

Travel and education: sectors that evolve and enrich

Q&A with Patrick Siegenthaler

Patrick Siegenthaler founded ESL Education in 1995 and built it into the leading study-abroad program in Europe. An active entrepreneur, he also founded language schools and now focuses on a Korean beauty brand that he created five years ago.

Tell us about the language education and study-travel sectors. Have these traditionally been local or global businesses, and is it a fragmented market?

Language education and study travel sectors are totally complementary industries. It represents a pretty wide business field that includes all kinds of service providers of different sizes, and business models. It features recruiting agents (outbound) and hosting school centers (inbound), but also accommodation providers, transportation or insurances providers, and more. It is generally very fragmented, with global and local players, although the process of consolidation seems to be increasing in the last couple of years.



The sector is strong because it is based on promoting something priceless in the sense of investing in your future and becoming a more prepared global citizen, as well as taking a smart vacation. However, the sector can also be vulnerable and directly impacted by geopolitical issues and travel trends.

Language education has a big delta of possibilities due to its flexibility and focus on individual needs. For example, it can run anything from an academic year to a one-week summer course, as opposed to higher education which is always long-term and on fixed dates. Language education targets a diverse client base, from young learners starting at age seven to students 50 and over, with a core business of students in their twenties. Additional services include business language courses for professionals and teacher training courses.

Your company grew to become an indisputable market leader. What were your successes and challenges along the way?

I always enjoyed working in summer camps in the Swiss mountains when I was a student and the business began when my friend Alain Vadi and I opened our own summer camp. That grew into the language school and student-placement agency. We developed by opening branches in different countries. ESL became the sole independent agency to go international and to be able to replicate high-quality Swiss expertise in a number of different markets.

The local presence in about 50 branches enabled us to add value to the student recruitment process, in terms of both quality and quantity, for the schools we represent as well as for the students themselves. To cast our net wide, we also developed a large portfolio offering more than 20 languages to learn in more than 250 destinations.

Both the network of branches and the large portfolio require high maintenance at many levels. Technology, online recruitment tools, and methods of education evolve constantly. At the end of the day size mattered, and so having the right size in terms of reach and profitability was a main challenge for us.

Is language education another sector that is being disrupted by technology?

Yes, on many different levels. Internet and social media play a predominant role in terms of access to information about training programs, study centers, language travel experience, and more. Online platforms also have an influence on pricing, making it more dynamic with frequent promotions and incentives. But it is a sector where businesses

use different software and where there hasn't been technological consolidation as you see in the hotel or airline industries.

In terms of the classroom and as part of the syllabus, blended learning methodologies have developed that take advantage of new technologies.

What has changed in the language-education sector in the last 15 years?

From a Western European market perspective, in the past 15 years there have been some changes in student behavior, such as a reduction by approximately 30% in the number of years of language study. This reduction of study length comes from different factors, such as a more mature and targeted approach to language study as well as the students' starting with a higher level of English. Language courses have also developed by integrating more specific electives in business, arts, or sports, for example, to the general language course. Student accommodation has evolved with more students choosing residential accommodation over homestays and the residences being upgraded, looking more like comfort studios rather than dull dormitories. Finally, dedicated courses for students aged 30 and over are also one of the major developments in the last 15 years.

Do you think the current geopolitical climate is increasing or decreasing the demand for international education experience?

International education is about travelling, and travelling needs a feeling of security. In that sense, the current geopolitical situation is not a very favorable one, particularly in the scope of the last five years, which saw a number of tragic events such as terrorist attacks. Political uncertainty such as Brexit, trade wars, and other social upheaval, can sometimes have a negative impact on student travel. On the other hand, a situation such as Brexit can paradoxically have some positive effects on travel, as a lower sterling can result in a more affordable cost of studying and living in the UK. Alternatively, the currently strong US dollar combined with the unpopularity of President Trump among most European students does directly affect the US as a study destination.

What trends do you foresee in the sector over the next 15 years?

In all probability there will be more and more M&A activity, and more consolidation in the sector. The traditional learning experience won't be replaced by online learning but there will certainly be more technology as part of the toolbox to learn and to monitor a student's progress. I also believe that language programs will include a more content or industry-based syllabus.

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You recently sold your company to Kaplan, a large strategic player. Tell us about what led to that sale and how Clairfield helped you achieve value in the transaction.

We were approached by Kaplan, who was interested in our student population and wanted to enter the French and German markets. Both sides wanted to avoid an extended buyer search so it became a question of getting the best price for the sale. The team at Clairfield did a great job

on this for us. They handled the technical side at an advanced level and also cracked the whip to keep the process on track when needed. At times what we really needed was on a psychological level, almost like a coach. I'm very pleased with the results, which recognized what a great business we had built over the last few decades. ■

