

White Paper: Why now is the time to franchise English learning in Mexico



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The Overview

Mexico is on a mission to drive English language training, supported by legislation and investment from its Government, and driven by surging demand across schools and the younger generation.

This White Paper examines why the time to franchise English Learning in Mexico is now, and proposes an internationally successful solution.

The Background

The demand for English Language training in Mexico

The demand for English language training in Mexico has never been greater than it is today. The size of this market is estimated at 21% of the country's total population, and is growing year-on-year.

Both employers and employees in Mexico are increasingly aware of the vital role English language skills now play in order to succeed, internationally.

Demand among employers

In a recent poll, Mexican business leaders agreed with the statement that "English is the international language of communication, because it allows them to deal with foreign clients and customers, and is a skill in demand due to the fast pace of globalization".

47% of Mexican businesses who participated in this study use English as their main language of external business communication, while 33% use English as their main language of internal business communication.

69% of all Mexican employers polled said they feel English is an essential skill when hiring new staff.

51% of businesses surveyed offer English language training and development for existing or new staff, and of this group 50% offer in-house training, 30% via a private external company and 18% provide funding for tutoring.

Demand among employees

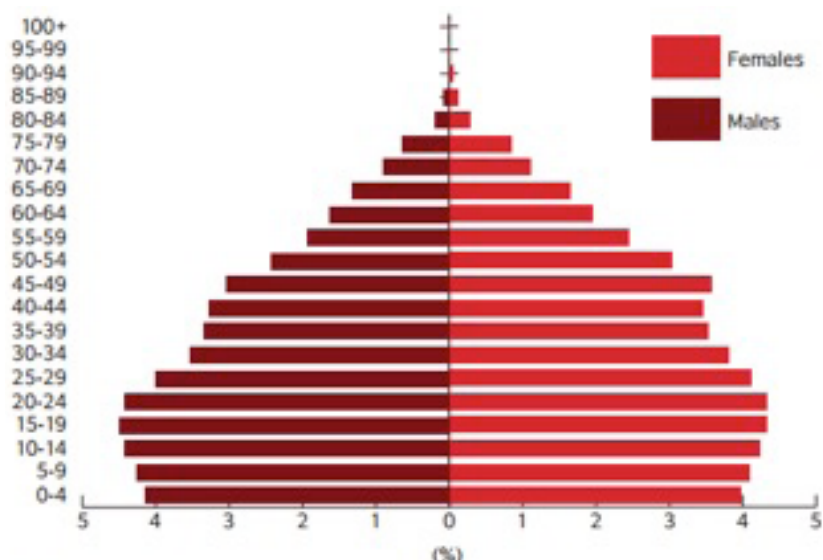
In the same poll, 58% participants in Mexico viewed English as a "necessary skill" for greater employability, and 49% valued English as "a pathway to a better job".

The greatest motivations for beginners undertaking English lessons in Mexico were revealed: to improve their employment prospects (26%), to improve their quality of life (16%) and to travel abroad (16%)

The Problem

It is estimated that by 2020, Mexico's largest demographic group will be aged between 15-19 years old and two million people will be learning English (SOURCE: British Council). This growing number of young people represents a huge challenge for the Mexican government and is expected to put a significant strain on the country's public education system.

Mexico's population in 2020



Uptake of education among young people in Mexico is growing

Younger Mexicans today are attaining higher levels of education than previous generations. According to the OECD in 2011, 44% of 25-34-year-olds in Mexico had achieved at least an upper secondary qualification, almost twice the proportion of 55-64-year-olds with the same level of attainment (23%).

A similar evolution is seen at the tertiary level. In the same year only 12% of 55-64-year-olds in Mexico had attained a tertiary education while 23% of 25-34-year-olds had done so. The proportion of 4-year-olds enrolled in education in Mexico has also increased significantly. In 2005, 70% of 4-year-olds were enrolled in pre-primary education, while in 2011, an estimated 100% of 4-year-olds were enrolled.



The Support

Decentralization of education in Mexico and investment

Fortunately, supply for this surging demand in education is supported by the Mexican Government through decentralized education over recent years.

The decentralization of education began in May 1992 with the signing of the National Agreement for the Modernization of Basic Education. With this act the federal government transferred to the 31 states responsibility for more than 14 million students, 513,000 teachers, 115,000 administrative employees and 100,000 schools.

The agreement that was signed by the Secretariat of Public Education (SEP), the National Teachers Union (SNTU), and the governors of the 31 states established the conditions for the transfer of responsibility of basic education including English teaching. To give legal form to the new structure of the Mexican education system, the Federal Congress reformed Article Three of the Constitution in 1992 and approved the General

Law of Education (GLE) in 1993. The underlying goal found in these policies identifies the expectation that through decentralization federalism will be strengthened and consequently raise the quality of, and equity in, education.

The mission of the National English Programme in Basic Education is framed by the needs of “a contemporary society that demands citizens with the necessary competencies to face and incorporate into a globalized constantly changing world”.

Expansion of Mexico’s English education programme

The National English Programme in Basic Education has to date been introduced in 18% of Mexican public schools reaching an estimated 6.7 million students.

80,000 additional English teachers need to be recruited and trained to achieve the Mexican government’s goals for teaching English across the country

The Value

The English language learning industry is worth an estimated \$50 billion annually, worldwide. Gross profits for a franchise business in the education sector range from 60-90%. The value of this market for Mexico is clear.

The increasing value of English Language Training in Mexico

The total size of the English language training market in Mexico is around 23.9 million people, roughly 21% of the population*. This figure includes students learning English via all possible channels, public education, at primary, secondary and tertiary levels and private education institutions. It also includes individuals and organizations learning English privately or via self-access learning. *source: British Council

\$27 billion

The value of the linguistic capital gained by English competence in Mexico is estimated at around US\$27 billion each year via growth in the services sector.

In 2010, 6.2% of Mexico's GDP was devoted to expenditure on educational institutions, slightly below the OECD average (6.3%). The Mexican government has over the past ten years spent a consistent proportion of expenditure on each level of education, shown in the table below. The highest proportion of government spending is on primary level education.

Expenditure on levels of education as % of government expenditure on education

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Pre-primary	9	10	12	10	10	11	11	12	10	10	10
Primary	40	39	39	40	39	39	38	37	36	36	36
Secondary	34	29	29	30	30	30	29	29	30	30	31
Tertiary	15	20	17	17	17	17	18	19	20	20	18

Source: UNESCO Institute for Statistics 2014



Today, Mexico devotes 93.3% of its education budget to staff compensation, the highest proportion among OECD countries, 13% of whom were not even actively employed in schools.

This decentralization of education in Mexico and drive to promote English learning has given teachers and entrepreneurs the power to invest in additional training programmes and resources, and take advantage of new English Language teaching opportunities.

The Opportunity

Franchising in Mexico

Mexico was completely different when the first franchises arrived. Since then, the banks have become private, a new political party is governing after 70 years and the Free Trade agreements have come into effect. Mexico today is the best example in Latin America of a growing nation that is open for the creation, acquisition and development of franchises.

Since 1998 "Mexico Franchising Opportunities" have been a stable and growing industry in Mexico generating over 800,000 jobs and now represents 6% of GDP. Mexico has also become a mature market in the franchise sector.

A booming business

In 2007, franchises in Mexico generated sales over USD 8 billion of revenue. The sector has been proving that the franchise business is an important source of job creation, self-employment and wealth. The sector has strengthened considerably in the past few years, positioning Mexico as the 8th leading nation worldwide in franchise development. Conservative estimates indicate that this sector will grow between 14-16 percent in 2008.

£55 billion

Franchising sales, infrastructure, construction and salaries are about \$55 billion dollars per year – making franchises

one of the most important sectors in the country.

32% of all Mexican franchises are now foreign, and this number is growing.

There is a vast market to explore in Mexico, especially outside of the capital. Mexico tends to be a centralized nation, so the rest of the country is still largely untouched. This data places Mexico in eighth place in the world behind such countries as China, the United States, Japan and Brazil. The World Franchise Council has ranked Mexico among the first 10 countries with more franchises in operation

Franchising in Mexico is growing rapidly across many sectors, most notably in early child development.



The Solution

3 crucial steps to starting an English training business in Mexico:

Choosing the right English Certified training course makes a crucial difference to your company, both in terms of quality and value.

But with such a wide variety of English language training franchises from which to choose, the risks are high. Fortunately, so too are the opportunities for an invaluable investment.

Selecting the best English training provider, or franchise to own, can be challenging. This is exacerbated by concern about quality of training which can vary greatly, due to the teaching industry in Mexico still being unregulated. This also poses the additional risk of uncertain return on investment for companies.

The value and quality of education delivered by your chosen English language training provider is based on two key elements: the teaching and the material taught. In addition, the quality of service provided by your language trainer is also important, but in terms of sound investment it is invariably the quality of trainers and courses that make the crucial difference.

1. Choosing the best trainer

All too often, companies place too much trust in an unproven training provider hoping they will prove to be sufficiently competent for the role. Frequently, this leads to disenchantment when the promising-looking trainer who pitched for the business is revealed to be uninspiring.

Sometimes, the CVs of trainers are the only tangible indicator on which companies can rely, but courses such as Direct English (for adults) and Pingu's English (for children) are supported by over 115 years of training expertise, and provide dependable guidance to partner companies to help them choosing the trainer that is ideally suited to their business.

Better still, courses such as Pingu's English provide a Teacher's Manual for all practitioners to make sure each

of their language centers delivers the same consistently high standard of training in terms of method, structure, and bespoke levels of engagement.

2. Finding the best course

It is important to be cautious when identifying which aspects of English language your business needs to focus on. For instance, the English used by your management or customer service teams is different from that required by your sales force. Questions worth asking include: does that individual or team email often? Do they meet with clients? Do they pitch for new business? Draft proposals or reports? Primarily speak on the phone?

3. Ensuring your English training is flexible and bespoke

Your English language training provider also needs to demonstrate how they plan to assess your teams. For instance, will they split your staff into groups? It is recommended that you steer clear of training providers who combine a range of trainee abilities in big classes. By failing to plan adequately for individual learning abilities and objectives, this can compromise the quality and value of training your business receives.

Experience has shown that language training is far more effective when classes are kept small, and students are split based on the level of English appropriate to their ability and learning pace, and also the job responsibilities for which they are training.

Lastly, ensure your objectives are clearly defined, and select a provider who demonstrates specifically how they plan to answer your needs with professional and effective language training delivered by engaging, skilled, and dedicated teachers.

We are launching a **UNIQUE Kindergarten project**
in 2017 in collaboration
with **Kingston University**.



Contact us to find out more!



The Linguaphone Group: The Award-Winning Provider of English Language Training

About Pingu's English (English school for children)

Start earning from learning, with Pingu's English – the highly successful English language training program for 3 to 8 year-olds that is delivered by a network of Master Franchisees in over 30 countries worldwide. Join a growing network of Pingu's English Master Licensees, and secure the exclusive rights to exploit the valuable potential offered by Pingu's English in your market. The Linguaphone Group forms a strategic partnership with businesses that have the experience, resources and vision to represent the Group in a number of markets across Asia, Europe, the Middle East, South America and Africa.

www.pingusenglish.com

About Direct English (English school for adults)

Capitalise on the multi-billion dollar English language training market, by franchising Direct English in your country – the widely successful English teaching program that delivers proven effectiveness for businesses and adults at all levels. Developed in 1997 by the internationally renowned education authority

Louis Alexander, Direct English is a premium learning system taught using the global standard American English.

Students also benefit from valuable independent progress reports, thanks to collaboration with Cambridge English Language Assessment.

www.directenglish.com

About Linguaphone

The Linguaphone Group is a world-leading provider of language training solutions, operating under the internationally recognised Linguaphone, Direct English and Pingu's English brand names. With over 115 years of experience, the Group has an extensive network of learning centers worldwide. The Group has also helped millions of people learn a new language through their wide-ranging portfolio of self-study products sold in over 60 countries. For more information visit www.linguaphonegroup.com

To find out more about owning a franchise in Mexico, visit www.pingusenglish.com or contact: opportunities@pingusenglish.com



For More Information

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