countries also rank highly	■ Requires English speaking students, connected to the Internet... ■ ...and a regulatory framework that allows foreign accreditation ■ Apart from the most internationally ready markets, less developed countries with large pools of excess demand represent an opportunity at limited cost ■ These countries include the Philippines, Nigeria, Sri Lanka, Pakistan and Vietnam	■ Requires high levels of investment. Universities considering an international branch campus will therefore apply a high threshold to areas such as regulatory conditions and ease of doing business ■ Our Market Readiness Framework therefore promotes smaller, developed, internationally integrated markets such as Singapore, Hong Kong and Malaysia... ■ ...but also highlights other potential opportunities such as China, India, Indonesia, Chile and Saudi Arabia

1. 'Internationally integrated' refers to countries with high levels of international student mobility, openness to foreign education and active policy encouraging TNE

Source: OC&C analysis

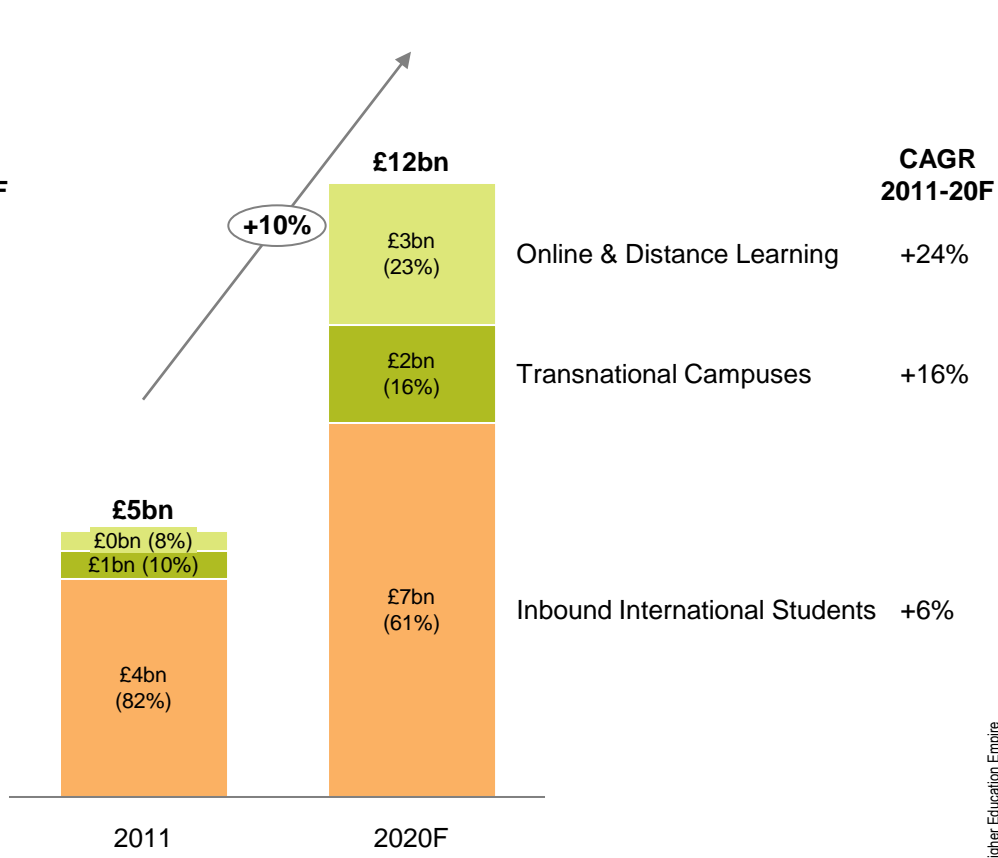21808, Britain's Higher Education Empire

There is significant opportunity for UK universities to claim their share of the international higher education market – estimated to be worth £12bn by 2020

Internationalisation Market Opportunity, 2011-20F

International Student Enrolments at UK Universities
Thousands

Undergraduate courses to increasingly feature blended content, combining online delivery with face-to-face

1,683k

+9%

560k (33%) — Online & Distance Learning

519k (31%) — Transnational Campuses

604k (36%) — Inbound International Students

754k

115k (15%)

204k (27%)

435k (58%)

2011   2020F

CAGR 2011-20F

Online & Distance Learning   +19%

Transnational Campuses   +11%

Inbound International Students   +4%

International Student Fee Income at UK Universities
£bn

£12bn

+10%

£3bn (23%) — Online & Distance Learning

£2bn (16%) — Transnational Campuses

£7bn (61%) — Inbound International Students

£5bn

£0bn (8%)
£1bn (10%)

£4bn (82%)

2011   2020F

CAGR 2011-20F

Online & Distance Learning   +24%

Transnational Campuses   +16%

Inbound International Students   +6%

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Understanding the readiness of a market to support transnational education is important when considering international expansion

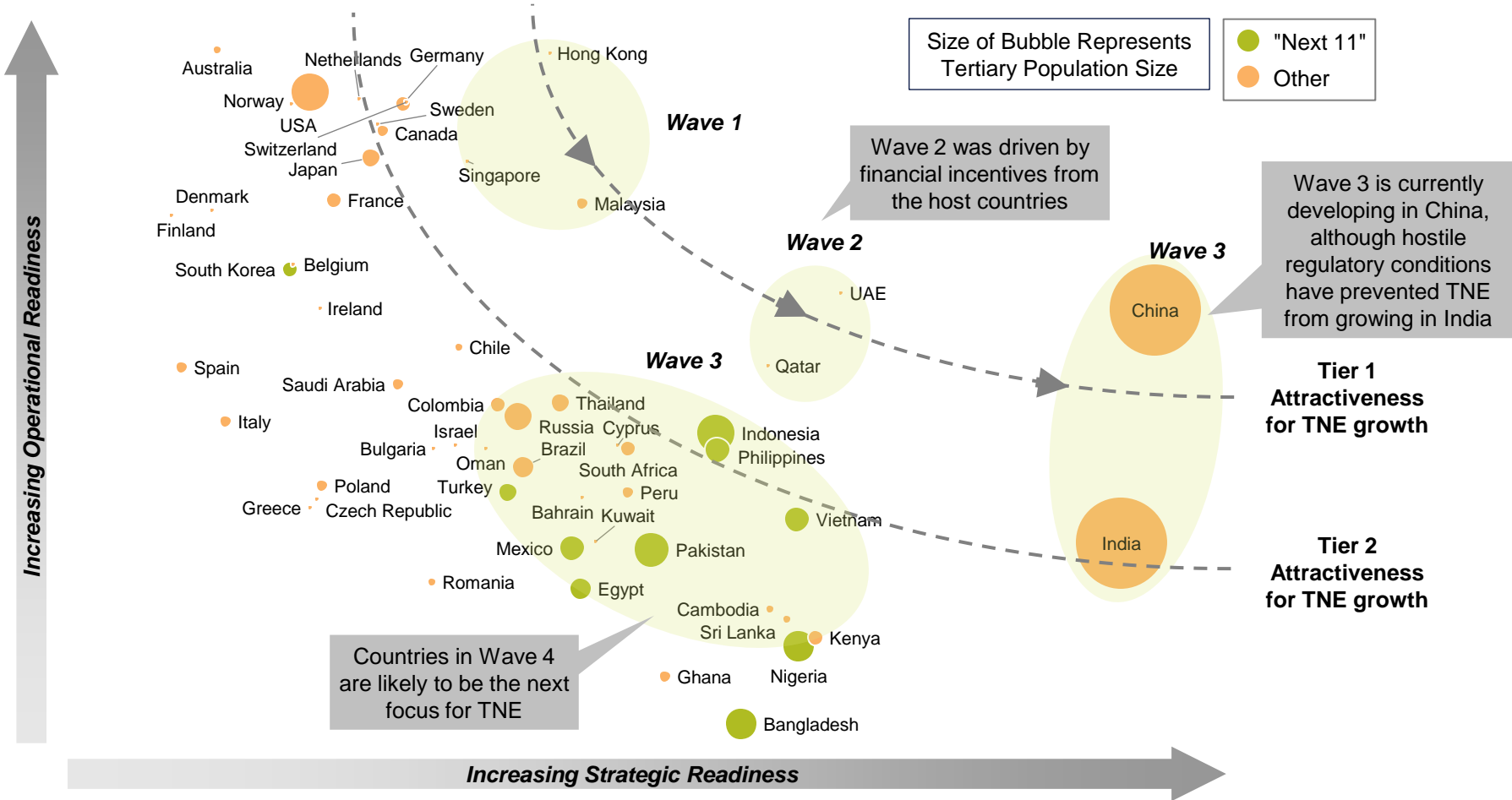**Operational Readiness** → **Market Readiness** ← **Strategic Readiness**

- ■ 'Operational Readiness' reflects the level of risk and effort required to enter a market (via an online or campus-based transnational education proposition)

- ■ Factors to assess the potential challenge for entry include:
  - – Regulatory Environment
  - – Ease of Recruiting Prospective Students
  - – English Language Proficiency
  - – Broadband Speed & Penetration
  - – Ease Of Doing Business

- ■ 'Strategic Readiness' evaluates the size and quality of the market opportunity

- ■ It is based on an evaluation of macro factors, such as:
  - – Tertiary Population and Enrolment
  - – Student Mobility
  - – GDP per Capita PPP
  - – Forecast Growth in GDP per Capita PPP
  - – Quality of the Domestic University Sector (teaching and research)

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Historically, we have seen 'waves' of international expansion driven by market readiness

Market Readiness Framework

Increasing Operational Readiness

- Australia
- Netherlands
- Germany
- Hong Kong
- Norway
- Sweden
- Canada
- USA
- Switzerland
- Japan
- Singapore
- Denmark
- France
- Malaysia
- Finland
- South Korea
- Belgium
- Ireland
- Chile
- Spain
- Saudi Arabia
- Italy
- Colombia
- Thailand
- Russia
- Cyprus
- Indonesia
- Israel
- Brazil
- Philippines
- Bulgaria
- South Africa
- Oman
- Peru
- Poland
- Turkey
- Greece
- Czech Republic
- Bahrain
- Kuwait
- Vietnam
- Mexico
- Pakistan
- Romania
- Egypt
- Cambodia
- Sri Lanka
- Kenya
- Ghana
- Nigeria
- Bangladesh
- UAE
- Qatar
- China
- India

Wave 1

Wave 2

Wave 3

Size of Bubble Represents Tertiary Population Size

- "Next 11"
- Other

Wave 2 was driven by financial incentives from the host countries

Wave 3 is currently developing in China, although hostile regulatory conditions have prevented TNE from growing in India

Tier 1 Attractiveness for TNE growth

Tier 2 Attractiveness for TNE growth

Countries in Wave 4 are likely to be the next focus for TNE

Increasing Strategic Readiness

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Pursuing an international strategy will require a number of capabilities

We believe winning universities will share the following traits

- A clearly articulated internationalisation strategy and vision (rather than simply being opportunistic)

- An understanding of acceptable risks and compromises, with an entrepreneurial approach to change

- Dedicated international development resources, including a senior academic champion to build understanding and support internally

- A more commercial approach to decision making, with the ability to respond quickly and decisively to challenges

- A wide variety of strong and flexible partnerships across geographies

- A wider set of capabilities to design and deliver programmes to meet the needs of international students across different geographies and mediums

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Acknowledgements – we would like to thank:

- Conrad Bird, Director of the GREAT Britain Campaign, Prime Minister's Office

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- Elizabeth Shepherd, Research, Education Intelligence, British Council

- All the academic and business leaders across the various universities, education services providers and other operators active in the international higher education sector, who generously shared their successes and challenges, enabling us to test our theories against their practical experiences

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