

Chapter 1

Exporting Hong Kong's Higher Education to Emerging Asian Markets: Marketing Strategies and Government Policies

Alan C. K. Cheung

Johns Hopkins University, USA

Y. C. Cheng

Hong Kong Institute of Education, Hong Kong, PRC

Timothy W. W. Yuen

Hong Kong Institute of Education, Hong Kong, PRC

Celeste Y. M. Yuen

Hong Kong Institute of Education, Hong Kong, PRC

EXECUTIVE SUMMARY

The purpose of this study is to examine the current conditions of higher education services in three Asian markets and to explore effective market strategies and supportive government policies to further promote Hong Kong's higher education in the region. It is evident from the findings that the visibility of Hong Kong's higher education in these Asian markets was extremely low. The low visibility of Hong Kong's higher education in the Asian region was due to a lack of concerted and coordinated effort between the Hong Kong government and higher education institutions in promoting their higher education. The study points to the need for more wide-ranging and coherent marketing strategies and government policies in order to attract the growing number of international students.

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ORGANIZATION BACKGROUND

Based on the latest statistics published by the Institute of International Education (2007, 2008a, 2008b, 2008c, 2009), the number of international students has been on the rise in many countries in the past two decades. For example, in 2005 the number of international students was 2.7 million, a significant 50% increase from 2000. It is estimated that the global demand for international education will grow to 3.7 million by 2025 (Banks, Oslen, & Pearce, 2009; Chow & Marcus, Winter 2008). According to the Organization of Economic Co-operation and Development (2007), there has been an increasingly high demand for international education from Asian markets such as India, Malaysia, and Indonesia in recent years. For instance, out of the top 14 sending countries, seven of them are from Asia. There is no doubt that the demand from the Asian regions will continue to dominate the markets in years to come (Bohm, Davis, Meares, & Pearce, 2002). To capture this growing market, many major hosting countries, such as the United Kingdom, Australia and the United States, have been stepping up their efforts to support the expansion of educational services to international students by developing favorable marketing strategies and government policies (Beaver, 2009; Carrington, Meek, & Wood, 2007; Obst, 2008).

Hong Kong is no exception. Since 2000, the Hong Kong government has initiated several measures to win market shares in Asia from its major competitors in the Asian regions. First, the Hong Kong government has recently raised the admission ceiling for non-local students from 10% to 20% starting with the 2008-2009 academic year. The second initiative that has been recently adopted was the establishment of funds to provide additional scholarships to both local and non-local students. Furthermore, the Hong Kong government has established a HK\$18 billion Research Endowment Fund to further support the research work undertaken by higher education institutions

(HEIs) in Hong Kong (Cheung, Yuen, & Yuen, 2008). In 2007, the Hong Kong government released its Action Agenda on China's 11th Five-Year Plan and the Development of Hong Kong, recommending the exploration of ways to attract more non-local students to study in Hong Kong and to develop Hong Kong into a regional education hub (The Hong Kong Government, 2007). In addition to the Mainland China market, the Hong Kong government is also increasingly interested in promoting their higher education services to other Asian regions. In 2009, education services had been identified by members of the Task Force on Economic Challenges (n.d.) as one of six major areas of economic development to be further developed. The objective of the present study is threefold: 1) to examine the condition of the three identified Asian markets, namely India, Indonesia, and Malaysia; 2) to examine the current strategies and government policies that were employed by key competitors such as the United Kingdom, Australia, and Singapore; and 3) to recommend appropriate marketing strategies and government policies to higher education institutions and the government in Hong Kong and elsewhere that are interested in expanding their efforts in recruiting the growing number of students from other countries, especially in Asian regions.

SETTING THE STAGE

Exporting educational services overseas can be of tremendous value to the countries involved. First, the industry can be economically important. For example, in Singapore, education has been taken as an important "knowledge industry" and accounts for more than 3% of the GDP (Yonezawa, 2007). Exporting education services, for instance, has already become Australia's third largest export (Luke, 2005). Its share in the cross-border degree study market rose quickly from 1% to 9% from 1990 to 2003 (Marginson, 2007). However, it should not be misunderstood that exporting

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