# Global strategies for international education providers in Australia: A case study of Tropical North Queensland TAFE

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## Abstract

*The continuing growth of Australia's international education market is causing providers to consider moving from international business approaches to global strategies. This paper examines factors affecting a regional Australian educational provider's approach to the international student market, using Tropical North Queensland TAFE (TNQT) for this case study. TNQT is located in Cairns, Australia, and currently provides English Language Intensive Courses for Overseas Students, and Vocational Education and Training courses to international students of predominantly Asian nationalities. Evaluation of the industry's market, cost, environment and competitive factors are undertaken to examine the viability of a global strategy for TNQT. This analysis concludes that the significant effect of potential benefits of local alliances and strategies on this market for regional educational providers needs to be understood.*

## Introduction

Globalisation is exerting effects in many fields, and international education is no exception. While Australian education providers have long experienced success in the international education market using international business strategies, there is growing emphasis on utilising global strategies to ensure continuing growth in this market. The viability of this approach can be examined through analysis of a case study of one Australian provider, Tropical North Queensland TAFE (TNQT). TNQT provides Vocational Education and Training (VET) and English Language Intensive Courses for Overseas Students (ELICOS) courses to international students in Cairns, Australia, using an international business strategy. Examination of the globalisation drivers covering market, cost, environmental and competitive factors are presented in the Australian context and the case study context of TNQT to present details about the potential benefits of a global strategy for the international education market.

## Golbalisation Drivers and Strategy

The international student market in Australia is expanding. Statistics show that international student enrolments onshore in Australia in 2005 were up overall by 7% compared to 2004 (IDP Education Australia, 2006b). Whilst 344,815 international students enrolled onshore in higher education, VET, ELICOS, schools and other (IDP Education Australia, 2006b), the true number of enrolments overall is higher as this figure only includes international students in Australia on a Student visa. International students can also study in Australia whilst on Working Holiday or Visitor visas. For example ELICOS students totalled 64,966 in Australia in 2005 (Australian Education International, 2006c, p.1); however, it is estimated that only half of these students were on Student visas and are thus included in the total figure given above; the remaining ELICOS students not included in this data were on Working Holiday or Visitor visas (Australian Education International, 2006b, p.5).

Many Australian education providers have moved or are moving from international strategies to global strategies to take advantage of this burgeoning market. It is useful to differentiate between globalisation and internationalism as the two terms are closely linked, particularly since international education has been contributed to and been affected by the growth of globalisation. Dimmock and Walker explain that globalisation "refers to the spread of ideas, policies and practices across national boundaries", while 'internationalisation' relates to the adoption of outward-looking perspectives in stark contrast to ethnocentrism" (2000, p.227). Australian VET providers have focused on internationalisation for some time, as evidenced by late 1990s research such as Kearns and Schofield, 1997; and Smith and Smith, 1999; however, global strategies are now becoming increasingly attractive. Whilst international business strategies focus on growth in overseas markets, global business strategies gain competitive advantage by focusing on improving worldwide performance. Businesses wishing to gain market-share through a global strategy need to consider four key factors in developing a global strategy: market, cost, environment and competitive factors (Czinkota, Ronkainen and Moffett, 2005, p. 373). The viability of this approach will be examined through analysis of the case study of TNQT within the broader Australian context.

TNQT delivers VET in far north Queensland across nine campuses, with the largest campus located in Cairns, Queensland. TNQT has an annual turnover of $40 million and delivers 2.5 million hours of training to 16,500 students annually. TNQT's students include international students from Asia, Europe the United Kingdom, South America and South Africa, with the majority coming from Asian countries. TNQT currently focus on delivery of three major types of products to international students: VET courses, ELICOS courses and study tours. VET courses are offered at Certificate and Diploma levels in areas including accounting, information technology, hospitality management, tourism, diver resort management and business. The Degree in Hospitality Management is offered in partnership with James Cook University. ELICOS courses consist of General English offered at seven levels, and English for Academic Programs courses; all are 12 weeks long. A small number of study tours are facilitated each year, but this is a minor part of TNQT's international revenue.

TNQT was chosen for the case study for a number of reasons: its regional locale enables a regional emphasis recently lacking in research on education (Raby, 2005); it is closely associated with other local providers allowing understanding of the role of regional strategic alliances; its offering of VET, ELICOS and some degree courses enables educational pathways to be focused on in the study; TNQT currently has international students from a wide variety of markets allowing examination of the appropriateness of such breadth; and TNQT's current approach of using an almost identical marketing strategy for all target markets enables discussion of market segmentation.

There is also strong evidence that the international student market will continue to grow for TNQT. In 2005, 16% of international students enrolling onshore chose the state of Queensland as their study destination, with 30% of these studying in the VET sector (IDP Education Australia, 2006b). This represents a 9% increase on VET enrolments in Queensland from 2004 to 2005 (IDP Education Australia, 2006c). Currently, over 7,000 international students study in Cairns each year, providing over $30 million in export income to the Cairns region (Cairns Chamber of Commerce, n.d., p.3). In 2003-04 this included over 5,000 ELICOS students and 370 students enrolled in higher education or VET courses (Forbes and Hamilton, forthcoming). With forecasts of 19,000 students by 2010, generating export earnings of $140 million international students are a significant growth market for this region (Cairns Chamber of Commerce, n.d., p.3).

## Market Factors

Market factors are the first area that needs to be considered in developing a global strategy. Globalisation has meant the establishment of global drivers such as common customer needs and tastes, global channels and transferable marketing strategies that enable global marketing strategies (Yip, 2003, p.28). Consequently the market features required for a viable global strategy include customer behaviour, the nature of marketing in the industry, and the structure of distribution channels (Yip, 2003, p.10).

### *Customer Behaviour*

Evidence for the existence of common customer behaviour in the international student market is needed to demonstrate that there exists a viable international student market for targeting through a global strategy. VET students in Australia come from all the world's major regions, suggesting that common customer needs and tastes exist in this industry to some extent as students from widely varied backgrounds make the same choices. However, more detailed analysis illuminates some nuances. For example, the top ten markets for Australia currently are all in Asia except for the United States of America (IDP Education Australia, 2006b). This suggests that customers from other geographic areas such as South America, the Middle East and Europe may behave differently by choosing to enrol elsewhere. Forbes and Hamilton's contribution to understanding the potential international student market for Cairns notes that student choices are affected by factors relevant to the education provider, such as location and visa opportunities (2004, p.2.; and Forbes and Hamilton, forthcoming). These issues are examined below in the section on environmental factors. However international students are also influenced by factors attributable to their own location and cultural influences such as their national economy, attitudinal effects and aspirational effects (Forbes and Hamilton, 2004, pp.2-4). TNQT could obtain useful research in this regard by collating data from its own international cohort.

Whilst TNQT may be able to identify similar customer behaviours in its mainstream international clientele, local customers must also be considered. Hill's analysis of whether International Baccalaureate programs should internationalise or globalise emphasises the importance of acknowledging local markets: "International education must remain flexible enough to accommodate local educational needs if it is to exist in national systems (Hill, 2006, p.107). TQNT is a case point as whilst TNQT wishes to enlarge its international student market share, it must also continue to provide high quality services to its local clients. Australia-wide International students represent only 3 per cent of total course delivery for TAFE Institutes, yet it is estimated that these students bring in an annual income of around $150 million (Watson, 2003, pp.1-2). The range of VET products offered to international students at TNQT is significantly affected by TNQT's domestic market offerings. Consequently, implementation of a global strategy for products requires a global product approach across the whole Institute.

### *Nature of Marketing in the Industry*

The second feature of importance in identifying market factors is the nature of marketing in the industry. To understand the nature of marketing in the industry market segmentation must be considered. Hill identifies two main issues that companies entering international markets need to be aware of in terms of market segmentation: "the extent to which there are differences between countries in the structure of their market segments, and the existence of segments that transcend national borders" (2001, pp.398-399). Consequently, segmentation recognises differences in the target markets that are substantial enough to require differing marketing approaches.

Comparison of TNQT data with Australian Education International data suggests that TNQT should maintain its Asian marketing focus for VET enrolments, although it should broaden its current focus on Japanese and South Korean markets. Other regional markets showing growth could also be included in the target market but as lower priorities. TNQT's choice of target markets would also benefit from alignment with regional strategies. The Education Queensland International regional strategy for Cairns selected China, Japan, Brazil, Taiwan, Hong Kong, Germany and Korea as target markets (Forbes & Hamilton, 2004, p.507). All of these countries except Brazil were identified as market leaders by IDP Education Australia (Forbes & Hamilton, 2004, p.7).

However, while organisations such as Australian Education International provide advice on growth markets, it is not clear whether recommendations about what markets to target in the future are based on anything other than current growth. For example, the Queensland Department of Premier and Cabinet noted that international students from China increased 32% from 2003 to 2004, and Indian student numbers increased 27% (Queensland Department of Premier and Cabinet, 2005); this kind of data is often used to forecast future markets. Similarly, an English Australia study of nationalities studying ELICOS in Australia in 2004 showed that Japan and South Korea were major source countries, and also had large increases in enrolment numbers (English Australia, 2005, p.2). Vietnam also had significant increases (Queensland Department of Premier and Cabinet, 2005, p.3). European students comprised 12% of enrolments, and South American students for 4% (English Australia, 2005, p.2). Swiss enrolments comprised 31% of European students, and German students contributed 14% (Queensland Department of Premier and Cabinet, 2005, p.3).

It is upon this kind of data that recommendations are made regarding future target markets; however, market viability should be determined on a number of criteria. Kotler, Adam, Brown and Armstrong suggest measurement based on measurability, accessibility, substantiality and actionability (2003, p.227); Czinkota et al. recommend analysis of internal strength and external attractiveness: "As indicators of internal strength, the following variables have been used: relative market share, product fit, contribution margin, and market presence … Country attractiveness has been measured using market size, market growth rate, number and type of competitors, government regulation, as well as economic and political stability" (2005, p.390). These primarily apply to delivery to target markets in their own country; international education markets must also consider other environmental factors including strengths and weaknesses relevant to their location, such as safety, cost and accessibility. These are discussed in detail in the section on environmental factors.

While segmentation can use characteristics other than nationality, analysis of international student markets does differentiate solely on this basis. The main growth for both enrolments and commencements is from India and China (IDP Education Australia, 2006b. A detailed breakdown is available in Australian Education International, 2006d). The top ten markets for Australia in rank order are: China, India, South Korea, Hong Kong, Malaysia, Japan, Thailand, Indonesia, United States and Singapore (IDP Education Australia, 2006b). International students from China and India have had large increases, and Brazil is expanding with an increase of 68% from 2005 to 2005 (IDP Education Australia, 2006a). The main South American markets are Argentina, Brazil, Chile, Colombia, and Peru. European students comprised 12 per cent of enrolments, and South American students 4 per cent (English Australia, 2005, p.2).

For VET the top markets in 2005 were China, Hong Kong, Thailand, Japan, South Korea, India, Indonesia, Brazil, Bangladesh and Malaysia (Australian Education International, 2006a). TNQT's top market is also Asia, followed by Europe and the United Kingdom. Very few of TNQT's current student enrolments are from South America with no enrolments from the Middle East, as shown in Figure 1:

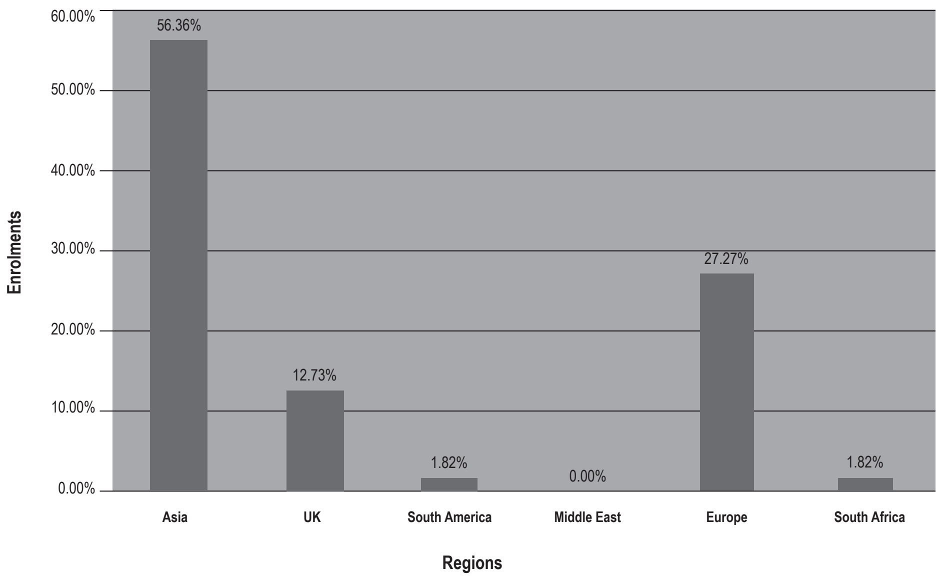



**Figure 1: Country of Origin for Students Enrolled in VET Subjects at TNQT for 2005**

ELICOS students have not been included in this data due to the fact that most of these students are on Working Holiday or Visitor visas and the Australian Education International data being used for comparison only includes those students on Student visas. Deleting ELICOS students allows like comparisons to be made between TNQT and Australian Education International data.

TNQT's international business strategy is similar for most target countries, with minor variations in marketing strategy. Czinkota et al. note that focusing on each country separately is not necessarily the best tactic in this global age, instead an overview that combines each separate strategy is desirable: "Planning processes that focus simultaneously across a broad range of markets provide global marketers with tools to help balance risks, resource requirements, competitive economies of scale and profitability to gain stronger long-term positions" (2005, p.387). Consequently, a move to a global strategy would be advantageous.

Whilst segmentation in this industry is traditionally on national boundaries, Czinkota et al. provide a number of different bases for global segmentation. If environmental bases are used, as is most common, they suggest that a combination of geographic proximity, political system characteristics, economic standing and/or cultural traits be used (2005, p.393). Czinkota et al. suggest that another base for global segmentation is markets that have high heterogeneity in marketing mix variables; product-related variables, promotion-related variables, price-related variables and distribution-related variables (2005, p.394). This provides a suggestion on how TNQT could differentiate its markets; based on distribution channels.

TNQT's global marketing strategy must recognise the need for some market segmentation. Further research is needed to determine whether nationality is a good base for segmentation; however, there is evidence that segmentation based on distribution channels is valid.

### *Distribution Channels*

The third element of market factors that should be considered is distribution channels. TNQT's distribution channels include direct marketing online and through international visits, and marketing through agents. While maintenance of a homogenous overall marketing strategy may be useful, some degree of marketing segmentation in lower levels of the marketing strategy is highly desirable and could be based on distribution channels. For example, translations of brochures and websites into different languages could be useful and online enrolments via eVisa to AL1 and relevant AL2-4 countries could be promoted.

A suitable online presence is vital. A study of students studying at James Cook University or TNQT concluded that 19 per cent of students used the internet as a key source of information when choosing Cairns as their location, compared with 3 per cent brochure, 38 per cent educational events and 14 per cent personal recommendation, 20 per cent agents (Forbes and Hamilton, forthcoming). Under usage of websites is common in VET; one report on successful internet marketing of VET found that most respondents were unaware of performance or impact of their website internationally: 18 per cent of respondents did not know whether their website was successful internationally or not, 40 per cent did not measure any log file statistics and 44 per cent did not have a visitor registration process enabling them to build an online marketing database (Australian National Training Authority, 1999, p.9).

A major distribution channel for many international education providers in

Australia is via agents. A list of these agents can be found on the Commonwealth Department of Immigration and Multicultural and Indigenous Affairs (DIMIA) website. In Cairns local agents represent either the Japanese or Korean markets, and TNQT's student numbers from these countries reflects their strong relationships with these agents. However, to access other growth markets in the international student market it would be useful to establish relationships with educational agents in the target countries.

### *Cost Factors*

The second factor to consider when developing a global strategy is cost factors. There are a number of cost factors that can enable organisations to benefit from global strategies. These include economies of scale, the steep experience curve effect, sourcing efficiencies and favourable logistics (Yip, 2003, p.28). Economies of scale are a key factor in TNQT's viability in the global market; the use of a highly homogenised marketing strategy and homogenous products and services enable TNQT to receive the benefits of economies of scale by avoiding duplication in multiple countries. This also takes advantages of the steep experience curve effect.

TNQT has been using a largely undifferentiated marketing strategy for all countries. The same brochures and websites are used for all countries; variation only occurs in the numbers of visits to target countries by TNQT staff and the overseas delegations received in Cairns. One of the major reasons for the homogeneity of the marketing strategy, and for consideration by TNQT when planning future marketing strategies, is cost factors. It will continue to be more cost effective for TNQT to target Asian countries as a single region, allowing allocation of the majority of resources with maximum impact. However, a homogenous marketing strategy is not ideal. While international students from the Asian region may share some characteristics, there has been substantial research since Metzger's work demonstrating the cultural differences that exist for students from different backgrounds (1992).

TNQT's product offerings also support the application of economics of scale. Australian education providers typically utilise a combination of four export models: onshore delivery, offshore delivery, a hybrid model where students study both onshore and offshore as part of their course, and a twinning arrangement where students begin study offshore and complete onshore (Moran and Ryan, 2004, p.2). TNQT's choice to focus on onshore delivery (although they have delivered very small amounts of offshore training previously in China) has made their global strategy viable.

### *Environmental Factors*

Environmental drivers encompass both location and national influences. To understand the effect of location an analysis of why students chose Cairns, and more specifically, TNQT, would be highly beneficial. The fact this analysis does not exist is not uncommon, Pokarier and Riding criticise Australian universities for lack of real understanding "of the actual determinants of student choices of destination and institution. Once having attracted overseas students to their institutions most Australian universities have consistently overlooked the rich source of market knowledge that they constitute. Analysis of their own students would have revealed that many of the marketing strategies adopted are inefficient" (1998). There is research on why Australia is chosen; one example is provided by the Australian Education International (2003). Study Cairns are now investing in research to understand why students chose Cairns as a place to study, and to understand their experiences whilst in Cairns (Cairns Regional Economic Development Corporation, 2006).

According to the Queensland Department of State Development, Cairns' competitive advantage in the international education markets is its position as "a multicultural city with well developed international education facilities and infrastructure to attract overseas students" (2005). Study Cairns identifies the advantages of Cairns to be lifestyle, climate, geography, local transport and access. The importance of accessibility can be demonstrated by a review of the international flights arriving and departing Cairns. There are currently eight international airlines servicing Cairns with direct flights to the following international destinations: Auckland, New Zealand; Port Moresby, New Guinea; Narita, Nagoya, Osaka, and Fukuoka, Japan; Hong Kong; Singapore; and Guam. Approximate flight times to destinations in Japan vary between 6: 45 hours and 8:10 hours whilst to New Guinea; flight times are only 1:40 hours. Guam flight time is 4:30 hours, with Singapore at 6:25 hours and Hong Kong at 6:45 hours. With such short flight times and direct flights available, it would make sense to target the Asian markets that are so close to Cairns and are easily accessible (Cairns Port Authority, 2005).
TNQT's location in Cairns also provides some challenges; the Study Cairns Strategic Plan identifies key issues including:

- "The mixed levels of maturity among the various segments within the international education industry in the region.
- Relative lack of awareness in target markets of the capabilities and range of educational providers and support services in the Cairns region.
- Relative lack of awareness in target market of the region's attractions.
- Lack of recognition among the business and wider community of the economic value and benefit of international education" (Study Cairns Strategic Plan, 2005, p.4).

Environmental factors at the national level such as changes to government regulations have enabled global business strategies in many industries, and have been key in the international education market. Other environmental factors of importance but less relevant in this industry include compatible technical standards, the creation of regional alliances and the role of world organisations such as the World Trade Organisation (Yip, 2003, p.11).

Government regulations are a key environmental driver as the Australian international student market is significantly affected by Commonwealth Government visa restrictions. The introduction of a new visa system in July 2001 by DIMIA demonstrated this, initially causing a 23 per cent decrease in international students in the VET sector when comparing enrolments from January-June 2001 to January-June 2002 (Watson, 2003, p.4). However, international student enrolments in TAFE Institutes in the same period increased by 8.7 per cent, with two-thirds of these students studying VET courses and one-third studying ELICOS courses (Watson, 2003, p.7). The demographics of international students studying in TAFE Institutes were also significantly affected (Watson, 2003, p.8).

The new visa system significantly affects the ease with which students of different nationalities can obtain visas to study in Australia. There are seven different types of Student visas available for entry into Australia all with differing conditions attached. The subclass divisions are based on the sector in which the potential international student intends to study. Requirements for Student visas vary dependent upon an assessment of the student's immigration risk level and the education sector of the principal course of study that they wish to enrol in e.g. ELICOS, VET or Higher Education (DIMIA, 2006). A student's immigration risk level is based on the passport that they hold. Countries are allocated an Assessment Level (AL) 1-4 (low to very high risk) based on factors that the Commonwealth Government considers to be certain key indicators of risk.

Enrolment has been made easier over the past few years with the introduction of online visa applications. This is currently only available for students from countries that meet the low risk assessment level rating of AL1. DIMIA, however, is also trialing online visa applications for students assessed as AL2 - AL4 i.e. medium to very high immigration risk e.g. Thailand. Students entering Australia on a Visitor visa or Working Holiday visa may undertake a course of study during their stay but are limited to a maximum period of three months (DIMIA, 2005).

While the provision of Student visas to international students is indeed a global environmental driver that supports the viability of the international student market in Australia, the restrictions inherent in the system for some countries also inhibits market growth in some areas. This needs to be considered in identification of target markets in the marketing strategy, as discussed in the next section of this paper.

### *Competitive Factors*

The viability of a global strategy in this industry depends also on the actions of competitors. TNQT's competitors include international, national and local educational organisations, both public and private. For example, in 2005, 76% of VET enrolments were with non-government providers (Australian Education International, 2006a). Table 1 provides a SWOT analysis of TNQT's strengths, weaknesses, opportunities and threats:

## Table 1: SWOT Analysis

| | STRENGTHS | WEAKNESSES |
|---|---|---|
| INTERNAL | • Low cost of products.<br>• Only Cairns provider of VET products.<br>• Local university presence (Forbes & Hamilton, forthcoming).<br>• Accessible, safe, environmentally friendly locality (Forbes & Hamilton, forthcoming).<br>• Quality educational products.<br>• Immersion in local community as compared to large cities where many students end up living in nationality-based enclaves.<br>• Tropical tourist destination.<br>• Proximity to Asia.<br>• Reputation of TAFE Queensland brand as government accredited supplier. | • All local competitors are part of national or international franchises; TNQT is not.<br>• Location out of town.<br>• Poor articulation from VET courses to higher education courses.<br>• Lack of integration with regional strategies.<br>• Lack of target market segmentation. |
| | **OPPORTUNITIES** | **THREATS** |
| EXTERNAL | • Regional alliances.<br>• Links with tourism operators.<br>• Government funding to develop regional opportunities for international students (Forbes & Hamilton, forthcoming).<br>• Online products. | • Changes to Commonwealth Government Australian visa requirements.<br>• Local, national and international competition. |

The SWOT analysis reveals that provision of VET products is a key strength for TNQT in the local market. Other strengths are mostly in relation to location and are thus shared by other local providers. However, local competitors have a significant advantage over TNQT as they are part of national or international franchises, improving their marketing channels significantly.

When competition is high, national and regional alliances and strategies are opportunities that can assist small organisations like TNQT to compete with larger companies in terms of global strategy. These are available to TNQT. The Queensland Government has demonstrated its commitment to the development of the international student market through initiatives such as the establishment of Queensland Education and Training International business unit as part of Queensland's Smart State strategy. Queensland Education and Training International's role is to assist in diversifying the domestic economy and enhancing the export service sector by developing the international student market (Queensland Department of the Premier and Cabinet, 2005). Education Queensland has also established a department, Education Queensland International, to specifically target the growing international student market specifically within the schools sector. A Cairns office was opened in 2002 (Forbes and Hamilton, 2004, p.5).

Regional strategic alliances have also developed in the Cairns area to assist economic development in this industry. Study Cairns is an international education cluster located within the Cairns Region Economic Development Corporation that focuses on marketing to achieve their aims of increasing the number of international students studying in Cairns (Cairns Region Economic Development Corporation, 2006). Study Cairns is comprised of government and private enterprise providers of primary, secondary and tertiary education, business and technical courses, intensive English language courses, study tours, and student accommodation. Similar examples include Study Adelaide and the Education Taranaki Export Network located in the west of New Zealand's north island (Redland Shire Council, 2002, pp.17-18). Collaborative efforts such as these can provide benefits including ease of market entry, shared risk, shared knowledge and expertise, and synergy and competitive advantage (Tsunoda, 2004, p.46). This enables global strategies to be effectively pursued by organisations such as TNQT.

TNQT currently differentiates itself from its Australian and international competitors through its location, and employs cost leadership as its competitive strategy against other local Cairns education and training providers. However, the above SWOT analysis indicates that differentiation may be a better local strategy than cost leadership. This is a common approach in global strategies; Czinkota et al. suggest, "most global companies combine high differentiation with cost containment to enter markets and to expand their market shares" (2005, p.389).

TNQT's major competitive advantage against local competitors is the ability to differentiate itself based on the products it provides, and consequently, the educational pathways also available. Pathways provide opportunities for international students to move from one education sector to another. International students can move from General English to English for Academic Programs, then on to VET courses. Whilst local competitors enable the transition from General English to English for Academic Programs transition, or English for Academic Programs to higher education, TNQT is the only education and training provider that offers seamless integration from General English through to VET courses. However, currently less than 10 per cent of TNQT's English for Academic Programs students enrol in VET courses. Consequently, the provision of pathways from ELICOS into VET is not a competitive advantage for TNQT unless the conversion rate can be increased.

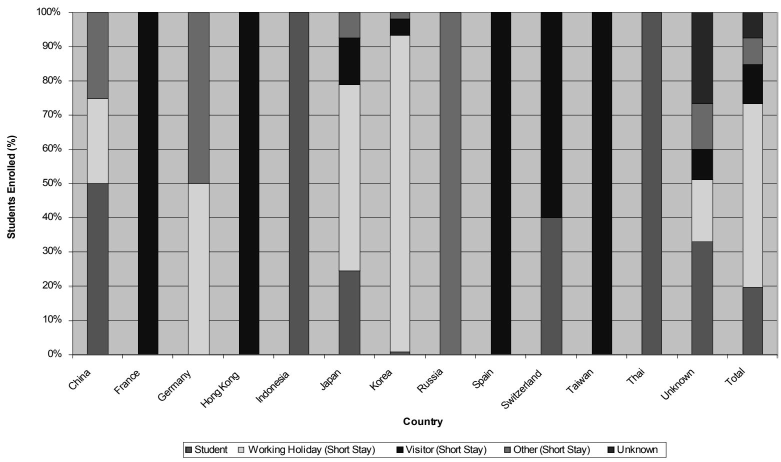
There is little data about progression through pathways into VET by international students (Australian Education International, 2005b, p.1; IDP Education Australia, 2003, p.1). However, analysis of international student enrolments in Australia from 2002-04 shows that 23.7 per cent of these students enrolled in more than one sector during the three-year period (Australian Education International. 2005b, p.2). 16 per cent or 16,529 students progressed from ELICOS to VET (Australian Education International. 2005b, p.2). It is worthwhile noting that Australian Education International statistics do not include international visitors on Working Holiday visas or those on Visitor visas. Only international students on Student visas are included.

To identify whether TNQT's ability to provide pathways is a strong competitive advantage it is necessary to identify which nationalities are most likely to utilise pathways, particularly from ELICOS to VET, to examine whether these are viable target markets for TNQT. IDP Education Australia forecast that in the next 18 years students who utilise pathways will come almost entirely from Asia. International students by 2025 will be mostly from China, but will also be sourced from Malaysia, Hong Kong, India, Nepal, Korea, Thailand and Indonesia (IDP Education Australia, 2003, p.5). Australian Education International data of international students on pathways from 2002-04 identified 33.3 per cent of these students as Chinese, with students from Hong Kong (9.7%), Thailand (7.9%) and South Korea (7.4%). TNQT currently enrols very few students from these countries.

However, even if TNQT targeted students from these countries, gaining their conversion from ELICOS programs into VET courses may still be difficult. Most students participating in ELICOS courses at the TNQT campus are on Working Holiday or Visitor visas and therefore would be unable to legally stay in the country to continue further study at TNQT. Figure 2 shows the current figures of students studying ELICOS courses at TNQT and their visa status:

**Figure 2: Breakdown of Students Studying at TNQT English Language School in 2005 by Country and Visa Type.**

This visa data suggests that students progressing from ELICOS to VET courses are those who begin on a Student visa, due to the difficulties for many students in changing visa status. This demonstrates that increasing enrolments in TNQT ELICOS courses will not necessarily result in corresponding VET enrolments. TNQT's marketing strategy must thus focus on enrolment of students on Student visas.



Consequently, TNQT's real competitive advantage lies in being the only provider of VET courses in the area. Financial analysis also evidences benefits for TNQT of focusing on VET products. When comparing student enrolment numbers at TNQT between ELICOS and VET courses, it would be easy to assume that ELICOS courses are a good source of revenue as ELICOS enrolments at TNQT are significantly higher than VET enrolments. However, comparison of revenue earned in the two courses reveals that VET revenue earned is significantly higher than ELICOS revenue earned as a total amount, therefore, suggesting that VET courses are a better option as a per student income generator, as per Figure 3.

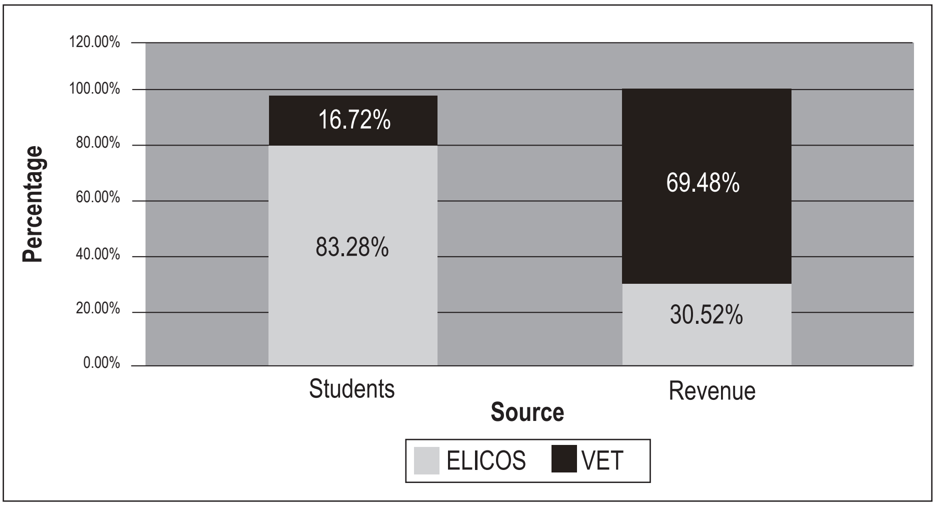



**Figure 3: Comparison of Students Enrolled in ELICOS and VET Subjects at TNQT with Revenue Earned in Each Segment.**

The conclusion that VET courses provide more revenue than ELICOS courses is only a preliminary finding based on figures to hand and does not take into account the costs of running either type of course as this data is not easily available. Therefore, whilst VET courses appear to be a stronger international business option from a revenue point of view, more analysis would be required to confirm that this definitely is the case. However, it is clear that the provision of VET courses is TNQT's key competitive advantage in other areas, and that the marketing strategy needs to focus on recruitment of students on Student visas to improve enrolment in VET courses.

While TNQT faces strong competition, identification of an appropriate competitive strategy in the core strategy can increase TNQT's competitive ability. Additionally, global drivers such as regional alliances and strategies, such as those available locally and at state-level to TNQT, can assist in assuring the viability of a global approach by TNQT.

## Conclusion

Evaluation of the market, cost, environment and competitive factors that exist in the international student market in Australia evidence the viability of global strategies for regional providers in this area. However, the significant effect of Commonwealth Government regulations on this market needs to be considered by Australian providers. Analysis of key market factors encouraged by globalisation also demonstrates that a global strategy in the international student market is viable for TNQT. A number of factors need incorporation into the global market strategy, such as understanding of TNQT's key competitive advantage as a provider of VET courses, the benefits of participation in and alignment with regional alliances and strategies, and the need for market segmentation. TNQT needs to ensure its target markets are based on substantial research of growth markets, in conjunction with analysis of the attractiveness of Cairns to these markets.

TNQT needs to focus on enrolling students on Student visas from selected Asian countries into VET courses, and the marketing strategy must focus on reaching students in these target markets. While existing markets in Japan and South Korea should be maintained, other Asian countries should also be targeted, as outlined in the Education Queensland International regional strategy. Other countries beyond this could also be included in the marketing strategy, but to a much lesser degree. While this case study does present much data specific to TNQT, it can provide beneficial information to other educational providers on the benefits of local alliances and market segmentation based on appropriate research.

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