

# **Business with words: Language programs that generate revenue and impact communities**

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## **Abstract**

This paper examines the examines the “business” of language programs. In particular, it focuses on the economic impact of English as a Second language programs physically located in Calgary, Alberta, Canada which draw and serve foreign students. The impact such programs have on the wider community will also be explored.

## **Introduction**

This presentation will look at the “business” of language programs, and in particular will focus on those which draw and serve foreign students, examining how these programs must grapple with questions marketing and quality assurance.

The underlying question is: What happens when language education meets business? Questions of the impact such programs have on the wider community will also be explored.

## **Definition of marketing**

While the business of language programs is the major topic of this research, it is more specifically related to market research in the area of English as a Second Language programs and education for both the non-profit and public education sectors. Marketing, as a business activity can be viewed from 3 different perspectives:

- As a process or function
- As a philosophy
- As an orientation (a process that makes the concept and a process possible) (Drysdale, n.d.)

**Philosophical position**

“... The days when schools had predetermined packages and immutable practices to offer pupils is gone.” (Bridges, 1994)

“ The word ‘marketing’ used to be a negative concept to educators. Not anymore... School marketing has been transformed into an essential management function.” (Vining, 2000).

This presentation (and my research in general) does not to focus on the morality of marketing in education or whether or not business practices should be part of educational practice. Others have already studied this extensively (Apple 2002, Patterson Lorenzetti 2002, Woolf 2004, Oplatka, 2006).

Instead of focusing on this already hotly-debated topic, instead this research focuses on the practice of marketing, particularly as it applies to language schools and the impact of these schools as a “business” on the greater community.

**History and global context**

In the United States marketing practices have been integrated into higher education athletic departments since as far back as the 1920s, when Philip Morris, a major producer of tobacco products, began sponsoring athletic departments in the U.S. (Geiger, 2004).

In Australia, a severe cutback to government funding of post-secondary institutions caused educators and administrators alike to find ways to fund public education. Their answer was to open the door to more and more foreign students who paid higher tuition fees, effectively subsidizing the cost of Australian students’ education. The result: One in every five students in Australian universities is from abroad. (Marginson, 2002). This means, there is an increased demand for English language training for these students either prior to or during their studies (or both). English language training means business in Australia.

In Canada, education and business have become “silent partners”, with a growing focus on marketing (Oplatka 2006). Over the past 25 years, language programs at post-secondary

institutions across the country have gone from offering programs such as remedial courses, professional development and general interest courses, in the 1980's (primarily through Continuing Education units), to those which focused on cost-recovery programs in the early to mid-1990s.

By the late 1990s, the focus in Canada had shifted from cost-recovery to revenue-generating programs, including a shift from programs housed in continuing education units to the establishment of specialized language centres such as the TESL Centre at Saint Mary's University (N.S.), and the Language Centre at the University of Saskatchewan, which handles training in various languages.

### **Marketing practices in language programs**

A variety of promotional activities are undertaken by language programs. These include:

- advertising in publications
- websites
- attending educational trade fairs
- packaging programs in new ways (e.g. combining them with athletic or recreation programs)
- word of mouth marketing
- open house and other public relations events
- (Rubin, 1997; Vining, 2000; Eaton, 2005)

### **Marketing and the quality of education**

“Marketing concepts and practices are being applied at a rapid pace in schools. It is generally believed that as the role matures, the profession and its functions will be more clearly defined, better accepted and more uniformly applied in schools” (Vining, 2000).

There is a perception there is a discrepancy between the marketing of programs and the quality of the programs. As a result, English as a second language programs in particular have been encouraged to undertake an accreditation process by a recognized agency such as TESOL in the United States (Rubin, 1997) or the Council for Languages in Canada (CLC).

The belief is that programs accredited through recognized and respected national agencies that examine standards of curriculum, marketing, and business operations of the school or program will not only be perceived as credible, they will in fact be of higher quality than those that are not accredited.

### **Economic impact of language programs**

The economic impact of language programs on community is generally disregarded however unintentionally at post-secondary institutions. The programs are sometimes shunned by the same senior administrators or administrative committees that challenge them to be financially self-sufficient, while the business and science faculties never worry about such matters.

Part of the reason is that language program administrators and managers do not always recognize the value that they contribute to their own communities. (Eaton 2004).

### **Information and research about language schools and enrollments in Calgary**

There are approximately 50 language schools and programs in and around Calgary. This includes private schools, programs at post-secondary institutions and other programs. For the purposes of this study, the term “ESL school” is used to cover all types of group classes held at both for-profit and public institutions in the city of Calgary. The study does not include private tutors or home-based language classes. Demographically speaking, at the time of this study, the majority foreign students who come to Calgary to study English are from Japan, Korea, Mexico and Taiwan. A significant percentage of these students come in groups and are recruited by agents.

In summer, it is estimated that a minimum of 1500 foreign students are in Calgary in July and August study English. Schools are not required to release enrollment data. Therefore, this number is based on the number of language schools in Calgary, multiplied by the probable number of students in each programs.

If there are 50 language schools in total and if the total number of students per school, is estimated at 1500 students during the months of July and August, this estimate may also be expressed as *30 students per school, per month*. Some schools will have many more than that

number and others will have just fewer. This estimate, though rudimentary, provides a baseline from which to work.

In the remaining months, that drops to about 750 students per month. This is also a very conservative average of 15 students per school, per month.

**Table 1: Conservative estimates of ESL enrollments in Calgary**

| <b>Conservative estimates of ESL enrollments in Calgary</b> | <b>Total</b>   |
|-------------------------------------------------------------|----------------|
| January (50 ESL schools x 15 students per school)           | 750            |
| February (50 ESL schools x 15 students per school)          | 750            |
| March (50 ESL schools x 15 students per school)             | 750            |
| April (50 ESL schools x 15 students per school)             | 750            |
| May (50 ESL schools x 15 students per school)               | 750            |
| June (50 ESL schools x 15 students per school)              | 750            |
| July (50 ESL schools x 30 students per school)              | 1500           |
| August (50 ESL schools x 30 students per school)            | 1500           |
| September (50 ESL schools x 15 students per school)         | 750            |
| October (50 ESL schools x 15 students per school)           | 750            |
| November (50 ESL schools x 15 students per school)          | 750            |
| December (50 ESL schools x 15 students per school)          | 750            |
| <b>Total estimate of enrollments in a calendar year</b>     | <b>10, 500</b> |

### **Economic impact of ESL students in Calgary**

Conservative numbers were used on purpose, so as not to artificially inflate the numbers generated in the next portion of the research – the economic impact of language students studying in Calgary.

Each student will spend approximately \$2500 per month during their stay. This amount has been determined as follows:

**Table 2: Estimated monthly expenses for an individual ESL student in Calgary**

| <b>Monthly expenses for an individual ESL student in Calgary</b>                                                                                                                                                                                 | <b>Total</b>  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Tuition and books for a full-time program of 25 hours per week (includes examinations and other supplies.)                                                                                                                                       | \$1000        |
| Homestay / accommodation and food                                                                                                                                                                                                                | \$750         |
| Travel, entertainment and shopping (about \$187.50 per week, including transit fares, excursions to local attractions, dinners out, visits to local bars, movies, museums, activities, summer festivals, souvenirs, day trips out of town, etc.) | \$750         |
| <b>Estimated monthly expenses per student</b>                                                                                                                                                                                                    | <b>\$2500</b> |

If the individual expenses of each student are multiplied by the total number of students studying ESL in Calgary in a given month, it is estimated that foreign students add \$3,750,000 to Calgary's economy each month during the summer (July and August) and another \$1,875,000 during each of the other ten months of the year. The result is a grand total of \$26,250,000 that foreign ESL students add to Calgary's economy each year when they come here to study full time in a language school or program. Detailed in a month-by-month manner, these amounts are expressed like this:

**Table 3: Estimated expenditures of ESL students in Calgary in a calendar year**

| <b>Month</b>  | <b># of students</b> | <b>Monthly expenditures<br/>for each student</b> | <b>Total</b>        |
|---------------|----------------------|--------------------------------------------------|---------------------|
| January       | 750                  | \$2500                                           | \$1,875,000         |
| February      | 750                  | \$2500                                           | \$1,875,000         |
| March         | 750                  | \$2500                                           | \$1,875,000         |
| April         | 750                  | \$2500                                           | \$1,875,000         |
| May           | 750                  | \$2500                                           | \$1,875,000         |
| June          | 750                  | \$2500                                           | \$1,875,000         |
| July          | 1500                 | \$2500                                           | \$3,750,000         |
| August        | 1500                 | \$2500                                           | \$3,750,000         |
| September     | 750                  | \$2500                                           | \$1,875,000         |
| October       | 750                  | \$2500                                           | \$1,875,000         |
| November      | 750                  | \$2500                                           | \$1,875,000         |
| December      | 750                  | \$2500                                           | \$1,875,000         |
| <b>Totals</b> | <b>10,500</b>        |                                                  | <b>\$26,250,000</b> |

**Implications and recommendations**

This information is based on one informal and rudimentary study, conducted in one Canadian city. We must ask ourselves: What is the economic impact of language programs in larger cities? Or the entire nation?

Language programs in Canada have shifted in the past 25 years from being mostly remedial, community-based programs to being cost-recovery programs to being a means to generate revenue both for private education companies, and for public institutions such as universities, colleges and even school boards.

While some educators and scholars are loathe to call education an “industry”, the economic benefit of foreign students, and in particular, those who study English as a Second Language, is significant. Economic development agencies would do well to examine the impact of foreign students on our economy.

### **Recommendations for future research**

A number of recommendations may be made for those researching language program administration or the economic impact of foreign students or second language learners. These include:

1. Develop the research procedure such that more detailed data are gathered, building on the rudimentary methods used in this preliminary study.
2. Conduct similar studies for other major centres in Canada.
3. Use cumulative data to construct a national overview of the economic impact of foreign ESL students in Canada.
4. Collaborate with economists and statisticians to analyze and interpret the data.
5. Use these data to inform government and industry about the impact and benefits that foreign ESL students have on our economy.

### **Conclusions**

Foreign students who travel to Calgary, Canada to undertake English as a Second Language Studies inject an estimated \$26,250,000 into our economy every year.

The economic impact of language programs and the revenue brought into communities by them has not yet been thoroughly or adequately studied, though preliminary studies indicate that the impact could be significant and yet, remains at best undiscovered and at worst, ignored.

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