Transformation of the Business Model of Language Schools

in

Croatia

Czechia

Latvia

Slovakia

Poland

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Tomas Bata University in Zlín
Faculty of Management and Economics

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ABSTRACT

This monograph's objective is to innovate language schools' business model. To achieve this goal, it was necessary to examine the current theoretical knowledge in the area of the business model of language schools, to analyse the market environment, the current business model of language schools and the requirements of language school clients. The analysis of the market environment was based on methodical sheets that allowed us to perform a competitive analysis, characterise the market and identify important external factors that influence the market environment of language schools.

We analysed the business model of language schools in two ways. Exploratory research was focused on analysing the offer of language schools, thanks to which we could get a better idea of what language schools offer and to what extent. The first questionnaire survey (Q1) was focused on analysing the current business model of language schools to identify the ideas and possibilities of language schools. It was addressed to language schools and helped us identify the limits of the current business model. The second questionnaire survey (Q2) was focused on analyzing the requirements, needs and expectations of language school clients. Thanks to this and that questionnaire survey, we could perform customer profiling. Based on the data from the questionnaire survey, we then compared the views of service producers (language schools) and service consumers (language school clients). We found that in most of the investigated areas of the business model, there is a mismatch between the offer of language schools and the requirements of language school clients.

This fact is reflected in the innovative business model of language schools, which redefines the role of language schools and changes their position on the informal education market. The innovation of the business model of language schools is similar to the open business model. Its essence is the creation of a knowledge platform that connects language school clients with lecturers/trainers/mentors and facilitates their mutual interaction. At the same time, in the innovative business model, the offer of language schools is re-evaluated, from simple foreign language teaching to foreign language teaching with the possibility of personal development in learning and leading.

Keywords: *language schools, business model innovation, comparative analysis, language education, language courses*

AUTHORS PROFILE

Ing. Karel Slinták, Ph.D. is an academic and a researcher at the Faculty of Management and Economics. His research interests include management innovation, system theory and business model innovation. Currently, he deals with trends in systems of management and examines selected firms applying some elements of self-management.

Ing. Lucie Macurova, Ph.D. is engaged in its research activities mainly in the areas of logistics, material flow management and related production processes. She regularly presents the results of her scientific work at domestic and international conferences or in domestic and foreign scientific journals. She is a member of a research team focused on the knowledge of the organization and improving the organization's performance by supporting knowledge sharing.

Ing. Tomáš Urbánek, Ph.D. is an academic at the Faculty of Management and Economics at department of Statistics and quantitative methods. His research activities include mainly statistics and data analysis. As a statistician, he is a part of several research projects. He actively participates in professional statistical consultations, and he is also a co-author of many articles and publications.

Ing. Radka Daňová is a PhD candidate. Her fields of study are financial technologies and their impact on the banking sector. One of the areas of the dissertation is focused on identifying the factors influencing changes in business models of banking sectors entities

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REVIEW (WRITTEN ABOUT THE BOOK)

The presented monograph deals with innovating the business model of language schools. The topic is widely discussed because informal education has an irreplaceable role in the development of the competencies of the users of this education.

The authors work mainly with foreign sources of literature, and web links of organizations that deal with the issue. This is a relatively new topic; therefore, it was necessary to start from a limited offer of literary sources, which mainly concerns the perception of language schools as business entities.

From my point of view, this is an area where the Canvas model is used in a different way when it is applied to informal education.

A strong point is the use of case studies and the evaluation of the competitive advantage of the presented organizations in the international dimension of five countries by synthesizing knowledge, an innovation of the model is proposed, how it could function optimally in the provision of informal education.

For the entities themselves, it is a monograph suitable to think about using business models, and for the professionals or researchers, it is a suitable tool or methodology for analysing quite similar entities and setting up possible variants of the business concept based on best practices in presented countries.

Certainly, the results of this monograph can help further professional discussion on the topic of innovative business models.

doc. Ing. Jarmila Duháček Šebestová, Ph.D., 2022

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FOREWORD

When I approached Boris Popesko, the Vice-dean for Foreign Affairs at the Faculty of Management and Economics, Tomas Bata University in Zlín, the Czech Republic back in the autumn of 2019, little did I know how much support, professional guidance, drive, and enthusiasm my project ideas would bring to the academic world.

At around the same time, in the winter of 2019, I started working on another Learn & Lead Erasmus+ project with Marketa Rusnakova, the Vice-dean for Foreign Affairs at the Faculty of Education, Catholic University in Ružomberok, in the Slovak Republic. With Boris Popesko a team was formed around us, which included his faculty colleague Karel Slinták, an expert in business models, other language school owners and managers – Berislav Bozanovic from Croatia, Daniel Bacík from Slovakia, Agnieszka Pędzimąż from Poland and educational experts Vanda Novoksonova and Adela Vitkovska from Latvia.

This team focused on the economic and business potential of the Learn & Lead concept. The other team was led by Marketa Rusnakova from the Faculty of Education. It was comprised of primary school professionals from Slovakia, Lithuania, Slovenia and North Macedonia, the Faculty of Education in Mykolas Romeris University in Vilnius, Lithuania, and a non-governmental organisation Biedriba EuroFortis from Latvia. The focus was on upgrading pedagogical approaches in various types of schools through the Learner – Centred Approach, the 9 Learn & Lead Principles of a Smart Person and the EFQM model.

My special thanks go to Gabriela Lojova, professor at the Faculty of Education, Comenius University, Bratislava in Slovakia, and the current guarantor of teacher-training courses within the Learn & Lead concept. She has been by my side since I founded Harmony Academy, back in 2000 and has had a profound influence upon myself as a professional, learner-centred teacher. I would also like to thank my English – French companion, Vicki Plant for her trust, loyalty, support, and management advice in developing and growing as an international citizen of the world. Being a teacher who has been fully engaged in applying this concept within the classroom ever since starting my pedagogical career, I was easily able to choose this approach for our school. Every teacher that has ever taught under the brand of Harmony Academy, has been exposed to this life philosophy and has been part of the foundation for the Learn & Lead developmental concept.

Once you, as a teacher, apply this learner-centred approach in your classroom, you are destined to learn and grow. When you do so, you will realize you need a wider pond, new inspiration, guidance, and time and space for your own self-actualization. You will want to work in an environment that feeds your needs, gives you freedom to grow and develop in the way that you know is the right path for your self-discovery towards excellence.

The world today is full of changes that test our adaptability, readiness, courage, and perseverance to pursue our goals and dreams and so schools do not just need teachers, they need teachers who can manage their own classrooms, teams or projects which help to fulfil the school vision. Schools today need to be places full of inspiration, encouragement, trust, understanding and support where people feel good. This environment encourages teachers to become inspiring teacher-managers and I am happy and proud to say that I am one of them and I know plenty of others who now share the same passion, drive, discipline, and vision for such learning schools. I thank them all from the bottom of my heart for their support, guidance, inspiration, and courage to support me and the Learn & Lead concept in its life.

This project has created an innovative business model for language schools and helped their teams develop new blended-learning developmental courses for adults. Finally, this project has strengthened partnerships and friendships amongst us, and I am sincerely thankful and grateful for every step on the way.

Patience, persistence, and clarity of vision have paid off. The Learn & Lead innovation is a National Winner in ***Category 2 - Investing in Entrepreneurial Skills*** *for the European Enterprise Promotion Awards 2022.*

I am much looking forward to the future and further cooperation with those who choose us as their partners in their sustainable development. We are ready and willing to help you succeed and live a valuable life for you, your teams, families, and the society we all belong to.

Warmly yours,

Jana Chynoradská, 2022
CEO Harmony Academy
Biely Kostol, Slovakia

INTRODUCTION

The market of language schools has been struggling with unfavourable developments in recent years. From our point of view, this development is due to two key factors. The first is connected with fundamental market environment changes, mainly caused by technological and social factors. Technical factors break down the long-held notions of the learning infrastructure and redefine the spatio-temporal framework of the learning space. They also have an impact on teaching methods and course design with regard to the changing role of the teacher (shift from replicator to mentor) and student (shift from passive recipient to active co-creator). Related to this are social factors that further emphasize the impact of technological changes on the business model of language schools, as they change the habits, requirements and expectations of language school clients. Most language schools have businesses focused on children and youth. They emerged from formal education (they are usually founded by teachers from the formal education sector) and their business model corresponds to this, which does not reflect the fact that this customer segment has completely changed its character. The fact that the current business model of language schools does not take into account the emerging era of the Facebook generation and Generation Z is the second fundamental cause of the difficulties that existing language schools cannot deal with. The problems of language schools are also exacerbated by digital innovators who create entirely new business models in the language education sector and offer the Facebook generation more friendly approaches to education based mainly on e-learning platforms.

And how do the language schools themselves react to these changes? Most of these are convinced that the way to success is to sell services at the lowest possible price. However, the strategy of low prices is unsustainable in the long term and does not bring the desired competitive advantage. This finding led us to the idea of developing a project aimed at transforming the business model of language schools. The fact that no similar research focused on business models in the language education sector has yet been implemented has led us to the conclusion that the research conceived in this way and its focus have scientific justification.

Regarding those mentioned above, the main of this monography is to develop a new business model for a language school, which is based on the transformation of the product to a more value-adding form of language education which connects the language and professional education. Such transformation allows the language school to be not only the provider of the language education but effectively connect it with professional education focused on business and personal development.

The desired main objective will be achieved through the following analyses: (1) to analyse the language educational market (competitive forces; market size; technology; society; political and economic factors) – context: education system (official school system/corporate education; language education/other education), (2) to analyse the current business models in language schools and identification of its limitations including analysis of the potential customers ranging from language education, corporate education (management, leadership, etc.), personal development and self-improvement education, art/other education, alternatives (YouTube and similar online platforms), (3) to analyse the business trends in order to uncover new patterns of business models and identify hidden market opportunities that often arise from a mismatch between customer expectations and companies' ideas and product capabilities.

We believe that by studying this monograph, readers will better understand the functioning of the language education market, its specifics and the new challenges facing contemporary language schools. At the same time, we hope that the individual chapters will present you with the current form of the business model of language schools, its limits and shortcomings, and inspire you (language schools) to the changes that the language school market urgently needs in order to not only replace the formal education sector but also create its full-fledged alternative.

1 THEORETICAL BACKGROUND

Language education

Language education is an important part of everyone's life. It takes place primarily at school, but also often in the family, and not infrequently in leisure and work. It has a variety of aims, content, approaches, methods and means. A significant part and factor in language learning teacher or educator, the way and process of teaching, and the formal or standardised assessment and self-assessment. Learning a foreign language is also considered an important factor for social inclusion, as languages can bring people together, give access to other countries and their cultures and foster intercultural understanding.

It is compulsory for most children in the European Union to learn at least one foreign language during compulsory schooling. In 2002, the European Council recommended that all pupils should learn at least two foreign languages.

The figure below shows the proportion of students learning two or more languages in each European country (Eurostat, 2019).

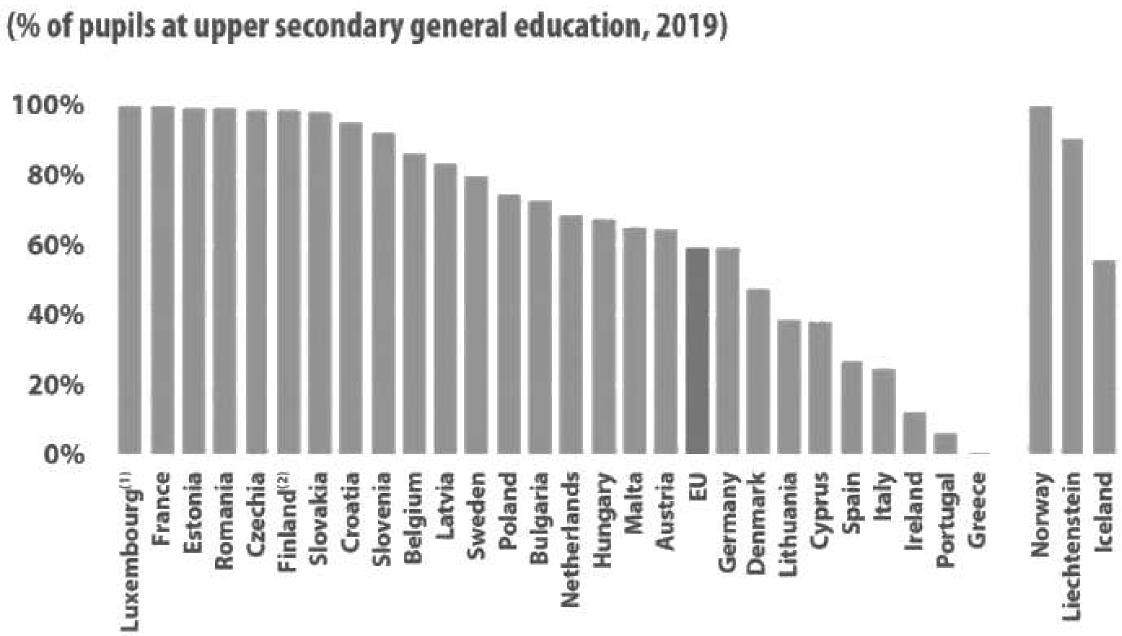

Fig. 1 What share of students learn two or more foreign languages?

Source: (Eurostat, 2019)

Turning to language learning in upper secondary general, as shown in Figure 2, almost all — 96.4 % across the EU — students at this level were studying English as a foreign language in 2019, compared with 26.4 % studying Spanish, and slightly more than one fifth studying French (21.8 %) or German (20.3 %) (Eurostat, 2019).

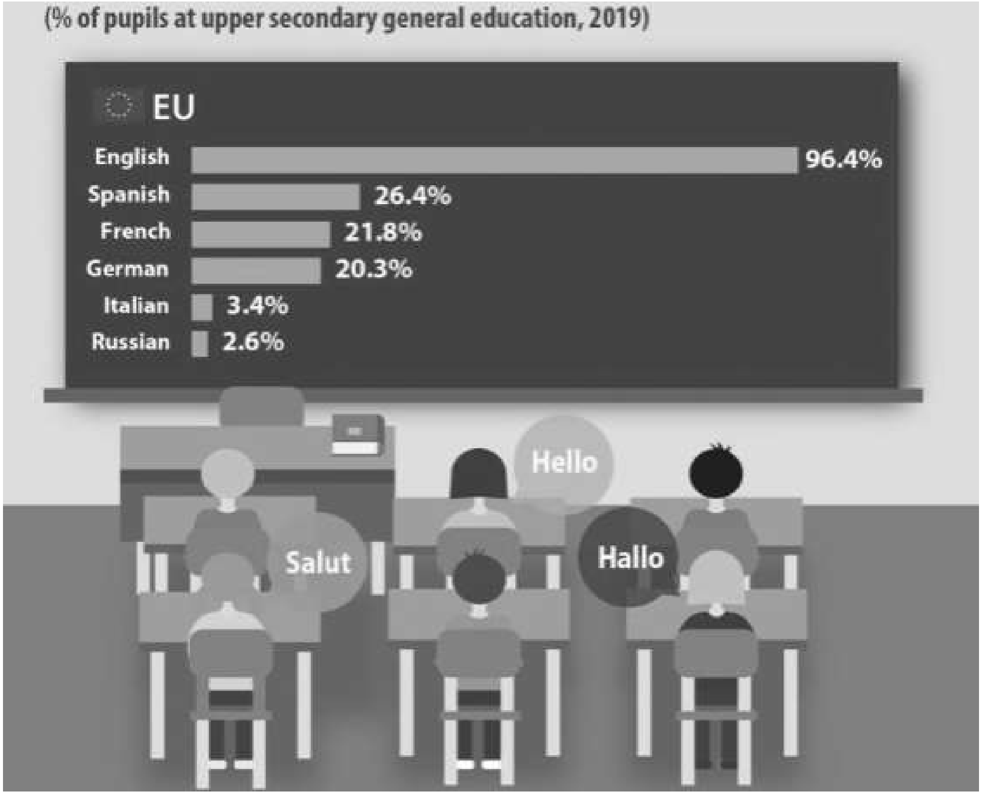

Fig. 2 Which are the foreign languages studied most commonly?

Source: (Eurostat, 2019)

At the beginning of 2020, when the Covid-19 pandemic broke out, most colleges and universities worldwide switched to distance education delivery through various channels such as MS Teams, Zoom and others. Online education has different possibilities than face-to-face education. Online education can be adaptive, personalized and flexible, and can leverage and support autonomous learning (Goertler, 2019). However, studies that have compared face-to-face and online education have not shown any significant differences (Goerler et al., 2018).

According to Gacs et al. (2020) online learning can reach a wider audience compared to face-to-face courses, mainly due to the removal of geographical and time barriers. However, technological literacy, access to technology and the Internet, and proper interaction between teacher and students are important. On the other hand, online education is the only way to continue learning in the event of a pandemic, war or extreme weather.

Language school offer

Malara and Ziembicki (2020) examined the relationship between the value proposition of language schools and the expectations of their clients. They found a significant difference in the value proposition of schools and the expectations of their clients. Surprisingly, clients reported a personalised offer (product) for the pre-school group course. It can be assumed that clients expect more flexibility in terms of schedules and tailoring curriculum and materials to the level of the preschool groups. At the same time, they assume that the flexibility of companies is very limited and that language schools over-standardise their offer base.

In the context of the terminology of the business model, the language schools' offer is influenced by the schools' ability to create products in relation to their customers. Malara et al. (2020) argue that the greatest emphasis has been on client profiling. The seasonality of demand for language school products and the threat of substitutes also affect the supply of schools. The specific solution depends on recognizing the difference between the value proposition expected by clients and the value proposition of language schools (see Malara et al., 2020).

Digital technology is having a significant impact on the range of language courses on offer. The rapid development of technologies has led to the facilitation of distance learning (McBrien et al, 2009). Singh et al. (2019) talk about online education as a tool that makes the learning process more learner-centred, flexible and innovative. Online learning can be defined as learning in a synchronous or asynchronous environment using devices (e.g. mobile phones, laptops) with internet access. In a synchronous environment, students participate in live lectures, there is real-time interaction between instructors and students, and there is the possibility of instant feedback. In an asynchronous environment, educational content is not available in the form of live lectures or tutorials, but is available in various learning systems and forums. In such an environment, instant feedback and immediate response is not possible (Littlefield, 2018).

Following the digitalisation trend, some studies have examined the impact of information technology (ITC) on the educational process. A study by Bueno-Alastuea et al. (2014) supports the use of ICT in language learning, showing that students have a positive perception of its usefulness, and recommends adding guides and training to blended learning to reduce the number of students who reject the use of ICT.

Other authors point to the tendency towards autonomous learning based on task-based instruction that facilitates online learning through digital tools (see Lee, 2016). Lee (2016) concludes that teachers need to invest a huge amount of time and energy in designing and develop online courses that meet students' needs in a similar way to face-to-face instruction.

Technology, especially e-learning, has a significant impact on course development. Riasati et al. (2012) mention some of the advantages and obstacles of entering new technologies into the language-learning process. According to these authors, the integration of technology into language teaching is advocated for a number of reasons, including: 'engagement', 'improving learning skills', 'paradigm shift', 'changing assessment' and 'enhancing collaborative learning'. However, some barriers hinder the use of technology, such as 'lack of access', 'lack of time', 'lack of effective training', 'teacher attitude' and 'student attitude'.

Paulsen (2001) observes that effective technological tools, strategies and resources help in foreign language teaching by fostering students' natural motivation to speak another language and experience another culture. As this author argues, authentic, meaningful, interactive, learner-centered web-based learning activities can improve students' performance similar to language and culture study when studying abroad.

Education trends

Online learning is flexible, can be customized, allows for enhanced, individualized and authentic materials, and can take place. Most studies on online language learning have been conducted in higher education settings. Much of this research examines beginning- and/or intermediate-level courses,

Foreign language teachers can use some of the already proven social networking platforms (WhatsApp, Facebook) or special English language teaching apps (Fun Dubbing), or they can have a tailor-made foreign language teaching app created (Jamaldeen et al., 2018). According to Awada (2016), teaching writing using WhatsApp was more effective than conventional teaching and also increased students' motivation as the app creates a positive social environment and promotes a sense of belonging to a community or team. Yurdagül and Saba (2018) add that the rapid development of mobile technology has accelerated the spread and popularity of social networks.

E-learning

Heeger (2010) argues that e-learning allows students to learn anytime and anywhere without contacting the instructor, while online courses lead to increased learning effectiveness. According to Oye et al. (2012), e-learning includes many computer-assisted instructional methods. Pratama et al. (2020) add that software tools such as Google Meet and Zoom have become valuable and beneficial during the recent pandemic. Othman (2022) argues that technological advances have enabled online course delivery to become the norm. Teachers and students agree that such a shift catalyzes the entire learning process because it focuses on collaboration, interaction, and independent learning and co-creates a productive learning process. Haverila and Barkhi (2009) add that it is a counterbalance to the prevailing traditional pedagogical approaches and trends. In the past, the educational journey revolved primarily around the teacher, while the online approach is student-centered (Othman, 2022)

Online courses

The results of Haveril and Barkhi's (2009) study confirmed that online courses are important for quality education, and furthermore, technical knowledge was found to be a core competency for many teachers. The benefits of educational technology have led to online courses gaining more attention (Martínez et al., 2010). Online courses are an important tool for increasing student motivation and learning. Soleymanpour et al. (2010) add that students using online courses perform better than those who prefer to rely on traditional communication and interaction with teachers. According to Holley (2012), the number of college students taking online courses is increasing over time, while traditional methods are decreasing. He also states that online courses provide high-quality education.

Business model

According to Osterwalder and Pigneur (2010), a business model represents the fundamental principle of how a firm creates, transmits and captures value. Other authors who have defined the essence of a business model include Joan Magretta, according to him, the definition is as follows, "Business models are, at their core, stories that explain how businesses operate. Like a good story, a robust business model contains well-defined characters, believable motivations, and a plot that transforms the view of value." (Magretta, 2002). Chesbrough (2007) defines a business model as a combination of identifying the value proposition, defining the target segment, setting up the value chain for value creation and delivery, identifying revenue and cost streams, and formalizing positioning and competitive strategy. A business model is a combination of transaction content, structure, and governance in such a way that it creates value through the exploitation of business opportunities (Amit and Zott, 2001).

There are countless approaches to the business model, but not many have met with success in corporate practice. One of the most widely used approaches, which has also become a phenomenon of the times, is the Business Model Canvas by Alexander Osterwalder.

According to Osterwalder and Pigneur (2010), the canvas consists of nine building blocks that show how the company makes money. These nine blocks encompass the four core areas of any business:

- Customers,
- the value proposition,
- infrastructure,
- financial viability.

The whole model can be divided into two parts, right and left, whose common element is the value proposition, which is the main building block of the whole model. Osterwalder likens the model to a brain divided into the right and the left hemispheres. Each part deals with something different, but together they form the value. The right part of the model is referred to as the value-creating part, which includes customer relationships, customer segments, channels and revenue. The left part of the model is referred to as the efficiency part and has key activities, key partnerships, key resources and costs. (Osterwalder and Pigneur, 2010)

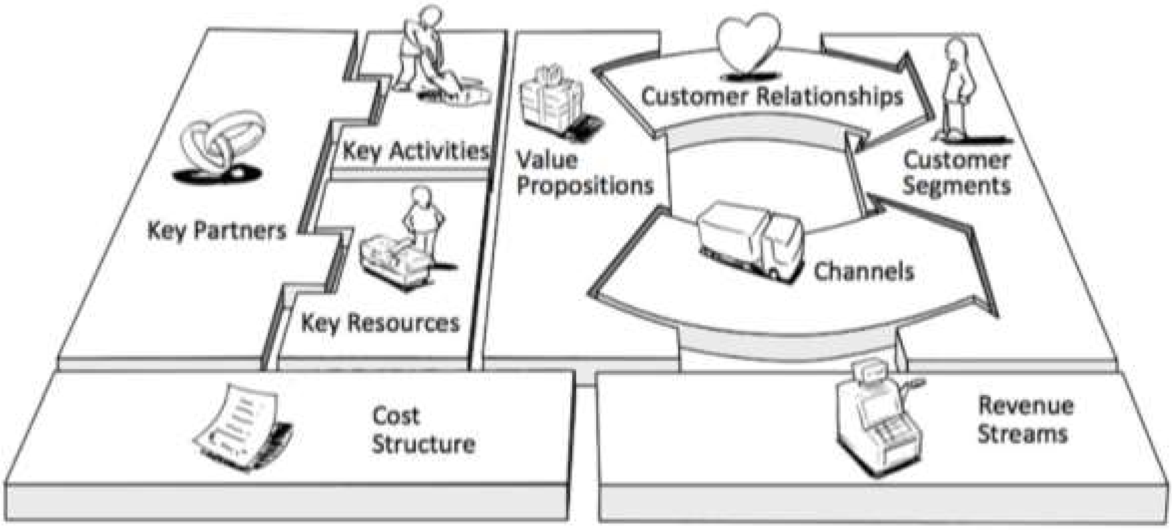

Fig. 3 Business Model CANVAS

Source: (Osterwalder and Pigneur, 2010)

Business model innovation

Business models may not only facilitate technological innovation, but companies themselves may also see their own model as an object of innovation. (Mitchell and Coles, 2003). Business model innovation is critical to a company's survival, performance and as a source of competitive advantage (Amit and Zott, 2012, Casadesus-Masanell and Zhu, 2013). More and more companies today are turning to business model innovation as an alternative to product or process innovation, which are usually costly and time-consuming and without a certain return on investment. (Amit and Zott, 2012)

Casadesus-Masanell and Ricart (2007) summarize that business model innovation is important for managers, entrepreneurs and academic researchers for several reasons:

- It represents an underappreciated source of future value.
- It can lead to a sustainable advantage given that competitors may find imitating a new activity management system more challenging than simply deciphering how a product or process innovation occurred.
- Given that business model innovation can be a potentially powerful competitive weapon, managers must also consider the possibility that competition will take place at this level as well.

Business model innovation is essential but also challenging for a company, as there are many barriers to change in the established model. The different elements in a company are interconnected and therefore the change that is coming must be complex. It is also important for the company to find a leader within its ranks who will be able to take on new changes. Only under these conditions can an innovative business model help a company grow (Chesbrough, 2010).

Lean Canvas Model

Lean Canvas is a method used to express and describe a business model on a single page of the paper. The author of this method is Ash Maurya, who explains it in detail and describes its benefits in the book Lean Business (Maurya, 2012). Creating a Lean Canvas plan is ideal for expressing the idea of start-ups and for finding new opportunities for these companies.

Maurya (2012) explains the reasons for the redesign of the original Canvas concept by saying that this model largely built on already successful business models (e.g. Apple, Google, Amazon, etc.) and its structure corresponds to this. Canvas, therefore, approximates the business of companies that have already achieved success and are in a growth phase. Maurya (2012) found this approach to be too simplistic as it does not consider what preceded this success. This gave rise to the idea of innovating the Canvas model to better suit the conditions of start-ups. It was, therefore, necessary to adapt the structure of the BM Canvas to deal much more with the conditions that precede entrepreneurial success. In the end, an innovative model called Lean Canvas was created, which follows Osterwalder's original concept, but with the difference that it deals much more with the difficulties of start-up entrepreneurs and is thus more suitable in its structure for describing the business contours of start-up companies.

The following figure illustrates the shape of the Lean Canvas model, including the changes from the original concept.

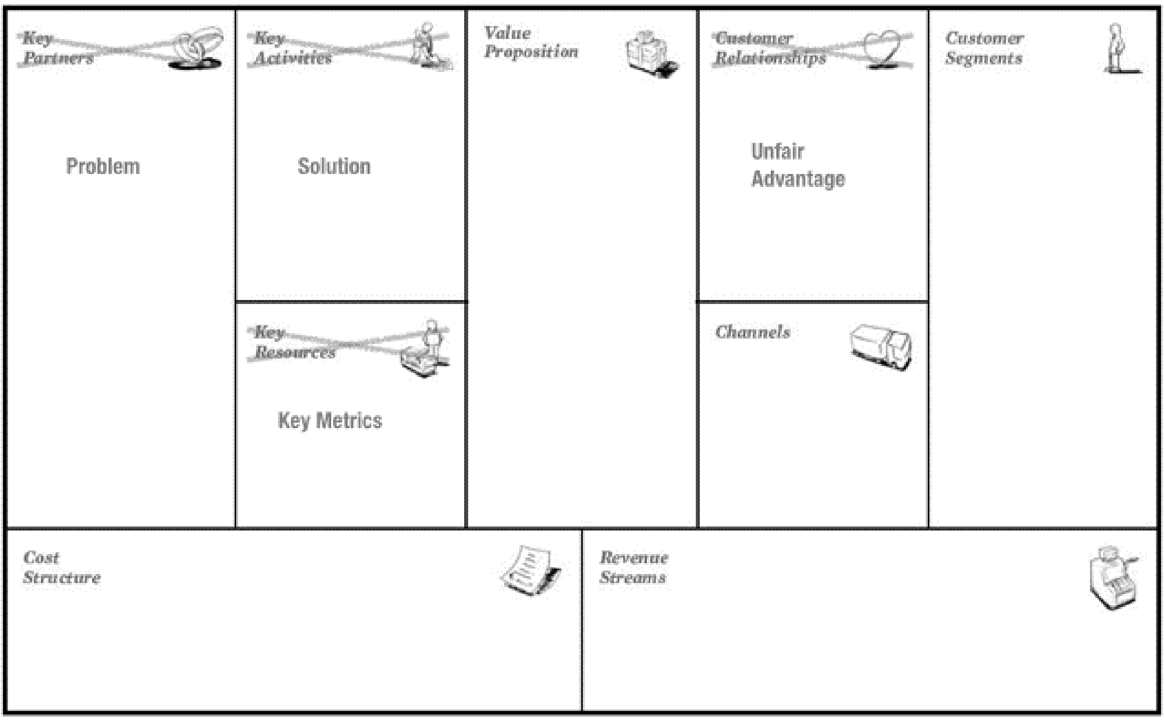

Fig. 4 Lean Canvas Model

Source: own research (2021)

Value Proposition Canvas

Value Proposition Canvas (VPC) by Osterwalder et al. (2015) looks in detail at two building blocks of the Canvas model in particular:

1. Value proposition,
2. Customer segments

The VPC aims to find the intersection between these blocks to create value for customers.

In the process of creating a value proposition for the customer, we focus on:

- Customer profile (Do we understand our customers?)
- Value Map (This briefly describes how we create value for the customer)

The aim of this process is to create a match between the customers' ideas and desires, which is what we use the customer profiling tool for, and the value creation, for which we can use the so-called value map. To achieve alignment, we need to understand our customers and at the same time examine the products/services offered in the context of the benefits and advantages that will entice them to purchase them.

In order to achieve a match between customer requirements and the value offered by the product, two basic requirements must be met:

- Create value (the set of benefits we need to create and the set of losses we need to eliminate in order to attract customers)
- Perceive the customer (the set of characteristics we assume, observe, and verify in the marketplace)

Conclusion of current knowledge

Language education is inherent in every individual's life given the globalized world. The range and variety of language courses is influenced by digital technologies, which have seen rapid development in recent years. The rapid development of technology has led to the facilitation of distance education, making the online learning process more student-centred, flexible and innovative. Teachers use a variety of apps and social networks to teach languages. During the coronavirus pandemic, software tools such as Google Meet, Microsoft Teams and Zoom became useful and helpful. Technological advances are allowing online course delivery to become the norm.

2 RESEARCH GAP

Our research focused on two key areas. First of all, we investigated whether there are scientific articles that deal with business models of language schools, including an analysis of the products of language schools. Secondly, we investigated whether there are scientific articles that deal with trends in foreign language education, including an analysis of the expectations of language school clients. In this matter, seven keywords were determined: business model of language schools, opportunities for language education, language courses, trends in language education, offer of language schools, value proposition of language schools, and market of language schools.

The literature survey we conducted revealed that almost no studies on the business model of language schools have been carried out so far. There are many studies related to client expectations, business models, business trends etc. in many different areas but there are almost no such studies related to client expectations, business models, trends in the language school sector (see Malara, Ziembicki 2020). Also, there are no studies related to language school business models and their key component identification.

We see a research gap in the fact that there are no scientific works that examine the effects of business model innovation in the language school sector. The fact that there is no scientific study that would comprehensively describe the market of language schools, business models of language schools or fundamental changes in the language school sector revealed a significant gap between theoretical knowledge that describes the business in the non-formal education sector and the practice of companies from this sector. Research focused on the language education sector can reveal the behaviour of individual market subjects, trends in market development and new business model patterns.

We also see considerable scientific potential in the possibility of examining selected variables (for example, market size, types of strategies, business model patterns, pricing models, consumer expectations, etc.) in the context of the language education market. In this regard, we also see a white space in current scientific knowledge, as the selected theoretical insights from the field of management and economics have a rather general character that does not emphasize the specifics of the sector.

3 RESEARCH OBJECTIVES OF THE MONOGRAPH

The objectives of this monograph reflect these changes:

- **Changes in the environment („New world"):** Project reflects the current changes in the business environment and aims on the development of the new business model for language schools,
- **Changes in education („New expectations"):** Project is based on the transformation of the product to a more value-adding form of language education, which connects the language and professional education.
- **Changes of language schools („New role"):** Such transformation allows the language school to be not only the provider of the language education, but effectively connect it with professional education focused on business and personal development.

3.1 Primary objectives of the monograph

The main research goal of the monograph is to create an innovative business model of language schools. To achieve this goal, it will be necessary to analyse the language education market, the current business model of language schools from the point of view of providers (language schools) and demanders (clients) and to map current business trends with the possibility of their application to the language education sector.

3.2 Secondary objectives of the monograph

Analysis of the language education market

As part of this secondary objective, the language education market in the Czech Republic, Slovakia, Poland, Croatia and Latvia will be analysed. For these purposes, we have created methodical sheets, the intention of which was to characterize the market environment in the language education sector. These sheets consist of the following analyses:

A) Competitive analysis
B) General market analysis (size; attractiveness)
C) PEST analysis

The results of the partial analysis will be part of chapter 5.

Analysis of the business model of language schools

Another secondary goal of this monograph is to describe the current business model of language schools. Two questionnaires were created for these purposes. The purpose of the first questionnaire was to identify the value map. These questionnaires were addressed to language school managers. The purpose of the second questionnaire was to profile customers of language schools. These questionnaires were addressed to clients of language schools. Both questionnaires were distributed in the Czech Republic, Slovakia, Poland, Croatia, and Latvia.

The purpose of the analysis of the business model of language schools is to identify the offer of language schools in the context of the expectations of language school clients. The above analysis describes the business model in two basic perspectives:

A) Customer profiling (consumer needs and expectations)
B) Value map (offer of language schools)

The results of the analysis of the business model of language schools will be included in chapters 7.1 and 7.2.

Analysis of business trends

A partial goal of this monograph is also to map current business trends and their possible impacts on business in the language education sector.

As part of this analysis, we will first describe selected business trends and then present case studies that reflect these trends. At the same time, we refer to the findings of some authors (see Oterwalder et al.), who claim that successful business models are transferable to various fields of business.

The CANVAS concept will be used as a suitable tool for describing established business patterns. The results of this analysis will serve as a basis for the proposal of a new business model for language schools.

Analysis of business trends will be part of chapter 9.1.

3.3 Research questions and hypotheses

Given the thematic focus of this monograph, research questions were set in three areas related to product and customer development:

A) Product offering of language schools (examination of the strategic approach to creating courses in the sense of concentration/diversification)
B) Customer profiling (examining the needs and expectations of language school clients)
C) Value map (examination of the approach to the creation and development of courses by language schools)

The areas mentioned above of research are connected to three basic questions, which we investigated using statistical hypotheses.

In order to establish the hypotheses, it is necessary to add that these were determined due to exploratory research (the research revealed the products that language schools offer and the prevailing tendencies in the offer of language schools), market research (methodical sheets that identified the strongest companies on the market, their key competencies and product offering) and literature research focused on articles describing the market of language schools (scientific and non-scientific). These sub-activities resulted in initial assumptions, which we verified using selected statistical-mathematical methods. Individual research areas are interconnected, while the core of our research was to reveal the current form of the value proposition and identify opportunities for its innovation.

3.2.1 What strategic approaches influence the value proposition of language schools?[1]

The research questions and statistical hypotheses listed below were part of exploratory research focused on analysing language school products in the Czech Republic.

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[1] Within this section, the questions listed below will be investigated independently of the subject of the investigation, by collecting data from publicly available sources (websites, internal school materials etc.).

Q1: Do language schools offer specialised courses depending on the size of the market?

- **H1:** There is a statistical relationship between the range of the schools' offer and the size of local markets (NUTS3)

Q2: Is the offer of companies' courses individualised/customised?

- **H2:** There is a statistical dependence between tailor-made courses and companies' courses.

Q3: Do language schools apply a diversification strategy?

- **H3:** The majority of language schools (i.e., more than 50 %) have a wide range of services (i.e., more than 11 of the 21 offerings examined).

Q4: Are language schools focused on market opportunities outside the field of education?

- **H4:** The majority of language schools (more than 50 %) offer translation/interpretation.

3.3.2 What do language school clients want?[2]

The basis of research into the needs and requirements of language school clients was a questionnaire survey addressed to customers in five EU countries. According to the previous research, the following research questions were determined.

Q1: Who is a client of language schools?

- **H1**: Most of the clients of language schools are students
  (i.e. more than 50 % of all clients)

Q2: Where do clients want to learn?

- **H2**: Most clients are stimulated to learn by an educational stay abroad.

Q3: What type of teaching do clients prefer?

- **H3:** The majority of clients prefer classic courses
  (i.e. more than 50 % of all respondents).

---

[2] Within this section, the questions listed below will be examined from the perspective of language school customers. This data comes from a questionnaire survey (Q I).

Q4: How often do clients prefer learning a foreign language?

- **H4**: Most clients prefer lessons 1-2 times a week

Q5: What form of study do clients prefer (in-person/online)?

- **H5**: Most clients prefer face-to-face teaching (i.e. more than 50 % of respondents)

Q6: What course content do clients prefer?

- **H6:** Most clients prefer language teaching without a professional context (i.e. more than 50 % of respondents)

3.3.3 What do language schools offer?[3]

As part of this research, we set research questions that examined the business model of language schools. This type of research was a questionnaire survey addressed to language schools in five EU countries.

Q1: Who are the key customers of language schools?

- **H1:** At least a third of language schools focus on corporate clients.

Q2: Where do language schools teach?

- **H2:** At least a third of schools offer teaching in an informal environment (i.e. park, café, camps)

Q3: What do language schools offer in their courses?

- **H3:** Most schools only teach a foreign language without a professional context (in the sense of foreign language + management, foreign language + personal development, etc.)

[3] In this section, the questions below will be examined from the perspective of language schools. These data come from a questionnaire survey (Q II).

Q4: How do language schools teach?

- **H4:** Most language schools do not offer teaching in an alternative way (i.e. mobility+discussion club+camp+tourism)

Q5: Do language schools use the co-creation trend?

- **H5:** Most schools do not allow clients to co-create the learning process.

Q6: How many students attend language school courses?

- **H6:** Most schools offer courses for 5-8 students.

Research activities were focused on three core research questions. These questions were further tested with a set of 16 hypotheses. Hypothesis verification will be part of chapter 8.

Apart from the hypotheses mentioned above, additional hypotheses were also established to verify the dependence between the selected variables and the origin of the respondents. In other words, we found out whether respondents from individual countries, who are part of this research, differ on selected questions. We consider these hypotheses to be supplementary and therefore do not include them in the main or supporting objectives. The processing itself then corresponded to an exploratory data analysis with an effort to capture dependencies according to the origin of the research respondents.

4 METHODOLOGY

The task of this chapter is to describe the set of scientific methods that we used to achieve the objectives of this monograph. We will present here the logic of our research, then characterize the exploratory research and the questionnaire survey. These researches will provide us with key data to assess the current business model of language schools and will directly impact the primary goal of this monograph.

The partial project objectives determined the research structure. These goals were to analyse the language education market, to analyse the business model of language schools and to identify opportunities for innovation in the business model of language schools. The research design was created at the beginning of the project and was designed by members of the project team. It was completely original (see Chapter 2). The individual research stages reflected the requirements that were related to the project as mentioned earlier goals.

Individual research activities took place in 2020-2021. Qualitative research was first conducted in the context of the time (the literature search was carried out in 2020). This was followed by exploratory research (first half of 2021). And finally, a questionnaire survey was implemented, which took place in the middle of 2021. The questionnaire survey was implemented for nine months and was completed at the end of 2021.

4.1 Research structure

The research focused on the analysis of the business model of language schools. Our research activities aimed to innovate the business model of language schools. It was carried out in four consecutive stages:

I. **Analysis of current knowledge** (literature research on the topic of business models of language schools). We divided this type of research into a phase of scientific knowledge (summarization of findings from monographs and scientific articles) and non-scientific knowledge (summarization of articles from regular periodicals, anthologies, and non-scientific monographs).

II. **Market analysis of language schools** (research results I – methodical sheets as tools for analyzing the market environment). As part of this phase of the research, we carried out the competitive analysis, including the identification of the strongest companies in the economic sector, we identified the basic characteristics of the market (attractiveness, size, barriers), and we performed a PEST analysis.

III. **Exploratory research** (research results II - analysis of the offer of language schools in the Czech Republic). As part of this research, we analysed the product portfolio of language schools on a sample of 80 randomly selected schools from individual regions of the Czech Republic, and then we examined the products of language schools depending on the variables we selected (market size, product type, etc.).

IV. **Questionnaire survey** (research results III - analysis of the business model of language schools and the needs of language school clients). In the last stage of the research, we carried out two questionnaire surveys, which were supposed to reveal the current form of the business model of language schools and enable us to identify the limits of this model, especially regarding the needs, wishes, and expectations of the customers of these schools.

A general view of the methodology used allows us to qualify the individual stages of the research as follows. Stage I, II, III are based on the logic of qualitative research. Stage IV is based on the logic of quantitative research. Below we will give details on stages three and four, as these required the application of mathematical-statistical methods to process the data obtained.

4.2 Exploratory research

Firstly, the top four firms in the market were identified based on their revenue in 2017-2019. The strongest market players were expected to have the widest range of services and products. Each of these firms was then analysed in terms of the number and type of products/services offered. The sources of information were internal materials (annual reports) and websites. This analysis led to the identification of 13 products. To expand the original number of products, eight language schools were analysed in a further phase on the basis of a random selection, which led to an expansion of the original number of services from 13 to 20 (excluding online learning, which, although it was evaluated as part of the research activities, is not considered a type of product, but rather a form of learning). The resulting analysis of language schools in each region was carried out to add to the original list of products possibly.

The data was collected in January 2021. It is, therefore, unique primary data. In total, there are (12 x 5 + 2 x 10) = 80 language schools available in the dataset. The reason for such a relatively small dataset is the narrowly specified research group (language schools, estimated from the CRIBIS database to number approximately 600 language schools). It was impossible to obtain a large enough sample in some regions.

Data were summarized and checked for outliers and missing values. Since this is a binary dataset, no indications of normal distribution were found on the data and therefore, mainly non-parametric statistical methods were used to test the hypotheses. The main dependency analysis then proceeded with Kendal tau correlation and z-test for proportions; statistical tests were used to answer the research questions. R statistical software version 4.2.1 was used for all statistical calculations.

4.3 Quantitative research

To meet the research objectives, the questionnaire survey method was applied and is therefore a quantitative study. The questionnaire survey was divided into two questionnaires, one from the perspective of the language schools (Q1) and the other questionnaire (Q2) from the perspective of the language school customers. Respondents for Q1 were language schools (school leaders), and respondents for Q2 were language school clients. Thus, unique primary data were obtained in 2021. The uniqueness of the dataset also lies in the fact that the data collection took place simultaneously in the partner countries (Latvia, Slovakia, the Republic of Croatia, Poland, and the Czech Republic) of this research.

From Q1, we have a sample size of n = 112 and from Q2, we have a sample size of n = 421. Questinnaire Q1 was aimed to very specific respondents (language schools), therefore the sample size is relatively small. For this reason, obtaining a larger number of respondents was very challenging. The questionnaires (Q1 and Q2) are attached in the appendix of this monograph. The coding of the answers was very standard (i.e. respondents could choose from a selection of possible answers (nominal data)) and contained only close-ended questions.

The monograph presents descriptive statistics in the form of pivot tables, bar charts and pie charts. The variables were tested for normality using Wilk-Shapiro tests; however, since the data are mostly nominal, no signs of normal distribution were found. Therefore, non-parametric statistical methods were used to test the statistical hypotheses. Data were summarized and checked for outliers and missing values. To answer the research questions, chi-square test of independence, Fisher's exact test and proportional test were used. In the case when the chi-square test of independence could not be used (assumptions were not met), the Fisher's exact test was used instead. R statistical software version 4.2.1 was used for all statistical calculations.

5 RESEARCH RESULTS I – MARKET RESEARCH OF LANGUAGE SCHOOLS IN SELECTED EU COUNTRIES

The following chapter deals with analysing the market of language schools in selected countries of the European Union, specifically in the Czech Republic, Slovak Republic, Latvia, Poland and Croatia. The market analysis took place in the course of 10/2020 – 6 /2021. In the following sub-chapters, the data is presented for each country separately.

5.1 Analysis of the language school market in the Czech Republic

In this part, we will focus on the analysis of the market environment in the Czech Republic based on the methodical sheet, which was created for these purposes. The period of analysis was 10/2020-6/2021

Description

The methodical sheet aims to analyse the market environment in a selected country by collecting publicly available data, which selected analytical tools will process. The result of this analysis will be a description of the primary market characteristics and their influence on the business models of language schools.

Type of research: qualitative research

Areas of analysis

The research aims to analyse the language schools' market in three areas:

1. *Competition analysis*
2. *Market environment analysis*
3. *PEST analysis*

5.1.1 Competition analysis

This analysis aims to determine the number of competitors, identify the strongest competitors in the market, analyse innovation opportunities and perform a value analysis.

The number of competitors:

It is necessary to characterise the market environment (according to location) in terms of competitive rivalry. The goal is to determine how many competitors are in a given market. The analysis will be focused only on direct competitors, which can be described as follows:

• *Direct competitor = non-formal education institutions offering foreign language courses*

Methodology:

Publicly available databases and search engines and the CRIBIS database were used to obtain the value of the estimated number of language schools. First, the CRIBIS database was used as the most trusted source, where subjects based on NACE 85 education and then NACE 85.59 language schools were analysed and was found 601 entities. Other databases were also used, such as atlasskolstvi.cz, seznamskol.eu, jazykovky.cz and the largest Czech search engine seznam.cz. However, these databases differed significantly from the 601 entities identified in the CRIBIS database and found between 100-440 language schools. For example, seznam.cz found a maximum of those 440 entities. However, a search from publicly available sources is strongly conditioned on whether the subject is active in establishing an advertisement. Furthermore, the maximum of approximately 600 language schools will be used as the maximum number of possible competitors on the market, but the actual number of competitors will undoubtedly be lower.

Selected results of the analysis are presented in the following table:

Tab. 1 Results of the analysis

Subject analysis	**Results of own research**
Number of direct competitors in the market (in the state)	Approximately 600 language schools.[4]
Market structure	**Monopolistic competition:** • A large number of companies (500-600 companies)

4 The data were obtained from CRIBIS database using the NACE code 85.59 (language schools).

	• Market fragmentation • Low market prices • Low-profit margins (0-4.5%)
Number of direct competitors in the local market (city or agglomeration))	Estimates of the number of competitors in large cities in the Czech Republic [5] Praque ~ 230 Brno ~ 80 Ostrava ~ 60 Olomouc ~ 40 Liberec ~ 25 Jihlava ~ 30 Karlovy vary ~ 15 Plzeň ~ 45 Zlín ~ 60
The three strongest companies (in the state)	1. Skřivánek[6] (sales 338 mil. CZK; 13 mil. EUR) 2. James Cook Languages [7] (sales 109 mils. CZK; 4,1 mil. EUR) 3. Channel Crosssings [8] (sales 59 mils. CZK; 2,27 mil. EUR) 4. Glossa[9] (31 mil. CZK; 1,18 mil. EUR)

Source: own research (2021)

5.1.1.1 Market share

The market share was determined based on an estimate of the total sales of the language school market and the partial sales of the strongest companies on the market to the total sales in the given sector. The following analysis shows the structure of the market and its distribution among the dominant market players.

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[5] The data were estimated on the basis of two language school databases. The first database is jazykovky.cz, where active records of language schools were determined on the basis of regional filtering. The second database is the largest Czech search engine seznam.cz, where a query for "language schools" was searched. As these are estimates and language schools did not have to log in to the databases, the results were rounded up to tens.

[6] Sales in 2018 reached 310 million CZK (Czech Republic only), while total sales were 560 million CZK; profit margin in 2018 = 4.3%)

[7] Sales in 2017 reached 117 million CZK, while the profit margin in the same year was 2%.

[8] Sales in 2017 reached 66,78 mil. CZK while the profit margin in the same year was 0,4 %.

[9] Sales in 2018 reached 31 million CZK, in 2017, sales reached 28.3 million CZK.

Tab. 2 The Structure of the market

Market players	Turnover (mil. CZK)[10]	Profit margin	Market share
Skřivánek	310	4,3 %	31 %
James Cook Languages	117	2 %	12 %
Channel Crossing	66,78	0,4 %	7 %
Glossa	31	0,8 %	3 %
Other language schools	475,22	-	48 %

Source: own research (2021)

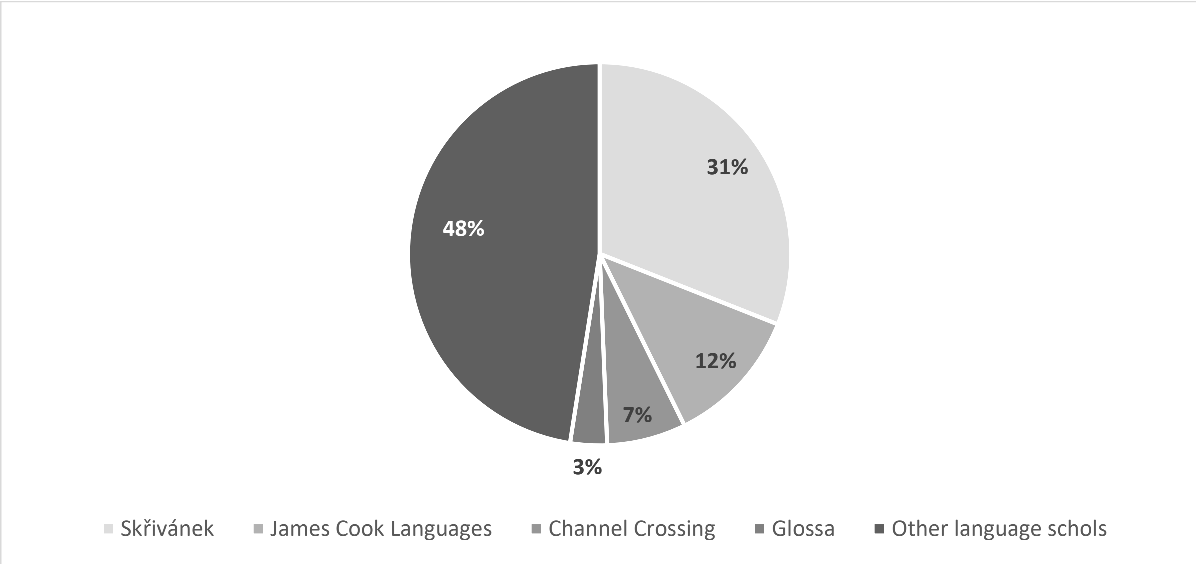

Fig. 5 Language schools market

Source: own research (2021)

The market structure from the four dominant companies' perspectives and their share in total sales in the industry are shown in the following table.

Market structure	Share
TOP 4	52 %
The rest of the market	48 %

[10] Turnover 2017-2018 according to data accessibility; The turnover of the industry is determined according to a qualified estimate of 1 billion CZK

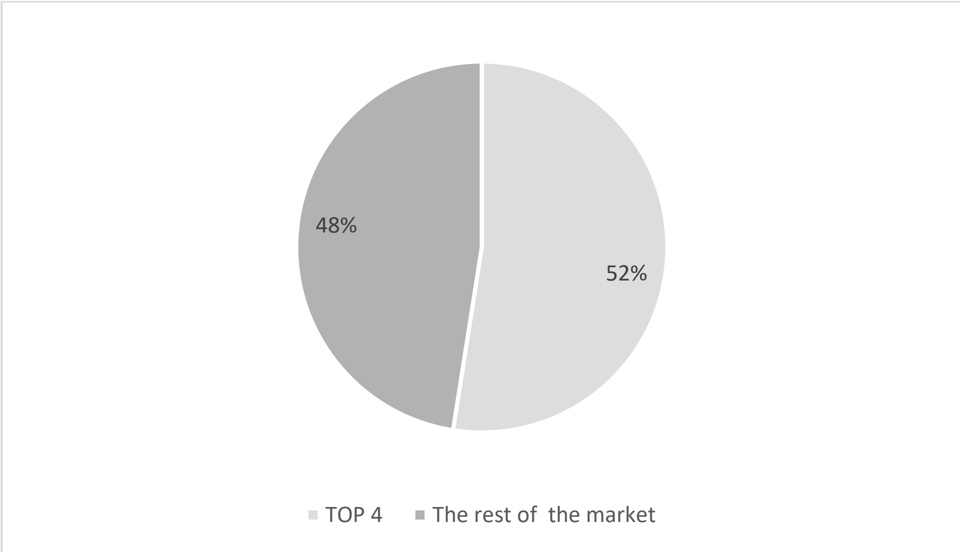

Fig. 6 Market Structure according to the strongest players

Source: own research (2021)

5.1.1.2 Analysis of innovation opportunities [11]

In this part, the three strongest companies in the market are analysed in the context of unexpected successes or failures and key competencies. The three strongest companies in the market:

Competitor 1 - Name: Skřivánek s.r.o.

Successes/Failures:

- **Skřivánek is the largest language agency in Central and Eastern Europe** (in the 100 largest language agencies in the world).

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[11] This part of the analysis is based on innovation theory and the concept of key competencies (see The Core competence by Prahalad and Hamel). Seven sources of innovation opportunities, the first one is the unexpected successes or failures of the competition. Analysis is based on qualitative data (observation, collection and analysis of key competitors documents, qualified estimates, historical milestones, etc.).

Rather translate than educate:

- The most lucrative business area of this company is translations, which generate 2/3 of sales.
- The company's sales were 541 million CZK (in the Czech Republic, 310 million CZK). Next year, sales decreased by 10.4% to 278 million CZK.
- Efforts to diversify the portfolio of services and reduce the company's dependence on large projects (in 2018, the TOP 50 projects generated 153 million CZK, while in 2019 these projects amounted to 60.6 million CZK).

Market opportunity:

- According to a survey by the Skřivánek language agency, one in three people has experience with translations from professionals. More than 75% of them use translation services for specialised/ corporate purposes.
- The growing interest in the German language.
- In 2019, the worldwide translation turnover was almost $ 47 billion.
- The global translation market is growing at $ 1 billion a year.

Key competencies (unfair advantages):

- Translation activity - machine translations (programs) + network of translators (8 thousand external students).

Robust capacity[12]

- 45.7 million translated words in 440 language combinations,
- over 10.8 thousand interpreted hours (an increase of almost 34%) in 68 language combinations
- Fifteen thousand lessons are taught in two dozen foreign languages.
- Ability to conclude public contracts (EU, state)
- E-learning infrastructure
- Effecto teaching method

[12] Data are from 2019 (see the company's annual report)

Competitor 2 - Name: James Cook Languages s.r.o.

Successes/Failures:

- **Company James Cook Languages is part of the largest private educational group in the Czech Republic.**
- Complex teaching – foreign languages, management courses and microlearning.
- **Focus on the most lucrative part of the market - corporate education.**
- Half of the turnover is made up of corporate language training.
- Focus on the innovation of the education system and its digitization.

Key competencies (unfair advantages):

- Foreign language education combined with knowledge of managerial and digital skills.
- The educational network of five schools includes:

    1. Managerial skills
    2. Corporate language education
    3. Teaching of graduates and postsecondary language education
    4. Language intensive care
    5. Digital education

- Training platforms and technologies (microlearning platform), Bridgewaterblue (search for IT specialists and their training)
- Huge capacity (2018):
    - 11,000 courses / year
    - Network of 2,200 lecturers
    - 47 different nationalities among lecturers
    - 200 permanent employees
- The owner investing in technology startups; former ČEZ manager

Competitor 3 - Name: Channel Crossings

Successes/Failures:

- Strong focus on corporate language education.
- The enormous growth of services related to study abroad (language mobility) and programs for the public and children in different age groups.
- Innovations in teaching that have not worked very well:
  - Book club
  - Conversations for seniors
- EU-funded educational projects (training of mothers after maternity, etc.)
- The project department focused on developing cooperation with schools, companies, and authorities.
- Since 2011 stagnation of sales and minimum profit margins.

Key competencies (unfair advantages):

- Complex language services in three key areas:
  - Language education
  - Translations / interpreting
  - Study abroad
- Project activity focused on EU projects and consultancy
- School location in Prague (the most lucrative part of the market)
- The network of partner organizations abroad (foreign language schools)
- Capacity:
  - 30 employees
  - Network of 200 lecturers
  - Network of 100 translators

Tab. 3 Evaluation of key market players in terms of successes and competencies

Key competitor	Success	Competence
Skřivánek	Translation	Connection of machine translation with a network of external translators
James Cook Languages	Corporate education	Foreign language teaching is connected with the development of managerial skills
Channel Crossings	Study abroad	Networking with foreign language schools

Source: own research (2021)

5.1.1.3 *Value analysis of competitors*

Value analysis focuses on the three strongest companies on the market:

1) Key competitor 1 – Skřivánek s.r.o.
2) Key competitor 2 – James Cook Languages s.r.o.
3) Key competitor 3 – Channel crossings

1) Key competitor 1 – Skřivánek s.r.o.

Company characteristics

Skřivánek s.r.o is the largest language agency in the Czech Republic; its branches are represented in 17 cities throughout the Czech Republic and operate in 14 countries worldwide. Founded in 1994, opened a branch in New York in 2005, introduced the new foreign language teaching method Effecto in 2013 (a method that focuses more on speaking than the grammar side of a foreign language), and telephone teaching (ten-minute intensive conversation introduced in September 2019), online education for schoolchildren was introduced in June 2020 (reaction to the Covid 19 pandemic).

Skřivánek focuses mainly on providing translation services, interpretation, and language audits and also offers language courses and language exams.

The company offers the MAX bonus program (collecting points for the use of services and the subsequent collection of rewards on the online store mall.cz). The services provided (translations, foreign language teaching, etc.) can be paid in vouchers. It also offers the Můj Skřivánek portal for corporate clients, where you can check an overview of orders, offers, invoices, and the MAX bonus program.

In 2019, the company translated 145.7 million words into 370 language combinations, interpreted 10.8 thousand hours in 68 languages, and taught over 115 thousand hours of more than 15 foreign languages. [13] According to the "Language Service Market 2019" study, the global language services market, including assistive technologies, accounted for $ 53.5

[13] Annual report_2019

billion, with year-on-year growth of 6.8 %. In 2019, it became the largest language agency in Eastern Europe

The company achieved sales in the Czech market of 278 million CZK in 2019, and 310 million CZK in 2018. According to the 2019 annual report, the key to success and development in language services is adopting and using new machine translation technologies. The most frequently requested languages in translation and interpreting are English and German in combination with Czech.

Description of the value offer:

Translations

- 80 foreign languages
- 100 field specializations including marketing, law, medicine
- Compiling software and testing its functionality
- Translation price:
    - Economy package (from 1.2 CZK / word, documents, and emails, output check)
    - Standard package (from CZK 1.7 / word, contracts, leaflets, proofreading)
    - Premium package (from CZK 2.3 / word, the top level of translations)

Interpretation

- 40 languages in various combinations
- Most often: court interpreting, interpreting at conferences, meetings, or distance interpreting

Language school for children and adults

- Types of courses: individual, mini-group, group
- Flexi courses (courses with a flexible price)
- Courses abroad
- One-day business English (4x90 minutes during the day, 990 CZK)
- Language courses for lecturers
- Methodical seminars for lecturers
- Online courses

- Effecto teching method
- Phone lessons (10 minutes), 3x10 minutes per week (2,000 CZK/ month), 5x10 minutes per week (3,200 CZK /month)
- Online language tutoring for schoolchildren
- E-learning (Online business English with Ashley, ONLINE languages)
- Language schools
- Soft skills courses (How to Present Effectively, 4x 60 minutes, 3,376 CZK)

Corporate language education

- Same courses as for children and adults

Tab. 4 Company characteristics Skřivánek s.r.o.

Offer C1	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other:	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 5 Analysis of selected factors

Factor	**0-10** (0 = lowest value; 10 = highest value)	**Alternative**
Quality of services	3	4
Range of services	4	6
Price of services	5	6
Background (classroom equipment, etc.)	7	7
Promotions	7	7
Customisation	5	5
Web infrastructure (e.g. intranet)	4	6
Certification (including international exams, etc.)	6	7
Foreign lectures	4	6
Innovative teaching (direct method; unschooling;)	3	6
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	4	6

Source: own research (2021)

Fig. 7 Value curve C1 (Skřivánek)
Source: own research (2021)

2) *Key competitor 2 - James Cook Languages s.r.o.*

Company characteristics

James Cook Languages is the market leader in corporate language courses (cooperation with more than 800 Czech and foreign companies). The language school was founded in 1999 and currently operates in the Czech Republic, Slovakia, and Poland (2001 - expansion to Slovakia, 2017 - expansion to Poland). In 2020, it merged with the Caledonian School and belonged to the EDUA Group, the largest private educational group in the Czech Republic.

Focuses mainly on courses for companies, specialised courses, translations, interpreting and language stays abroad, and language remains in the Czech Republic

In 2017, it reached revenues of CZK 116 million, and a year earlier, CZK 102 million; newer data are unavailable. According to an article from 2016 (The largest language s is expanding, Poles are just as bad as Czechs), companies are most in-demand of teaching English (75%), 15% are German and 5% are Czech for foreigners.

Description of the value offer:

In-company courses

- Students' progress is assessed using the SCOPE method (System of Complex and Objective Progress Evaluation)

One-day specialised courses

- Online or personal participation
- Price: from 3 499 CZK (9-14), with the increasing number of students, the price of the course decreases without VAT
- Examples – All About Phrases, General and Personal Finance
- Currently, the courses take place online in three 90-minute blocks

In-house courses

- Courses for company
- Recommendation: 4-8 people
- Intensity: recommended 4x90 minutes per day, usually 1 to 2 days
- 19,000 - 24,000 CZK / 1 course (4x90 minutes) without VAT (594 - 750 CZK / h)

Discussion clubs

- Tool for professionals (critical thinking training, creation of "small talks")
- Once a month for 90 minutes
- 1 seminar - CZK 2,750, 6 seminars - CZK 13,900, price without VAT

Premium Language Consulting

- Consultations and individual language mentoring
- Providing service in English or German.
- 60 minutes / 2,899 CZK without VAT

Language stays in the Czech Republic

- Up to 30 lessons in 4-5 days
- Resort Svatá Kateřina or Maxmilian resort Loučen

Language stays abroad

- 20-40 hours/week
- Great Britain (ST. GILES LONDON, business English courses for managers, from CZK 23,300 / week), Austria (INLINGUA SALZBURG, from CZK 15,080 / week)

Translation and interpreting by Jipka language school

- Translations from/into English (from 390 CZK / standard page), translations from/into other languages (from 420 CZK / standard page), interpreting (within 4 hours from 6,000 CZ, 4-8 hours from 10,800 CZK), without VAT

Online language level tests

Other services

- E-learning (first-class e-learning with www.onlinelanguages.cz, six world languages)
- Independent audit, recruitment testing
- International exams (certified to prepare students for the University of Cambridge ESOL exams)
- **MOOVEEZ** (a new educational application for mobile phones and tablets, teaching takes place through watching movies and videos with follow-up exercises)

- Cross Culture Training (differences of different cultures and nations for cases of expatriation abroad and to the Czech Republic)

Tab. 6 Company characteristics James Cook Languages s.r.o.

Offer C2	**Type of offer**	**Yes/No**
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other:	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 7 Analysis of selected factors

Factor	**0-10 (0 = lowest value; 10 = highest value)**	**Alternative**
Quality of services	8	6
Range of services	4	7
Price of services	7	6
Background (classroom equipment, etc.)	8	8
Promotions	8	7
Customisation	8	8
Web infrastructure (e.g. intranet)	7	5
Certification (including international exams, etc.)	5	5
Foreign lectures	4	4
Innovative teaching (direct method; unschooling;)	6	7
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	6	7

Source: own research (2021)

Value curve C2 (James Cook Languages):

Fig. 8 Value curve C2 James Cook Languages
Source: own research (2021)

3) Key competitor 3 - Channel crossings

Company characteristics:

Channel Crossings was established in 1993 as one of the first language agencies. In 2013, it became an educational institution of the year, and in 2018 it celebrated 25 years on the market. In 2018 reached revenues of 62 million CZK, and a year later 60 million CZK.

As part of its services offers courses for adults, companies, and children, it also focuses on interpreting, translating and proofreading, and studying abroad.

The language agency has implemented several projects to support mothers returning from parental leave to work or a project focusing on cultural and age diversity in the workplace. The company has been cooperating with schools from Prague and all over the country for a long time.

The School 4.0 project responds to the need for a greater link between formal and non-formal education. It brings together the Channel Crossings educational agency and schools from Prague and the Central Bohemian Region. Together they create educational programs for schoolchildren 6.-9. classes and corresponding years of multi-year grammar schools. The YOUTH IMPACT project is aimed at supporting non-profit organizations, public institutions, and private entities involved in increasing the employment of young people in the labour market. CHC's cooperation with partners from Poland (FRDL), Slovakia (PEDAL) and Germany (FIAP) aims to develop practical tools, methodologies and training to support activities aimed at evaluating the impact and effectiveness of the activities of these organizations. It offers help with evaluating the initial state of the organization and with creating evaluation tools.

Description of the value offer:

Corporate language education

- REAP (Refresh - Enhance - Activate - Perform) teaching method
- Over 200 lecturers

Group courses

- Group online lessons via Live Webinar or physical lessons in Prague (Karlín)
- 16 weeks (16 lessons) 4,450 CZK, ie CZK 278 / h.

Children's courses

- **Talk Time for Teenagers** (conversations on current or pre-selected topics, 15 lessons / 3,150 CZK)
- **Talk Time with Mooveez** (the conversation is based on films in the Mooveez application, based on film samples, students expand their understanding, vocabulary and learn to communicate in similar everyday situations)
- Individual tutoring
- Children's courses for the first and second stage of primary schools (16 weeks / 3,490 CZK)
- Suburban camps (1 week includes five lessons, price 4,990 CZK)

Individual tailor-made courses

- **Elektra** – Electronic assistant (Elektra can play listening exercises, play a scene on Youtube during the lesson, can share not only other browser bookmarks but also entire windows of different programs, suitable for small groups of students).

Preparation for graduation and language certificate

- Group or individual preparation
- Language Certificate will replace the school part of the English secondary school diploma, 16 weeks / 4,450 CZK

Language audits

- Independent analysis of language skills
- 790 CZK

E-learning

- Six languages, course price: 2,490 CZK

Translations, interpretation, proofreading

- In more than 60 languages, over 2,200 translators

Study abroad

- Courses for children and young people (Great Britain, Malta)
- Courses for managers (Canada, USA, Great Britain, Malta)
- Courses for families
- Study and work in Canada (ILAC (Internation College) in Toronto or Vancouver, prices for Czech students start at 93,600 CZK for 26 weeks of the curriculum)

Tab. 8 Company characteristics Channel crossings

Offer C2	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other:	Yes
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	Yes
	Other:	

Source: own research (2021)

Tab. 9 Analysis of selected factors

Factor	**0-10** **0 = lowest value** **10 = highest value**	**Alternative**
Quality of services	7	6
Range of services	6	5
Price of services	5	5
Background (classroom equipment, etc.)	8	6
Promotions	6	5
Customisation	6	6
Web infrastructure (e.g. intranet)	6	4
Certification (including international exams, etc.)	8	6
Foreign lectures	4	5
Innovative teaching (direct method; unschooling;)	4	5
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	5	5

Source: own research (2021)

Fig. 9 Value curve C2 (Channel Crossings)

Source: own research (2021)

Summary of value analysis of the strongest companies

The value analysis of the three strongest companies is given in the following table. The factors are influenced by the availability of data and a subjective view of selected factors of the surveyed companies

Tab. 10 The value analysis of the three strongest companies

	Skřivánek		JCL		CC	
Quality of services	KS	RD	KS	RD	KS	RD
Range of services	3	4	8	7	7	6
Price of services	4	6	4	7	6	5
Background (classroom equipment, etc.)	5	6	7	7	5	5
Promotions	7	7	8	8	8	6
Customisation	7	7	8	8	6	5
Web infrastructure (e.g. intranet)	5	5	8	8	6	6
Certification (including international exams, etc.)	4	6	7	5	6	4
Foreign lectures	6	7	5	5	8	6
Innovative teaching	4	6	4	4	4	5
Teaching flexibility	3	6	6	7	4	5
Quality of services	4	6	6	7	5	5

Source: own research (2021)

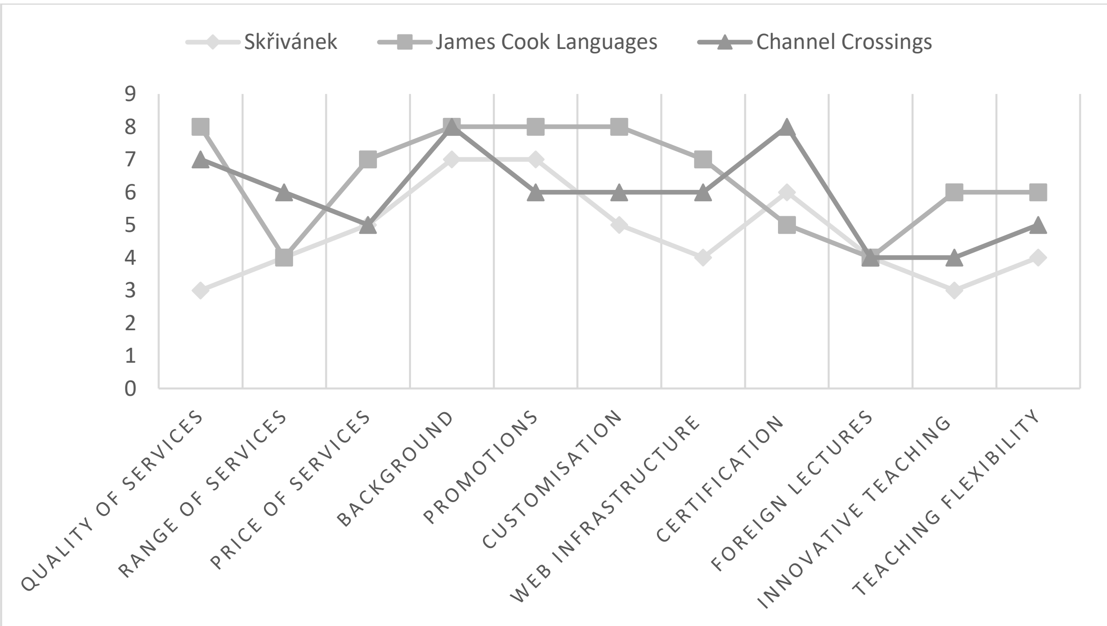

Fig. 10 Value curves of key competitors

Source: own research (2021)

5.1.2 Market characteristics

This part aims to characterise the non-formal market. Using data from publicly available databases (local and European Statistical Office) is necessary.

- https://www.czso.cz/ (Czech Republic)
- https://ec.europa.eu/eurostat

5.1.2.1 Market size

Based on data obtained from the statistical office, the total population is presented from the following target groups:

- Residents aged 18-69
- Secondary school and university education

According to the number of target groups, the market size is calculated based on the following assumptions (derived from Adult Education Survey [14](AES)):

- According to a qualified estimate, approximately 32 % of the population aged 18-69 participate in non-formal education;
- According to a qualified estimate, foreign language teaching accounts for approximately 17 % of the total volume of non-formal education
- Non-formal education affects approximately 50 % of people with secondary and tertiary education.

Two possible views on the market's size will be provided based on data in the following table (aspects of age + aspects of education).

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[14] https://www.czso.cz/documents/10180/20561193/331313a02.pdf/4094ba1b-0f68-4d0c-922c-c87926f4e965?version=1.0 cited 22.1.2021

Tab. 11 Two possible views on the market's size

Characteristics	Total amount	Market size
By age (16-69)	8 505 707	5,4 % of the total amount: 459 308
By education: Secondary school with graduation + University	5 387 017	8,5 % of the total amount: 457 896

Source: own research (2021)

Furthermore, we find out the number of companies that can be a target group in relation to non-formal education (paid by the employer). In this survey, the following assumptions will be used derived from Eurostat data[15]:

- *46 % of employees participate in non-formal education (Czech Republic)*

Tab. 12 Employees participate in non-formal education

Characteristics	Total amount	Market size
Companies (without limits/restrictions)	*7 676 460*	46 % from total: [16] 3 531 171 17 % from total: 600 299

Source: own research (2021)

5.1.2.2 Market attractiveness[17]

The market size with selected outputs of the industry will be estimated in this section. The market is defined as a sector of non-formal education/language schools.

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[15] https://stats.oecd.org/Index.aspx?DataSetCode=EAG_AL# cited 9.2.2021

[16] We will determine the percentage of the total number as 17% of the total percentage of employee participation in non-formal education.

[17] Selected indicators can be derived from the data of associations, wage comparators or according to a qualified estimate

The following data will be collected:

- *Hours per year*
- *Average price of course*
- *Average costs per a lecturer*
- *Total sales per industry*
- *Profit margin per industry in %*
- *Total profit per industry*
- *Sales per company*

Tab. 13 Market attractiveness

Market attractiveness	Results
Hours per year[18]	2 000 000 h
Average price of course per hour [19]	480 CZK/h (18 EUR/h)
Average variable costs per hour [20]	240 CZK/h (9 EUR/h)
Contribution Profit per industry[21]	50 %
Profit margin per industry	0 - 4,5 %
Sales per industry	1 billion CZ (38,5 mil. EUR)
Profit per industry	-
Sales per company [22]	1,6 mil. CZK (61,5 ths. EUR)
Sales per company (without TOP 4)[23]	797 352 CZK (30, 7 ths. EUR)
Hours per year per company (without TOP 4)[24]	1 661 hours

Source: own research (2021)

[18] In the Czech Republic, the number of lessons taught per year is estimated at around 2 million.

[19] In the case of the Czech Republic, the average price is 18 EUR / h (see “Association of Language Schools).

[20] Average salary of a lecturer per hour. In the Czech Republic, the average hourly rate of a lecturer is 9 EUR.

[21] It will be expressed as a percentage (either according to the data of the relevant association or a qualified estimate).

[22] Calculation: 960,000,000/600 = 1,600,000 CZK

[23] Calculation: 475,222,000/596 = 797,000 CZK

[24] Calculation: 797,352/480 = 1,661 hours

5.1.3 External factors

PEST analysis[25] is used in this part of the chapter. Individual factors should be described briefly, and we will try to identify trends and significant changes concerning the future of the language school market.

Tab. 14 PEST analysis

Political factors	***Economic factors***
• Minimum legislative requirements for business (free trade) • Restrictions related to the Covid pandemic (online courses) • Internationalization (European Single Market) • Changes in tax laws • Abolition of the super-gross wage • Changes in short-term contracts	• Market over-saturation (more than 500 language schools) • Minimum legislative requirements for business (free trade) • Negative expectations regarding economic development • Partial lockdown (restriction of selected sectors of the economy) • Government indebtedness (increasing of compensatory allowances for disabled entrepreneurs) • Deteriorating economic situation (unemployment; fatal restrictions on the tertiary sector) • Increasing teacher's wages (pressure on the growth of lecturers' salaries) • Declining companies spending on language education

[25] PEST Analysis (political, economic, social and technological) is a method whereby an organization can assess major external factors that influence its operation in order to become more competitive in the market. As described by the acronym, those four areas are central to this model.

	• Absence of special compensation programs for the education sector (Covid-19 crisis) • New forms of work - job sharing
Social factors • Decomposition of social capital (fundamental limitation of social life) • Weak language skills (one-fifth of university students) • Fundamental limitations of education (online education) • The growing share of secondary and higher education in the population • Increasing interest in children's language education • Online entertainment (YouTube; TikTok; PC games) • Direct competition - institutions of formal and non-formal education • Indirect competition - mobile applications, movies, music, games, online entertainment • Covid-19 and its impact on accelerating digitization ⇒ transition to the online world. • Individualization of travel abroad	***Technological factors*** • Digitization of the educational process (free online learning tools; accelerating online learning; e-materials) • The world of online applications (self-education; virtual academies; podcasts) • Increasing teaching flexibility (online) • Automatized translations • Loss of authenticity by distance education • Indirect competitiveness – a virtual world in English

Source: own research (2021)

5.1.3.1 Political factors

Political and legislative factors do not directly regulate or influence language schools on a larger scale. The trade operation "Extracurricular education and training, organization of courses, training, including teaching activities", to which language schools belong, is not subject to any special conditions (free trade). Only the general requirements for obtaining a trade need to be met – reaching the age of 18, legal capacity, and criminal integrity. This allows new competitors to enter the industry easily, causing many schools on the market, some of which do not have a high level of quality. Language schools are also influenced by the Ministry of Education's decisions and self-governing bodies of schools on language teaching (see the Concept of Language Education 2017-2022).

One of the legislative factors affecting some language schools is the granting of accreditation. Accreditation by the Ministry of Education, Youth and Sports is required to provide selected language services (one-year full-time post-secondary studies, further education of pedagogical staff), based on which the entity can offer and provide the service.

Finally, the growing communication with the world, the accession to the EU, and the opening of state borders have a significant influence. All these factors lead to a greater need for knowledge of languages and more effortless people's movement, and more remarkable work of foreign lecturers in our country. It has also made it easier to work abroad, which increases the need for people to speak a foreign language, and has increased the level of international cooperation between companies, which increases the interest in employees' language education.

The activity of a language school in the Czech Republic, from the point of view of legislation, is governed by the Act on Trade Licensing No. 455/1991 Coll., The Labor Code No. 285/2020 Coll., but also by Act No. 563/1991 Coll. on Accounting, Act No. 586/1992 Coll. on income taxes and others. Similar to trading in the store, business relationships that occur when trading over the internet are regulated by legislation. Business relations are governed, for example, by the Civil Code (No. 163/2020 Coll.) And the Consumer Protection Act (No. 634/1992 Coll.). Furthermore, when processing personal data, it is necessary to follow the Personal Data Protection Act (No. 101/2000 Coll.).

Education courses are subject to 21 % VAT courses and teaching materials 10 %. From 1.1. 2013, the VAT rate was increased from 20 % to 21 %. The increase in this rate has resulted in higher prices for products and services and has affected both consumers and society.

A fundamental factor is that students who fail the university entrance exams can attend a language school with student status the following school year after successfully passing the school-leaving examination. Of course, they must meet the conditions related mainly to attendance to benefit from the fact that the state still pays health insurance for the student during this period, but only for one year. The student then has a second chance to pass the university entrance exams. If this does not happen, the student is obliged to pay for the health insurance himself. For language schools, this means that every year, with their references and services offered, they can apply for a reasonably large number of students who choose this option rather than start working and learn a foreign language in a year and start studying the university next year.

5.1.3.2 Economic factors

In connection with English language education, the most significant change in 2021 will probably influence Brexit on native speakers. Since 1 January 2021, citizens of the United Kingdom will be regarded as third-country nationals because of Brexit. Thus, workers from the United Kingdom will be obliged to apply for a work permit in the Czech Republic.

In 2021, the minimum monthly wage amount will also change, which will increase to 15,200 CZK for 2021, ie it will rise by CZK 600 CZK compared to 2020 (90.50 CZK per hour). Self-employed persons can now switch to a flat tax. They will pay income tax and health and social insurance in one fixed amount. The flat tax consists of a minimum contribution to health insurance in the amount of 2,393 CZK for 2021, a minimum advance on social insurance increased by 15 % in the amount of 2,976 CZK, and an income tax of 100 CZK per month. This is a fixed amount, which is set at 5,469 CZK per month for 2021. For a year, the self-employed person pays 65,628 CZK for all contributions. However, they must register for the flat tax by 11 January, then in a year.

In 2021, wages will be paid anew when the super-gross wage is abolished. A 15 % gross income tax will be calculated from January to 141,764 CZK (four times the average gross wage in 2021). This amount will tax the income at a higher rate of 23 %. This change replaces the solidarity tax.

Also, the fundamental tax change brings a higher discount per taxpayer by three thousand CZK. In 2021, people will be able to deduct 27,840 CZK a year from taxes.

Working on a performance agreement or employment agreement is popular among students or pensioners. It is also a suitable form of additional earnings for employees on the main employment relationship. Up to a certain limit, social and health insurance is not paid from employment agreements. The worker or the employer does not pay it. And just one of the limits is now increasing. Social and health insurance from the agreement on work performance is not paid if the gross monthly remuneration is 10,000 CZK or less. This remains for 2021. The new rate applies to the employment agreement. So far, social and health insurance has not been paid for it if the gross monthly remuneration was 2,999 CZK or less. For 2021, the limit for non-payment of social and health insurance from the employment agreement is increased to 3,499 CZK.

Based on the work performance agreement, it is possible to work a maximum of 300 hours per year for one employer.

According to the Labour Code, it is impossible to perform work over half of the set weekly working hours on average, while the written work agreement must state the agreed work, the scope of working hours and the period for which the employment agreement is concluded.

The new way of sharing a job will allow two or more employees with the same type of work to schedule working hours according to their own needs and the employer's needs. At least one employee will always fill the position during working hours. In other words, the Labour Code will now allow the employer to create one job, which two or more employees will share within the scope of the employment contract. By mutual agreement, they schedule working hours in shifts so that each of them, based on a common schedule of working hours, fills the average weekly working hours, but no longer than in a four-week period.

Unemployment is one of the important economic factors affecting almost all entities operating in the market. As of 31 December 2020, the Labour Office of the Czech Republic registered 291,977 job applicants. That is 17,451 more than in November and 76,445 more than a year ago. Of the total number of unemployed, 273,758 applicants were available last month. The share of unemployed persons increased slightly to 4 % (November 2020 - 3.8%, December 2019 - 2.9%). The number of vacancies has also increased. In an international comparison, according to the latest available EUROSTAT data (for October 2020), the Czech Republic had the lowest unemployment rate in the entire EU. The results were published by the Labour Office of the Czech Republic. [26]

Rising unemployment impacts both consumers and businesses, especially those offering services. Due to unemployment, people try to reduce spending and often start reducing spending on services. This can also have an impact on language schools. If potential customers do not have the necessary capital to attend courses, the school will not prosper and will not be able to employ and pay for lecturers. A satisfactory factor may be that in some cases, it is an investment in a career (the need for active knowledge of English most often in almost every job). This will create an entirely new learning mode. These negative expectations may affect companies' investment in education.

On the other hand, unemployment is a cause for concern in society, and people are aware of the growing number of job seekers per job. If people are aware of this fact, it should be in their interest to increase their competitiveness in the labour market. For some jobs, this may mean knowledge of foreign languages. It could therefore be said that even unemployment can ultimately contribute to people's demand for educational services.

The consequences of the economic crisis are rather unfavourable, especially with regard to the reduction in the income of many people for language teaching. Many people will spend money on their basic needs or save them rather than invest them in their education. On the other hand, no doubt some will attend language courses precisely because of the expansion of their qualifications, which will increase their chances of getting a job, as mentioned above. Below is the first estimate of the impacts of the COVID-19 pandemic on the Czech economy. The pandemic's negative impact and the second lockdown (from 21 October) on the economy is still significantly lower than the first lockdown (March / April). In April, electricity consumption fell by 9.5 % year on year. The bottom was reached in mid-April when the decline was -13.7 % year on year. In November, electricity consumption was + 0.9 %, in December + 1.4 %, last week -0.4% - all year-on-year. Quarter-on-quarter, in Q4

[26] https://www.mpsv.cz/web/cz/-/nezamestnanost-v-prosinci-vzrostla-na-4- cited 20.1.2021

2020, electricity consumption increased by 2.4 %. What electricity consumption indicated in advance is also confirmed by the macro data published with a delay: industry and exports caught up with pre-covid levels year-on-year. If it persists, in the second quarter of 2021, probably the historically largest year-on-year GDP growth will come.[27]

Unfortunately, education is one of the areas that has been most affected by the necessary savings in corporate education. Companies have begun to save thanks to the covid pandemic and its impact on corporate profits and the uncertain future. The first cost-saving measures were company training. Which often include language courses. The companies either completely cancelled orders/cooperation with language schools or secured their own teaching. Or even anti-epidemiological measures (ban on entry of companies to the premises of foreign persons, i.e. also lecturers) forced companies to stop direct teaching of foreign languages and be replaced by online teaching. Or they hired their lecturer and thus reduced the lecturer's threat level, in the form of meeting strangers during other language courses in other companies.

5.1.3.3 Social factors

Social and demographic factors are very positive for language schools today. Knowledge of at least one world language is becoming a commonly required standard, and for many jobs, it is inconceivable that someone would do it without knowledge of foreign languages. Among the most used and most requested are English and German, which most language schools in the Czech Republic offer. Knowledge of these languages is also suitable for practical life and information retrieval (a large amount of material is in English only).

Secondary schools, grammar schools or universities that carry out their language teaching can be considered as language schools' competitors. Even students will undoubtedly appreciate another opportunity to improve their knowledge or prepare for exams to be awarded an international certificate. The opportunity to learn a language by studying

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[27] https://www.cnb.cz/cs/o_cnb/cnblog/Prvni-odhad-dopadu-pandemie-COVID-19-na-ekonomiku-CR/ cited 21.1.2020

abroad is also becoming increasingly popular. These courses are organized and mediated by many language schools in the Czech Republic

Although the Czech Republic ranks within the European Union among the countries with the lowest share of university graduates aged 30 to 34 (data for the 3rd quarter of 2013), the number of university students and the number of university graduates in the Czech Republic has been growing in recent years. In many cases, these people want to study as part of their university studies and supplement their education and knowledge in their spare time. Thus, the growing number of educated people can positively impact institutions offering educational services.

Almost 500,000 university-educated people increased in the Czech Republic between 2010 and 2018. The number of university-educated women increased faster. A growing trend was also recorded in the number of secondary school graduates. It should be added that the total population recorded an increase of 246 thousand people, of which 108 thousand were women, between 2010 and 2018.[28] Labour mobility is another factor that falls into social factors. Moving abroad to work is becoming popular in the Czech Republic, especially among young people. However, at least a basic knowledge of the language spoken in a given country is an important prerequisite for travelling abroad. This factor can also affect the demand for language school services in the Czech Republic. In 2020, there was a solid transition to communication, information retrieval, ordering on the internet. For language schools, this means that they have to respond, monitor and adapt their marketing plan to this current And whether on their social networks (mainly for the younger generation), but also, for example, in the form of cooperation with primary and secondary schools and help them in the field of support for teachers or providing foreign language tutoring, or supportive preparation for graduation and foreign language exams.

[28] https://www.statistikaamy.cz/2020/04/01/podil-vysokoskolaku-v-populaci-roste/ cited 21.1.2021

5.1.3.4 Technological factors

Technological factors also have a certain effect on the activities of language schools in the Czech Republic. The main turning point and the necessary rapid response occurred in March 2020 in connection with the occurrence of COVID-19 and the necessary epidemiological measures in the form of a ban on direct teaching. Language schools had to respond quickly and provide online education using learning platforms (Zoom, MS Teams, Skype). To some extent, some promotional tools used by the school are related to technological progress. These include mainly social networks (Facebook, Instagram, LinkedIn, or classic websites.

The development of science and technology also affects language schools, including the form of teaching itself. The most important in this respect are the inventions in audio-visual technology, especially the Internet's rapid development. The Internet has brought some new possibilities that can both benefit and harm language schools. On the other hand, new opportunities for contact with students and new forms of teaching have emerged. Of these, the online study of English is still gaining in popularity, which does not require the lecturer to meet the student, but at the same time provides the same expertise and personal approach of the lecturer as classical teaching. Therefore, it is suitable for students who would have difficulty commuting to a course or leading a course by a native speaker who, for example, lives in another state. Online teaching leads to flexibility and time savings and cost savings.

Language schools should also not forget the technological change in the form of massive expansion and the use of smartphones. Applicants for language education also require various applications, games or interactive dictionaries for their smartphones. This would not be possible without the development of technologies that have increased the speed and quality of the Internet and expanded coverage of mobile Internet use.

Today, people stay at the home office, allowing them to study foreign languages online. Barriers were also broken when a year ago, it was unthinkable for most language school customers to attend an online course and insisted on personal participation. This thinking has changed completely, and language schools fear that even after the Covid-19 influence has ended, a large proportion of customers will continue to require online courses.

5.2 Analysis of the language school market in Slovakia

In this part we will focus on the analysis of the market environment in Slovakia based on the methodical sheet, which was created for these purposes. The period of analysis was 10/2020–6/2021

Description

The methodical sheet aims to analyse the market environment in a selected country by collecting publicly available data, which will be processed by selected analytical tools. The result of this analysis will be a description of the primary market characteristics and their influence on the business models of language schools.

Type of research: qualitative research

Areas of analysis

The research aims to analyse the language schools' market in three areas:

1. *Competition analysis*
2. *Market environment analysis*
3. *PEST analysis*

5.2.1 Competition analysis

This analysis aims to determine the number of competitors and identify the strongest competitors in the market, analyse innovation opportunities and perform a value analysis.

5.2.1.1 Number of competitors

It is necessary to characterize the market environment (according to location) in terms of competitive rivalry. The goal is to determine how many competitors are in a given market. The analysis will be focused only on direct competitors, which can be described as follows:

• *Direct competitor = non-formal education institutions offering foreign language courses*

Selected results of the analysis will be presented in the following table:

Tab. 15 Results of the analysis

Subject of analysis	**Results of own research**
Number of direct competitors in the market (in the state)[29]	Approximately 360 organisations in the company register and other registers presenting this field of activity including all active organisations. We analysed only 102 organisations because of their relevance to the market. **We can mark 67 of them as stronger language schools with regular turnover above 30 000 EUR / year**
Number of direct competitors in the local market (city or agglomeration)	Bratislava – 39 language schools (out of those 102) Trnava – 6 language schools (out of those 102)
The three strongest companies (in the state): • *Selection criterion = turnover (2017-2019)*	1. IH Bratislava 2. EMPIRE 3. PLUS Academia These three schools represent the strongest private organisations on the market. All of them are from Bratislava. There is also the company "Skřivánek" among the top ones. We decided not to include them in this analysis as we assume they are mainly active in translation and interpreting services.

Source: own research (2021)

[29] There are about 500 language schools in Czechia.

5.2.1.2 Analysis of innovation opportunities[30]

In this part, the three strongest companies in the market will be analysed in the context of unexpected successes or failures and key competencies. The three strongest companies and one selected company in the market:

Competitor 1 - Name: IH Bratislava

Successes/Failures:

- Joined the international network of language schools – IHWO.
- Launched a product for teaching children courses at elementary schools – Start Right.
- Became an Examination centre Cambridge English Language Assessment for Cambridge Exams: YLE, KET, PET, FCE, CAE, CPE, ILEC a BEC.
- Joined the Ministry of Education network of schools employing the Start Right product for children under 15.
- We teach more than 3000 students, 700 children, 50 000 lessons each year and we provide comprehensive language services.
- Joined Erasmus+ projects 2019,2020.
- Launched the new product - English summer school (UK, Malta).
- Became a Cambridge CELTA teacher training centre – the first and only one in Slovakia.
- Live Online in virtual classes - public courses and company courses.

Key competencies (unfair advantages):

- Long term experience
- A member of an international IH network
- Well known via the market

[30] This part of the analysis is based on innovation theory and the concept of key competencies (see The Core competence by Prahalad and Hamel). Seven sources of innovation opportunities, the first one is the unexpected successes or failures of the competition. Analysis is based on qualitative data (observation, collection and analysis of key competitors documents, qualified estimates, historical milestones, etc.).

Competitor 2 - Name: EMPIRE THE KNOW-HOW INSTITUTE

Successes/Failures:

- Dynamic and innovative educational company with more than 16 years of experience on the Slovak and Czech market.
- 3 own branches: Prague, Bratislava and Košice.
- More than 160 teachers.
- More than 10 000 students annually.
- Unique EDUTAINMENT concept of education, which people enjoy and is highly effective, focused on:
- Language courses for adults, children, F2F, ONLINE (corporate clients, public courses)
- Translation and interpreting
- Corporate soft skills training and team buildings
- Tutoring for children (Math, Slovak, English)
- EMPIRE Licensing (Direct Method, Brick by Brick, Wattsenglish).
- A founding member of the Association of language schools in Slovakia.

Key competencies (unfair advantages):

- **Focus on result-oriented education:**
  - Our methodologists propose an optimal education plan.
  - We regularly monitor the progress of our students.
  - We proactively suggest alternatives in education in case we detect any problems.
  - Each of our clients has its own account manager, who is their contact person from the very beginning.

- **EMPIRE lessons:**
  Dynamic, practical, and interactive, we communicate exclusively in the target language, we eliminate stress from the communication.
- **EMPIRE teacher** not only pedagogically skilled but they are also nice, motivated personalities; they undergo a difficult selection process, trained internally, the career system.

Competitor 3 - Name: PLUS Academia

Successes/Failures:

6 DEPARTMENTS:

- Language school
- Language courses abroad (Great Britain, Ireland, Cyprus, Malta, Germany, Austria, Russia, Latvia)
- Translation and Interpretation
- Business School (soft skills, leadership academy, managerial skills)
- Language testing (ETS GLOBAL)
- Online education (DynEd, Neo professional)

Teaching and learning throughout all Slovakia:

- **150+** teachers
- **3500+** students per year
- **80 000+** lessons per year

CREDENTIALS:

- A foundation member of **the Association of language schools** in Slovakia
- **ISO 9001:2015 holder**
- **ETS GLOBAL EPA** (TOEIC, TOEFL, WIDAF, TFI) since 2017
- **Oxford Quality School** since 2011
- **PLUS Academia Education Certificates** recognised throughout the EU

CONFERENCE ORGANISER:

PLUS Academia small scale conferences

- 1.year: Nooleadership (June 2015)
- 2.year: Leadership Development (June 2016)
- 3.year: Managing Change Focusing Innovation (June 2017)
- 4.year: Festival of Resilience (November 2019)

Co-organiser of ELT Forum conference in Bratislava – the biggest event for English language teachers in the Central Europe.

Key competencies (unfair advantages):

- Only qualified teachers
- Providing services all around Slovakia
- Teaching different languages
- 24 years of experience
- Large company clients (approx. 100 per year)
- Continuously participating in Erasmus+ projects
- International partnerships and co-operations
- Life-long learning of its employees (carrier path)

Competitor 4 - Name: Harmony Academy

Successes/Failures:

- **Rich and successful** Erasmus+ **project history** focused on people and business development (2010+). The Learn & Lead EU projects have earned their reputation:
- Awarded the prize by the National Agency for **the most active and most successful organisation in adult training from 1997 – 2017 in Slovakia**.
- Awarded **3 good practice labels**.
- Awarded **1 best practice label**.
- Established **Learn & Lead Centre of Innovation** for teachers, trainers, and managers in education (2012)
- **Accredited** by the **Ministry of Education** for **teacher-training** courses (2012+)
- **Member of the LAMSIG** (Leadership & Management Special Interest Group) at IATEFL (International Association of Teachers as Foreign Language) (2012+)
- **Original and innovative practices** within the Learn & Lead pathway to greatness (2010)
- Implementing **the EFQM Model of Excellence** (2018+)
- Coordinator of the **Learn & Lead Section** within **the Slovak Association** of Language Schools (2020+)
- Launched **a new company** focused on school and people development - **Learn & Lead Innovation s.r.o.** (2020)

- Organised **three Central European Workshops** for Learning Teachers (2009,2010,2012)
- Organised **two Learn & Lead Conferences** (2015 in France, 2019 in Slovakia)
- **Ongoing Learn & Lead development** via the EU projects with the Slovak **Catholic University, Faculty of Education** and the Czech **Tomas Bata University, Faculty of Management and Economy**

Key competencies (unfair advantages):

- Strong focus on **competence-based people development**.
- Applied principles of **new leadership.**
- **Original school management** with the engagement of teachers and trainers.
- **Emotionally intelligent** organisation.
- EU **project management and implementation**.
- **Communicative** approach based on **the individual needs of an individual** (the learner-centred approach).
- **Clarity of vision** – the Learn & Lead vision and development, the **synergy between people and business development.**
- Continuous development and innovation, **the EFQM Model of Excellence**

Innovative system of funding the further training of our employees.

5.2.1.3 Value analysis of competitors

Value analysis focuses on the four strongest companies on the market:

1) Key competitor 1 – IH Bratislava

2) Key competitor 2 - EMPIRE THE KNOW-HOW INSTITUTE

3) Key competitor 3 - PLUS Academia

4) Key competitor 4 – Harmony Academy

1) Key competitor 1 – IH Bratislava

Company characteristics

Name of the competitor: **IH Bratislava**

Characteristics: language school

Tab. 16 Company characteristics – IH Bratislava

<table>
<tr><th>Offer C1</th><th>Type of offer</th><th>Yes/No</th></tr>
<tr><td rowspan="7">Courses</td><td>Foreign language</td><td>Yes</td></tr>
<tr><td>Personal development + foreign language</td><td>Yes</td></tr>
<tr><td>Management/leadership + foreign language</td><td>Yes</td></tr>
<tr><td>Art + foreign language</td><td>No</td></tr>
<tr><td>Mobility + foreign language</td><td>Yes</td></tr>
<tr><td>Foreign language + online courses of own choice</td><td>Yes</td></tr>
<tr><td>Other:</td><td>Yes</td></tr>
<tr><td rowspan="5">Other services</td><td>Translations</td><td>No</td></tr>
<tr><td>Proofreading</td><td>No</td></tr>
<tr><td>Interpretation</td><td>No</td></tr>
<tr><td>Guiding</td><td>No</td></tr>
<tr><td colspan="2">Other:
• CELTA Certificate in Teaching English to Speakers of Other Languages
• IHCYLT (International House Certificate in Teaching Young Learners and Teenagers)
• Teaching Exam Preparation Classes (TEPC) Course
• IH LAC (IH Language Awareness Course)
• IH BET (International House Business English Teaching)
• IH CAM (International House Certificate in Advanced Methodology)
Online learning
• IH Certificate in Teaching Very Young Learners
• IH Certificate Advanced Methodology (Online) for teachers of Modern Languages
• IH Certificate in Online Tutoring
• IH Certificate Advanced Methodology (Online)
• IH Director of Studies Course
• IH Certificate in Teaching Business English (Online)
• IH DELTA 1 Exam Technique Preparation (Online)
• IH Certificate in Teaching 1-2-1 (Online)</td></tr>
</table>

	• IH Teacher Training Certificate **Blended learning** • Taming the Wolf - A Blended Online Course on BESD • IH Certificate in Teaching English (Online) • IH Certificate in Teaching Young Learners & Teenagers (Online) **IH Conference for teachers**

Source: own research (2021)

Tab. 17 Analysis of selected factors

Factor	**0 - 10** (0 = lowest value; 10 = highest value)
Quality of services	10
Range of services	10
Price of services	9
Background (classroom equipment, etc.)	9
Promotions	8
Customisation	10
Web infrastructure (e.g. intranet)	8
Certification (including international exams, etc.)	10
Foreign lectures	10
Innovative teaching (direct method; unschooling;)	10
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	10

Source: own research (2021)

2) Key competitor 2 – EMPIRE THE KNOW-HOW INSTITUTE

Company characteristics

Name of the competitor: **EMPIRE THE KNOW-HOW INSTITUTE**

Description:

“We believe that only education which is entertaining is really effective and brings desired results. We have based the entire concept of education of Empire THE KNOW/HOW INSTITUTE on this belief.”

A dynamic and innovative educational company with over 16 years of experience on the Slovak and Czech market:

- 3 own branches: Praha, Bratislava a Košice
- More than 10 000 students annually, more than 160 teachers

- We teach over 65 000 lessons per year, and supervise more than 220 corporate clients
- Unique EDUTAINMENT concept of education, which people enjoy and is highly effective, focused on public language courses for adult learners on the premises of EMPIRE, corporate language courses, corporate soft skills training on specific subjects, team buildings, translations and interpreting, tutoring for kids (tutoring for the entrance exams to 8-year high schools, bilingual high schools and testing 9).
- Exclusive license for Direct Method for English (since 2009, on the basis of an international tender) – we distribute it into 12 European countries to date.

Languages: English, German, French, Italian, Spanish, Russian, Slovak

Tab. 18 Company characteristics – EMPIRE

OfferC2	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other:	Tutoring for kids (Math, Slovak, English) Soft skills courses
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other:	Team buildings

Source: own research (2021)

Tab. 19 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	10
Range of services	10
Price of services	9
Background (classroom equipment, etc.)	10
Promotions	10

Customisation	10
Web infrastructure (e.g. intranet)	10
Certification (including international exams, etc.)	8
Foreign lectures	10
Innovative teaching (direct method; unschooling;)	10
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	10

Source: own research (2021)

3) *Key competitor 3 – PLUS Academia*

Company characteristics

Name of the competitor: **PLUS Academia spol. s r.o.**

Characteristics: PLUS Academia was established in 1997 as a response to the growing interest in foreign languages on the part of the public in Bratislava. Originally as a university project of its founders, the company gradually developed from a local language school to one of the largest educational institutions in Slovakia focusing primarily on corporate education. PLUS Academia currently provides high-quality and comprehensive services within six separate departments - Language School, Business School, Testing and Certification, Online Education, Translation and Interpretation and Language Studies Abroad. In addition to separate teams for the management of individual departments, our company currently consists of more than 150 active lecturers and trainers, who pass on their knowledge and experience to approximately 3,500 students in a corporate environment each year.

They are a co-founding member of the Association of Language Schools of the Slovak Republic and holders of the status of Oxford Quality School, which means that we place special emphasis on the quality of services provided. As a certified partner of Oxford University Press, we always have access to state-of-the-art study materials. We have an established ISO 9001: 2015 quality management system and since 2017 we have been the exclusive partner of ETS Global on the Slovak market, which issues globally recognized language certificates (TOEFL®, TOEIC®, TFI ™ and others).

Languages: English, German, French, Russian, Italian, Czech, Slovak, Spanish, Chinese, Vietnamese, Ukrainian, Norwegian, etc. (upon the need)

Tab. 20 Company characteristics – PLUS Academia spol. s r.o.

Offer C3	Type of offer	Yes/No
Courses	Foreign language	yes
	Personal development + foreign language	yes
	Management/leadership + foreign language	yes
	Art + foreign language	yes
	Mobility + foreign language	yes
	Foreign language + online courses of own choice	yes
	Other: ETS Global EPA centre Specified courses – prolantcap.eu DynEd, Neo professional – online tool Concept of Resilience – special trainings and Academy Teddy Eddie - courses for children (unique method)	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other: Language courses abroad – several partners in different regions (f.e. Malta, UK, France, Austria, Russia, etc.)	

Source: own research (2021)

Tab. 21 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value; 10 = highest value)**
Quality of services	10
Range of services	10
Price of services	9
Background (classroom equipment, etc.)	10
Promotions	10
Customisation	10
Web infrastructure (e.g. intranet)	10
Certification (including international exams, etc.)	10
Foreign lectures	10
Innovative teaching (direct method; unschooling;)	9
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	10

Source: own research (2021)

4) *Key competitor 4 – Harmony Academy*

Company characteristics

Name of the competitor: **Harmony Academy**

Characteristics: HARMONY Academy (HA) is an innovative language school with its own Centre of Innovation Learn & Lead. It operates in the whole Slovakia and has got learning partnerships formed both within Slovakia and the European Union. The company was set up back in 2000 and the founder of the school is its current Principal Manager and trainer Jana Chynoradska. The basic underlying pedagogical philosophy of the company is the STUDENT-CENTRED APPROACH. Over the years HARMONY has developed its own course management system in the developmental strategy of Learn & Lead.

They provide innovative language training programs to individuals and companies throughout Slovakia. We are also accredited by the Ministry of Education for innovative teacher-training courses and by the Slovak Association of Language Schools for the Learn &Lead certification of language teachers and trainers.

They work internationally thanks to our project initiatives. HARMONY has got a rich EU project history. Thanks to our in-depth and ongoing development we are known as:

- Introducing a revolutionary approach in the way we perceive the importance and level of language learning, and the status of the teacher, trainer and manager in modern schools and training institutions.
- Developing and implement innovation in language training in partnership with the Slovak Association of Language Schools and other expert partners from abroad.
- Looking for talent in the ranks of teachers, trainers, managers, and other members of public and develop their potential for improving education in Slovakia and abroad.
- Changing the traditional structure of the modern education system in the belief that healthy dynamic growth and development of any organization can be achieved only by constant and mutual learning.
- Bringing the latest information on developments and emerging trends, found not only in language learning to find the most effective opportunities for their personal and professional growth.

- Carrying out projects for personal and professional development of teachers, trainers, and modern managers.
- Offering workshops, conferences and open forums, individual and group coaching, accredited programs of continuing education, consultation and specialized, project related, financial and business consulting.
- Sharing our passion, the acquired knowledge, practical experience, and results of creative work with partners and with professionals and the public.

As the result of our hard-work, persistence focuses and achieved results, HARMONY was recognized for its outstanding activity and results in the "Implementation of European educational programs" from 1998 -2017. It achieved an Erasmus + award from the Slovak Academic Association for international cooperation and the Erasmus + National agency for education and training

Tab. 22 Company characteristics – Harmony Academy

<table>
<tr><th>Offer C4</th><th>Type of offer</th><th>Yes/No</th></tr>
<tr><td rowspan="7">Courses</td><td>Foreign language</td><td>ENG, GER, FRN, SVK, RUS, POL</td></tr>
<tr><td>Personal development + foreign language</td><td>Yes</td></tr>
<tr><td>Management/leadership + foreign language</td><td>Yes</td></tr>
<tr><td>Art + foreign language</td><td>No</td></tr>
<tr><td>Mobility + foreign language</td><td>Yes</td></tr>
<tr><td>Foreign language + online courses of own choice</td><td>Yes</td></tr>
<tr><td colspan="2">Other:
Teacher training
Train the trainer</td></tr>
<tr><td rowspan="5">Other services</td><td>Translations</td><td>Yes</td></tr>
<tr><td>Proofreading</td><td>Yes</td></tr>
<tr><td>Interpretation</td><td>Yes</td></tr>
<tr><td>Guiding</td><td>Yes</td></tr>
<tr><td colspan="2">Other:
Learn & Lead Centre of Innovation.
Accredited by the Ministry of Education for teacher-training courses.
Rich and successful Erasmus+ project history.
Original and innovative practices within the Learn & Lead pathway to greatness.
Implementing the EFQM Model of Excellence.
Coordinator of the Learn & Lead Section within the Slovak Association of Language Schools.</td></tr>
</table>

Source: own research (2021)

Tab. 23 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value;** **10 = highest value)**
Quality of services	10
Range of services	10
Price of services	9
Background (classroom equipment, etc.)	9
Promotions	8
Customisation	10
Web infrastructure (e.g. intranet)	9
Certification (including international exams, etc.)	9
Foreign lectures	10
Innovative teaching (direct method; unschooling;)	10
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	10

Source: own research (2021)

5.2.2 Market charakteristics

This part aims to characterise the non-formal market. It is necessary to use data from publicly available databases (local and European Statistical Office).

- https://slovak.statistics.sk/
- https://ec.europa.eu/eurostat

5.2.2.1 Market size

Based on data obtained from the statistical office, the total population is presented from the following target groups:

- Residents aged 18-69
- High school and university education

According to the number of target groups, the market size is calculated based on the following assumptions (derived from Adult Education Survey [31](AES)):

- According to a qualified estimate, approximately 32 % of the population aged 18-69 participate in non-formal education;
- According to a qualified estimate, foreign language teaching accounts for approximately 17 % of the total volume of non-formal education
- Non-formal education affects approximately 50 % of people with secondary and tertiary education.

Two possible views on the size of the market will be provided based on data in the following table (aspects of age + aspects of education).

Tab. 24 Two possible views on the market's size

Characteristics	**Total amount**	**Market size**
By age (14-64) – year 2019	*3 743 397*	5,4 % of the total: 202 143
By education: High school with graduation + University	*Population with high school and university education:* *male = 1.937.279* *female = 1.953.851* ***total = 3.891.130***	8,5 % of the total: 330 746

Source: own research (2021)

Furthermore, we find out the number of companies can be a target group in relation to non-formal education (paid by the employer). In this survey, the following assumptions will be used derived from Eurostat data[32]:

- *50 % of employees participate in non-formal education (Slovakia)*

[31] https://www.czso.cz/documents/10180/20561193/331313a02.pdf/4094ba1b-0f68-4d0c-922c-c87926f4e965?version=1.0

[32] https://stats.oecd.org/Index.aspx?DataSetCode=EAG_AL# cited 15.3.2021

Tab. 25 Employees participate in non-formal education

Characteristics	Total amount	Market size
Companies (no restrictions)	*Year 2019* *596.042 companies* *2.573.000 employees* *(but not only in companies, all employees)*	8,5 % of total: [33] 50.663 companies 218.705 employees

Source: own research (2021)

5.2.2.2 *Market attractiveness*[34]

The size of the market with selected outputs of the industry will be estimated in this section. The market is defined as a sector of non-formal education/language schools.

The following data will be collected:

- *Number of teaching hours per year*
- *Average price of course*
- *Average costs per a lecturer*
- *Total sales per industry*
- *Profit margin per industry in %*
- *Total profits per industry*
- *Sales per company*

Tab. 26 Market attractiveness

Market attractiveness	Results
Number of teaching hours per year[35]	890.000
Average price of course per hour[36]	According to the survey of Association of the language schools of SR

[33] We will determine the percentage of the total number as 17 % of the total percentage of employee participation in non-formal education. In the case of Slovakia this means: 50*0,17 = 8,5 %

[34] Selected indicators can be derived from the data of association, wage comparators or according to qualified estimate.

[35] In Czechia, the number of teaching hours per year is estimated at about 2 million.

[36] In the case of Czechia, the average price is 18 euros per hour (see Association of Language Schools).

	Price per 60-minute lesson 18 EUR – 26 EUR
Average variable costs per hour[37]	According to the survey of Association of the language schools of SR per 60-minute lesson 13 EUR – 20 EUR
Profit margin per industry[38]	20% - 30%
Total sales per industry	Based on data from 102 analysed companies. Turnover in 2019 = ***15.885.739 EUR***
Total profits per industry	Based on data from 102 analysed companies. Profit in 2019 = ***643.759 EUR***
Sales per company	IH – turnovers 2017 = 1.626.946 EUR 2018 = 2.082.327 EUR 2019 = 2.312.141 EUR Empire – turnovers 2017 = 1.640.886 EUR 2018 = 1.684.054 EUR 2019 = 1.859.962 EUR PLUS Academia – turnovers 2017 = 988.777 EUR 2018 = 833.474 EUR 2019 = 889.942 EUR Harmony Academy – turnovers 2017 = 247.137 EUR 2018 = 374.733 EUR 2019 = 339.092 EUR

Source: own research (2021)

[37] We will find them out as the average salary of lecturer per hour. In Czechia, the average hourly rate of lecturer is 9 euros.

[38] It will be expressed as a percentage (either according to relevant association or a qualified estimate).

5.2.3 External factors

PEST analysis[39]is used in this part of the chapter. Individual factors should be described briefly, and we will try to identify trends and significant changes concerning the future of the language school market.

5.2.3.1 Political factors

Political crisis and instability of the political situation (possibility of new elections in 2021) is the main factor that will influence everything in Slovakia. 4 main documents that politically influence the educational sector:

1) A new National Programme for Development of Education and Training for 2018-2027 (SK) in June 2018
2) National Reform Programme of the Slovak Republic 2018 (SK)
3) An Action plan for the National programme of education development for 2017 (SK)
4) The Updated Action Plans for the Strategy of the Slovak Republic for Roma Integration up to 2020 for years 2019 – 2020 (SK)

The current situation with language schools.

There are two types of language schools on the market:

A) language schools in the state system – "in the network" – around 25 LSs that are recognized in the Law as language schools and follow the School law
B) language schools out of the state system – private companies providing its services under the Business law as services. They are not recognized in the School law.

The goal is to reorganize the network of the state language schools and allow "out of the system" schools to enter the network. In this case, an expert group was established via the

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[39] PEST Analysis (political, economic, social and technological) is a method whereby an organization can assess major external factors that influence its operation in order to become more competitive in the market. As described by the acronym, those four areas are central to this model.

Ministry of Education and a representative of the Association of the language schools of SR became a member of the group.

5.2.3.2 Economic factors

The latest estimate assumes a lower decline in the performance of the Slovak economy than three months ago, when Infostat estimated a decline in real GDP of 7.0%.

The political crisis and instability of the political situation (possibility of new elections in 2021) is the main factor that will influence everything in Slovakia.

5.2.3.3 Social factors

The number of unemployed persons should increase by approximately 26,000 year-on-year. persons and reach approximately 184 thousand persons, while the unemployment rate should increase by 1 p. b. and reach 6.8%.

The average monthly nominal wage in the economy in the first quarter of 2021 is estimated to increase by 2.6% to reach EUR 1,114.

The political crisis and instability of the political situation (possibility of new elections in 2021) is the main factor that will influence everything in Slovakia.

5.2.3.4 Technological factors

The Ministry of Investment, Regional Development and Informatization presented a reform plan for digital Slovakia within the framework of the EU Recovery Plan.

Slovakia is to submit a complete National Recovery Plan to the European Commission by April 2021, and its approval is expected at the end of the second quarter of next year.

The political crisis and instability of the political situation (possibility of new elections in 2021) is the main factor that will influence everything in Slovakia.

5.3 Analysis of the language school market in Latvia

In this part we will focus on the analysis of the market environment in Latvia based on the methodical sheet, which was created for these purposes. The period of analysis was 10/2020–6/2021

Description

The methodical sheet aims to analyse the market environment in a selected country by collecting publicly available data, which selected analytical tools will process. The result of this analysis will be a description of the primary market characteristics and their influence on the business models of language schools.

Type of research: qualitative research

Areas of analysis

The research aims to analyse the language schools' market in three areas:

1. *Competition analysis*
2. *Market environment analysis*
3. *PEST analysis*

5.3.1 Competition analysis

This analysis aims to determine the number of competitors, identify the strongest competitors in the market, analyse innovation opportunities and perform a value analysis.

Number of competitors:

It is necessary to characterize the market environment (according to location) in terms of competitive rivalry. The goal is to determine how many competitors are in a given market. The analysis will be focused only on direct competitors, which can be described as follows:

Tab. 27 Results of the analysis

Subject of analysis	Results of own research
Number of direct competitors in the market (in the state)[40]	**Above 300** (organisations in the company register presenting this field of activity including all organisations - existing but also not active organisations).

[40] There are about 500 language schools in Czechia.

	From the previously mentioned 300 registered organisations, just **around 120 organizations are economically active.** But we must see that in between those organisations will also be language schools registered abroad (as British Council etc.), language schools organised by one private teacher but registered as limited liability company or the local schools owned by regional authorities / state. From the perspective of language school as the private organisation, hosting various amount of language courses in the classes, we can expect just around **60 of them are recognisable as the language schools.** **Around 30 organisations we can mark as stronger language schools with regular turnover above 30 000 EUR / year.**
Number of direct competitors in the local market (city or agglomeration)	30 of active stronger language schools in Riga
The three strongest companies (in the state)	International House Riga-Satva Baltic Media SIA Skrivanek Baltic SIA SIA egoPERFECTUS SIA 001A Baltic Council for International Education SIA POLYGLOT LINGUA FRANCA SIA PYGMALION SIA These ten schools represent the strongest private organisations on the market, those are the schools with the turnover around/above 100 000 EUR/year. All of them are from Riga. Foreign organisations as British Council or Goethe Insititut are not taxpayers in Latvia so we count them as the market

	participants but we didn't select them for analysis based on the organisational financial status.

Source: own research (2021)

5.3.1.1 Market share

The market share was determined based on an estimate of the total sales of the language school market and the partial sales of the strongest companies on the market to the total sales in the given sector. The following analysis shows the structure of the market and its distribution among the dominant market players.

5.3.1.2 Analysis of innovation opportunities[41]

In this part, the nine strongest companies in the market are analysed in the context of unexpected successes or failures and key competencies.

Tab. 28 The dominant market players

Organisation	Website	Turnover	Employees
International House Riga-Satva (SATVA, Sabiedrība ar ierobežotu atbildību)	https://ihriga.lv/	623,490.00 €	44
Baltic Media SIA	www.valodukursi.lv/eng/homepage	281,342.00 €	10
Skrivanek Baltic, Sabiedrība ar ierobežotu atbildību	https://valodumacibas.lv/	266,399.00 €	29

Source: own research (2021)

The nine strongest companies in the market:

[41] This part of the analysis is based on innovation theory and the concept of key competencies (see The Core competence by Prahalad and Hamel). Seven sources of innovation opportunities, the first one is the unexpected successes or failures of the competition. Analysis is based on qualitative data (observation, collection and analysis of key competitors documents, qualified estimates, historical milestones, etc.).dat

Competitor 1 - Name: International House Rīga-Satva

Successes/Failures:

- Specialists have obtained an international certificate in teaching English (as a foreign language).
- Teaching quality guarantee and control, continuous professional development of teachers.
- Control of students' achievements through regular testing.
- Wide selection of curricula for children and adults.
- Preparation for international and school exams.
- Acquisition of foreign languages outside Latvia in the most prestigious schools of IH partner countries - group trips.

.

Key competencies (unfair advantages):

- Extensive work experience and belonging to the international school network provide us with several advantages in the Latvian education market.
- Application of the latest technologies and IH exclusive products.
- They have at their disposal not only the best teaching materials but also special sets of IHWO methods.

Competitor 2 – Name: Baltic Media

Successes/Failures:

- 25 Years of Experience in Providing Language Services
- They have qualified teachers and office employees: most in-house and freelance employees have a scientific degree in linguistics or translation.
- Experience in High-Volume Translation Projects into Multiple Languages.

Key competencies (unfair advantages):

- Courses are certified by the Republic of Latvia State Education Quality Service.
- Has been certified according to the requirements of Quality Management System ISO 9001:2015.
- Company is a corporate member of the European Language Industry Association (ELIA).

Competitor 3 - Name: Skrivanek Baltic

Successes/Failures:

- Skrivanek Training Center offers language training for children and adults, as well as specialized programs for companies in various industries.
- Have been providing language training for Latvian companies, international corporations, as well as state and municipal institutions for more than 25 years.

.

Key competencies (unfair advantages):

- Skrivanek Baltic has implemented several management systems. (EN ISO 9001, EN ISO 14001, EN 17100, ISO/IEC 27001).
- Company is a corporate member of the European Language Industry Association (ELIA).

Competitor 4 - Name: PURE Academy

Successes/Failures:

- Opportunity to learn both in groups and individually.

Key competencies (unfair advantages):

- Professional lecturers - with appropriate education and work experience both in Latvia and abroad.
- In the end, they issue a CERTIFICATE confirming the level of knowledge.

Competitor 5 - Name: R&V Izglītības centrs

Successes/Failures:

- Language school for adults (16+), one of the first and most famous in Latvia, 20 years' experience in Riga.
- Specialized language courses for company management and employees, which may be adapted to the specific industry in which the company operates.
- Private lessons and small group lessons.

Key competencies (unfair advantages):

- English teachers are qualified professionals (from the UK, Latvia and Germany).

Competitor 6 - Name: BaltImage

Successes/Failures:

- Language training center BaltImage provides language training for private and corporate clients both at our training center or in your company premises.
- Teaching materials include variety of sources as well as their teacher self-made materials.

Key competencies (unfair advantages):

- Training center employs professional, experienced, welcoming, and enthusiastic teachers. All teachers are qualified, and they have a university bachelor's, master's, or doctoral degree.

Competitor 7 - Name: Alius Lingua

Successes/Failures:

- Offer individual classes and group courses, as well as courses to corporate clients.
- During the classes all four language skills are being developed, paying particular attention to improving communication skills.

Key competencies (unfair advantages):

- Teachers have long-standing experience in language teaching, language testing, including participation in various international projects, and in designing several "European Language Portfolios".

Competitor 8 - Name: Valodu centrs Intelligence

Successes/Failures:

- Quality language training using up-to-date methods as well as individual approach to each client.
- ESP (English for specific purposes).
- Fundamental and long-term co-operation with our client-companies.

Key competencies (unfair advantages):

- One course – two tutors.

<u>Competitor 9 - Name: Valodu Centrs Leonardo</u>

<u>Successes/Failures:</u>

- High quality, modern, results oriented Italian language courses for all ages!
- School also offers studies in Florence, to give our students the opportunity to get an incredible experience and enjoy the real Italian environment.
- Individual approach to each client and comfortable atmosphere for successful learning.

<u>Key competencies (unfair advantages):</u>

- Team consists of certified and experienced local and foreign teachers who constantly improve their skills by attending courses and seminars both in Latvia and abroad.

5.3.1.3 Value analysis of competitors

Value analysis focuses on the nine strongest companies on the market:

1) Key competitor 1 - International House Rīga-Satva
2) Key competitor 2 - Baltic Media
3) Key competitor 3 - Skrivanek Baltic
4) Key competitor 4 - PURE Academy
5) Key competitor 5 - R&V Izglītības centrs
6) Key competitor 6 - BaltImage
7) Key competitor 7 - Alius Lingua
8) Key competitor 8 - Valodu centrs Intelligence
9) Key competitor 9 - Valodu Centrs Leonardo

1) Key competitor 1 - International House Rīga-Satva

Company characteristics

International House Riga-Satva is one of the oldest language schools in Latvia and has been affiliated with International House since 2003. We have been training teachers for over ten years now, running annual CELTA courses in the summer and offering in-service and local teacher training courses throughout the academic year. They teach not only English from ages 3 to 99, but also German, Spanish, Latvian, Russian, Italian and French.

International House Riga-Satva is the strongest language training organisation on the with average sales above 600 000 EUR, in the strongest category of language schools, every school has sales about 100 000 EUR and more.

Languages: English, Latvian, German, Italian, Spanish, French

Tab. 29 Company characteristics International House Riga-Satva

Offer C1	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	No
	Other: - English exam preparation courses - at the end of school and for international certification. - English Discussion Club. - IELTS test exam and preparation courses. - LanguageCert ESOL Exam.	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 30 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value; 10 = highest value)**
Quality of services	7
Range of services	6
Price of services	8
Background (classroom equipment, etc.)	7
Promotions	7
Customisation	7
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	8
Foreign lectures	8
Innovative teaching (direct method; unschooling;)	7
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	7

Source: own research (2021)

2) Key competitor 2 - Baltic Media

Company characteristics

Name of the competitor: **Baltic Media**

Characteristics: Baltic Media is a leading digital translation and localization agency in Northern Europe, specialising in all Nordic and Baltic languages.

Baltic Media is the 2nd strongest language training organisation with average sales above 200 000 EUR, in the strongest category of language schools, every school has sales about 100 000 EUR and more.

Languages: English, Danish, French, Estonian, Italian, Japanese, Chinese, Russian, Latvian, Lithuanian, Dutch, Norwegian, Polish, Finnish, Spanish, German, Swedish

Tab. 31 Company characteristics Baltic Media

Offer C2	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other: Courses in communication and public/public relations, media literacy	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other: Documentation Services; Desktop Publishing (DTP) Layout and Design | Post–DTP Quality Checks - Content Check; etc.	

Source: own research (2021)

Tab. 32 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value; 10 = highest value)**
Quality of services	6
Range of services	6
Price of services	6
Background (classroom equipment, etc.)	6

Promotions	6
Customisation	6
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	7
Foreign lectures	7
Innovative teaching (direct method; unschooling;)	7
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	7

Source: own research (2021)

3) Key competitor 3 - Skrivanek Baltic SIA

Company characteristics

Name of the competitor: **Skrivanek Baltic SIA**

Characteristics: Skrivanek Baltic SIA is a language service provider which has been operating and offering language services of the highest quality in Latvia since 2003. Skrivanek Baltic is part of Skrivanek Holding SE and is one of the major language services providers in the world, with more than 25 years of experience. Skrivanek Baltics is the 3rd strongest language training organisation on the with average sales above 200 000 EUR, in the strongest category of the language schools, every school has sales about 100 000 EUR and more.

Languages: English, Danish, French, Italian, Russian, Latvian, Norwegian, Spanish, German, Swedish

Tab. 33 Company characteristics Skrivanek Baltic SIA

Offer C3	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other: IELTS intensive English language preparation courses for work and study abroad.	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes

	Guiding	No
	Other: - Discussion clubs - Language camps - Workshops - Seminars	

Source: own research (2021)

Tab. 34 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	8
Range of services	6
Price of services	8
Background (classroom equipment, etc.)	7
Promotions	7
Customisation	7
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	6
Foreign lectures	8
Innovative teaching (direct method; unschooling;)	7
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	7

Source: own research (2021)

4) Key competitor 4 – SIA PURE Academy

Company characteristics

Name of the competitor: **SIA PURE Academy**

Characteristics: SIA "PURE Academy" was founded in September 2012, having been successfully operating for eight full years not only in Liepaja, where its home is, but also in other Latvian cities - offering various seminars, courses and camps.

PURE Academy is the representative of language schools with average sales between 40 – 90 000 EUR/year.

Languages: English, French, Spanish, Italian, Russian, German, Latvian, Norwegian, Polish, Swedish

Tab. 35 Company characteristics SIA PURE Academy

Offer C4	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other: - Professional training courses. - English exam preparation courses - at the end of school and for international certification.	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	No
	Guiding	No
	Other: - Seminars - Summer schools/camps for kids and adults.	

Source: own research (2021)

Tab. 36 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value; 10 = highest value)**
Quality of services	8
Range of services	6
Price of services	8
Background (classroom equipment, etc.)	7
Promotions	7
Customisation	7
Web infrastructure (e.g. intranet)	7

Certification (including international exams, etc.)	6
Foreign lectures	8
Innovative teaching (direct method; unschooling;)	7
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	7

Source: own research (2021)

5) Key competitor 5 - R&V IZGLITIBAS CENTRS

Company characteristics

Name of the competitor: **R&V Izglītības centrs**

Characteristics: Center has been offering English language courses, professional training courses and translation services since 1994, and is currently one of the largest business training schools and translation agencies in Latvia and the Baltics.

R&V Izglītības centrs is the representative of language schools with average sales between 15 – 40 000 EUR/year.

Languages: English, German, Latvian, Russian, Swedish, Norwegian, Danish

Tab. 37 Company characteristics R&V Izglītības centrs

Offer C5	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other: - Preparation for various international examinations, IELTS, TOEFL, GMAT, BEC; - Professional training courses.	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 38 Analysis of selected factors

Factor	**0 - 10** (0 = lowest value; 10 = highest value)
Quality of services	5
Range of services	6
Price of services	5
Background (classroom equipment, etc.)	6
Promotions	5
Customisation	6
Web infrastructure (e.g. intranet)	6
Certification (including international exams, etc.)	7
Foreign lectures	7
Innovative teaching (direct method; unschooling;)	6
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	6

Source: own research (2021)

6) Key competitor 6 – BaltImage

Company characteristics

Name of the competitor: **BalltImage**

Characteristics: Language training center BaltImage provides language training for private and corporate clients both at our training center or in your company premises. Small but strong, growing and development-oriented company that helps individuals and businesses to take care of their competitiveness in the broad labour market by improving their language skills and abilities. BalltImage is the representative of language schools with average sales between 15 – 40 000 EUR/year.

Languages: English, Russian, Latvian, German, French, Spanish

Tab. 39 Company characteristics BalltImage

Offer C6	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	Yes
	Other: - Different traditional & non-traditional language learning options.	
Other services	Translations: - No, but they connect their clients with their partner organizations to provide them with the best possible translation services.	
	Proofreading: - No, but they connect their clients with their partner organizations to provide them with the best possible translation services.	
	Interpretation: - No, but they connect their clients with their partner organizations to provide them with the best possible translation services.	
	Guiding: - Partly, as part of their non-traditional language learning activities	
	Other: - Different traditional & non-traditional language learning options	

Source: own research (2021)

Tab. 40 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	9
Range of services	9
Price of services	7
Background (classroom equipment, etc.)	7
Promotions	7
Customisation	9
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	6
Foreign lectures	8
Innovative teaching (direct method; unschooling;)	8
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	9

Source: own research (2021)

7) Key competitor 7 - Alius Lingua

Company characteristics

Name of the competitor: **Alius Lingua**

Characteristics: Language school Alius Lingua is a registered educational institution that offers licensed teaching programmes.

Alius Lingua is the representative of language schools with average sales between 15 – 40 000 EUR/year.

Languages: English, German, Spanish, Russian, Latvian, Italian, French, Norwegian

Tab. 41 Company characteristics Alius Lingua R&V Izglītības centrs

Offer C7	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other:	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other: - Tutorials	

Source: own research (2021)

Tab. 42 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	9
Range of services	9
Price of services	7
Background (classroom equipment, etc.)	7
Promotions	7

Customisation	9
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	6
Foreign lectures	8
Innovative teaching (direct method; unschooling;)	8
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	9

Source: own research (2021)

8) Key competitor 8 - Valodu centrs Intelligence

Company characteristics

Name of the competitor: **Valodu centrs Intelligence**

Characteristics: SIA "Valodu centrs Intelligence" was founded in 2010, bringing together absolutely great teachers of various foreign languages.

Valodu Centrs Intelligence is the representative of language schools with average sales between 5000 – 15 000 EUR.

Languages: English, German, Spanish, Chinese, Russian, Latvian, Lithuanian, Czech, Italian, Japanese.

Tab. 43 Company characteristics Alius Lingua R&V Izglītības centrs

Offer C8	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other:	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 44 Analysis of selected factors

Factor	**0 - 10** (0 = lowest value; 10 = highest value)
Quality of services	9
Range of services	7
Price of services	7
Background (classroom equipment, etc.)	8
Promotions	7
Customisation	8
Web infrastructure (e.g. intranet)	8
Certification (including international exams, etc.)	7
Foreign lectures	9
Innovative teaching (direct method; unschooling;)	8
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	8

Source: own research (2021)

9) Key competitor 9 - Valodu Centrs Leonardo

Company characteristics

Name of the competitor: **Valodu Centrs Leonardo**

Characteristics: Leonardo Da Vinci is an Italian language and culture center founded in 2011. Valodu Centrs Leonardo is the representative of language schools with average sales below 5000 EUR.

Languages: Italian

Tab. 45 Company characteristics Valodu Centrs Leonardo

Offer C9	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	No
	Other: - Such as cooking classes, thematic meetings, a variety of seminars and discussion clubs.	

Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 46 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value; 10 = highest value)**
Quality of services	2
Range of services	5
Price of services	6
Background (classroom equipment, etc.)	7
Promotions	5
Customisation	7
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	5
Foreign lectures	7
Innovative teaching (direct method; unschooling;)	7
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	7

Source: own research (2021)

5.3.2 Market characteristics

This part aims to characterise the non-formal market. Using data from publicly available databases (local and European Statistical Office) is necessary.

- https://www.csb.gov.lv/
- https://ec.europa.eu/eurostat

5.3.2.1 Market size

Based on data obtained from the statistical office, the total population is presented from the following target groups:

- *Residents aged 18-69*
- *High school and university education*

According to the number of target groups, the market size is calculated based on the following assumptions (derived from Adult Education Survey [42](AES)):

- *According to a qualified estimate, approximately 32 % of the population aged 18-69 participate in non-formal education;*
- According to a qualified estimate, foreign language teaching accounts for approximately 17 % of the total volume of non-formal education
- Non-formal education affects approximately 50 % of people with secondary and tertiary education.

Two possible views on the size of the market will be provided based on data in the following table (aspects of age + aspects of education).

Tab. 47 Two possible views on the market's size

Characteristics	**Total amount**	**Market size**
By age (14-64)	*1 211 074*	5,4 %of the total: 65 397
By education: High school with graduation + University	*85.3 % of people is having high school or higher education 1 033 046*	8,5 % of the total: 87 808

Source: own research (2021)

Furthermore, we find out the number of companies can be a target group in relation to non-formal education (paid by the employer). In this survey, the following assumptions will be used derived from Eurostat data[43]:

[42] https://www.czso.cz/documents/10180/20561193/331313a02.pdf/4094ba1b-0f68-4d0c-922c-c87926f4e965?version=1.0 cited 16.2.2021

[43] https://stats.oecd.org/Index.aspx?DataSetCode=EAG_AL# cited 17.2.2021

- *43 % of employees participate in non-formal education (Latvia)*

Tab. 48 Employees participate in non-formal education

Characteristics	Total amount	Market size
Companies (no restrictions)	*185 006 companies with 658 337 employees*	43% of total: [44] 79 552 companies 2834 employees

Source: own research (2021)

5.3.2.2 Market attractiveness[45]

The size of the market with selected outputs of the industry will be estimated in this section. The market is defined as a sector of non-formal education/language schools.

The following data will be collected:

- *Number of teaching hours per year*
- *Average price of course*
- *Average costs per a lecturer*
- *Total sales per industry*
- *Profit margin per industry in %*
- *Total profits per industry*
- *Sales per company*

202012_Nr_01_Latvijas_statistikas_gadagramata_2020_Statistical%2520Yearbook%2520 of%2520Latvia_%252820_00%2529_LV_EN_1.pdf cited 17.2.2021

[44] We will determine the percentage of the total number as 17 % of the total percentage of employee participation in non-formal education. In the case of Slovakia this means: 50*0,17 = 8,5 %

[45] Selected indicators can be derived from the data of association, wage comparators or according to qualified estimate.

Tab. 49 Market attractiveness

Market attractiveness	Results
Number of teaching hours per year[46]	~385 thousand hours per year
Average price of course per hour[47]	LV language 3 EUR and more other languages 4,5 EUR - 12 EUR specific not wider spoken languages as Swedish 15 - 18 EUR Top price of courses 20 EUR Those prices reflect the fact how much does the academic hour of the foreign language study cost **to each student**.
Average variable costs per hour[48]	12 EUR
Profit margin per industry[49]	N/A
Total sales per industry	Turnover in industry NACE 85 – Education was in 2019 - 57 000 000 EUR but this amount represents whole Educational sector in Latvia inclusing schools. **Specific subcategory NACE 85.5 – Interest education was in 2019 - 19 454 751 EUR.** But despite the specification we can't distinguish the language education sector itself. In 85.5 belong all types and spheres of non-formal education. Therefore we assume total sales per langauge school industry **~4 million euros** **(around 60 active language schools in the field)**
Total profits per industry	N/A

[46] In Czechia, the number of teaching hours per year is estimated at about 2 million.

[47] In the case of Czechia, the average price is 18 euros per hour (see Association of Language Schools).

[48] We will find them out as the average salary of lecturer per hour. In Czechia, the average hourly rate of lecturer is 9 euros.

[49] It will be expressed as a percentage (either according to relevant association or a qualified estimate).

Sales per company	We analysed the financial data of 37 language schools in Latvia. Based on those facts, the average language school has sales of **75 000 EUR / year.** But on the other hand, the 5 strongest organisations keep the sales above 200 000 / year and just 11 organisations in fact reach the sales higher than the average 75 000 EUR/year. **Therefore, we assume that the real average would be somewhere around 50 000 – 55 000 EUR/year.**

Source: own research (2021)

5.3.3 External factors

PEST analysis[50] is used in this part of the methodical sheet. Individual parts of the analysis should be described briefly, and we try to identify trends and significant changes concerning the future of the language school market.

The future of the language school market depends on many factors, but the COVID-19 pandemic has introduced uncertainty into major aspects of national and global society, including for schools. The previous experience shows that the education system of Latvia has the capacity to adjust to the global changes in terms of education since, overall students, parents, and teachers had valued positively the new conditions of distance learning and the shift to a distance learning process has been successful with the help of innovative approaches and solutions. Public administrations and educational institutions in Latvia have shown the ability to reorient and relocate quickly using e-solutions in this crisis.

Tab. 50 PEST analysis

Political factors	***Economic factors***
• Minimum legislative requirements for the business	• Minimum legislative requirements for the business

[50] PEST Analysis (political, economic, social and technological) is a method whereby an organization can assess major external factors that influence its operation in order to become more competitive in the market. As described by the acronym, those four areas are central to this model.

• Several legislation possibilities how to employ the trainers • State employee's lifelong learning programmes • Very fast company creation process • Restrictions related to the Covid pandemic (online courses) • Internationalisation (European Single Market) • Changes in tax laws (an increase of minimum wage)	• Absence of special compensation programs for the private education sector (Covid-19 crisis) • Negative expectations regarding development • Deteriorating economic situation (unemployment; fatal restrictions on the tertiary sector) • Partial lockdown (restriction of selected sectors of the economy), just online education for the language schools • Declining companies spending on language education (future expectations)
Social factors • Decomposition of social capital (fundamental limitation of social life) • Strong language skills (45% of the population can communicate in 2 foreign languages and 95% of the population speaks at least 1 foreign language) • TV programmes/cinemas are in the native languages with subtitles (only exception is the children movies) • Strong school language education – focused on communication • Many people with foreign experience (work/education) due to European Union	***Technological factors*** • Digitization of the educational process (free online learning tools; accelerating online learning; e-materials) • The world of online applications (self-education; virtual academies; podcasts) • Increasing teaching flexibility (online) • Automatized translations • Loss of authenticity by distance education • Indirect competitiveness – a virtual world in English • Strong ICT sector – network, fast Internet • Strong accessibility of the internet and mobile data, free hotspots

• Many families with relatives abroad (Ireland, UK, Scandinavia) • Fundamental limitations of education (online education) • The growing share of secondary and higher education in the population • Online entertainment in foreign languages – English / Russian (YouTube; TikTok; PC games)	

Source: own research (2021)

5.3.3.1 Political factors

Latvia, one of the three Baltic States and a member of the European Union and is a democratic, parliamentary republic. Legislative power is in the hands of the single chamber Saeima.

In Latvia, lifelong learning policy is based on the idea that personal growth and self-improvement of an individual must be facilitated at every stage and in each area of life, for its entire duration – lifelong, lifewide and lifedeep, – thus creating preconditions for developing each resident's industriousness and ability to adjust and for achieving social inclusion, employment and active civic participation.

In 2014, the Parliament adopted Education Development Guidelines 2014-2020 (Izglītības attīstības pamatnostādnes 2014-2020). The document sets goals for the development of the whole education system, including lifelong learning, and the directions for their implementation, as well as the activity and political results, and performance indicators. The Guidelines define general aim of education development policy in Latvia.

Three aims of the strategy are:

- Development of education environment.
- Development of individual competencies.
- Efficient governance.

The Ministry of Education and Science is the responsible authority for the implementation of the Strategy. The Education Law is a legal basis for the development of the Strategy. The Strategy is designed according to the demands of the EU2020 Strategy and the National Development Plan of Latvia 2014-2020.

In order to expand and promote the involvement of employed adults in the development of professional qualifications and reduce the negative impact of the crisis caused by the Covid-19 virus, the European Union (EU) funds programme has significantly improved support conditions for employee participation in further education programmes.

In June 2020, the government approved amendments to the regulations on improving the professional competence of employees prepared by the Ministry of Education and Science. The amendments envisage increasing the funding available for this purpose by more than 21 million euros, the total support under the programme reaching almost 47 million euros. Opportunities to increase support for the professional development of employees have been found through the redistribution of funding from other EU fund programmes. The new support conditions extend the support programme for in-service training of employees by one year - until 31 December 2023, the range of beneficiaries is also expanded by 17 000 people.

In the future, the offer of professional development of employees is expanded with the possibility to choose one of the further education programs also for the acquisition of a study module or study course at a higher education institution or college. Until now, it was possible to use the professional development support programme for employees once, in the future within the project it will be possible to improve professional competence twice, if the studies have not been interrupted.

In order to promote the development and licensing of non-formal adult education programmes, the Ministry of Education and Science has developed guidelines for adult non-formal education providers and municipal staff on the development and licensing of non-formal adult education programmes.

Recommendations (available in Latvian language) include the stages of developing a non-formal adult education programme - identification of the need for non-formal adult education programmes, characterization and needs of the target groups (adult learners), identification of learning outcomes, curriculum content and development steps, description of recommended teaching methods and resources, and approaches. The material also contains recommendations for the development of licensing procedures for non-formal adult education programmes.

Recommendations for non-formal adult education providers and municipal staff were developed within the framework of the Erasmus + project "National Coordinators for the Implementation of the European Program in Adult Education" implemented by the MoES.

The Ministry of Education and Science of Latvia has started a series of national and regional seminars/ dissemination events to promote the tandem training approach for work-based learning (WBL) trainers and tutors, developed within the framework of the Erasmus+ project "Testing New Approaches to Training VET and Workplace Tutors for Work Based Learning" (TTT4WBL).

In total, 17 such seminars have taken place over three years and 300 practitioners have been trained (131 from vocational education institutions and 169 from enterprises). Training took place in Rīga, Rēzekne, Daugavpils, and Ogre.

5.3.3.2 Economic factors

From 2008 to 2010 the Latvian economy took one of the sharpest downturns in the world, when the fall of GDP reached 21%. The financial assistance of the European Union, the IMF, and the World Bank supported the economic recovery program. Latvia returned to growth in the latter half of 2010 due to economic stabilization measures.

Afterwards, Latvia showed rapid and sustainable growth and Latvia continued structural reforms toward improving competitiveness and productivity. Data compiled by the Central Statistical Bureau show that in 2018 economic growth continued, as the gross domestic product (GDP) increased by 4.8 %, compared to 2017. In 2018, the sharpest GDP rise over the past seven years was recorded.

The Latvian economy has developed in a balanced way in recent years. Strict fiscal discipline has paid off over the years. However, the current crisis caused by Covid-19 has also shaken our country's economy, but despite the repeated outbreak of COVID-19 and the following restrictions, Latvian economists say that the worst in Latvia's economy is over. They forecast that Latvia's gross domestic product (GDP) will shrink by around 5% compared to the GDP of 2019.

There should be a slight increase in 2021 compared to the low levels of this 2020. The extent of GDP growth compared to 2020, will depend on whether Latvia will experience a third outbreak of COVID-19 in the spring. The economy will grow next year, compared to previous year's low level, but will not yet reach the 2019 GDP level. This is likely to happen in 2022.

5.3.3.3 Social factors

Latvians are the indigenous people of Latvia, and the Finno-Ugric Livs (or Livonians) are the only indigenous minority. Latvia's present ethnic mix is largely a result of massive post-war immigration, which resulted in a decline in the share of ethnic Latvians from 77% in 1935 to 52% in 1989.

In 2017, the ethnic distribution of Latvia's population was 62% Latvians, 25.4% Russians, 3.3% Belorussians, 2.2% Ukrainians, 2.1% Poles, and 5% other ethnicities.

Latvian is the official language in Latvia, it belongs to the Baltic group of the Indo-European family of languages with its closes relative Lithuanian. As a part of the Baltic Sea region, Latvia has always been a multi-ethnic country and rich in different cultural and educational traditions. 85% of the total number of pupils in Latvia's general schools are learning foreign languages. In primary education (grades 1-6) 73% of pupils are learning foreign languages, in basic education (grades 7-9) – 98%, but in secondary education (grades 10-12) all pupils are learning foreign languages. 51% of pupils, learning foreign languages, are learning two and more foreign languages.

The majority of pupils (97.9%) are learning English, followed by Russian (39.7%). German is learnt by 13.4% of pupils, but French – by 2.2%.

Aside from the aforementioned languages pupils at schools also learn Arabian, Danish, Estonian, Italian, Japanese, Jewish, Chinese, Latin, Lithuanian, Norwegian, Polish, Finnish, Spanish and Swedish languages.

According to the data of Adult Education Survey by the Central Statistical Bureau, 95% of Latvian adults aged 25 to 64 know at least one foreign language, but 5% do not know any foreign language. According to the latest data of Eurostat, at least one foreign language is known by 65.7% of EU population on average. What concerns knowledge of foreign languages, Latvia is third in the European Union right after Lithuania, where at least one foreign language is known by 97.3% of population, and Luxembourg, where at least one foreign language is known by 98.9%.

The majority of Latvian population – 46% know two foreign languages. It is followed by 36% of population who know one foreign language, but three and more foreign languages are known by 13% of adults. The majority of adults – 57% knows Russian. 49% know English, but 18% of population know German.

Today, society tends to create a culture that knows no national or linguistic borders, so knowledge of foreign languages is not only personally enriching, but even vital if we want to participate in politics, business, diplomacy or anywhere else where the exchange of experiences and views is crucial.

5.3.3.4 Technological factors

Many countries rely on the strong growth of the information and communications technology (ICT) sector development as part of their development strategy. Latvia is one of them.

Clearly, ICT development tendencies are the path to new opportunities. And it is great that this progressive sector – information and communications technology (ICT) – is one of the fastest-growing industries in Latvia. This does not take us by surprise as with the 16th fastest internet speed in the world (Cable, 2019) and being 3rd country for mobile usage (12.8 GB) in the OECD countries (OECD Broadband Portal, 2019) as well as being one of the first countries to implement a 5G network Latvia beats many other countries.

Historically Latvia has had a reputation for being a research and development hub in the ICT industry, which has led to the fact that nowadays we are largest ICT exporters in Baltic's. Over the past few years, computer programming and information services have increased their share, because the IT industry is merging with other business disciplines and acting as a catalyst for growth and innovations. Latvia's telecommunication companies in cooperation with IT sector are actively working on 5G and other Smart city solutions.

The sudden appearance of Covid-19 coronavirus crisis and the associated exceptional circumstances have led many and many people and organizations to start changing their habits and work or study remotely. Public administrations and educational institutions in Latvia have shown the ability to reorient and relocate quickly using e-solutions in this crisis.

Many businesses digitized the services they provide and, even more so, by creating and bringing to market new, innovative products and solutions in areas such as healthcare, e-commerce and logistics. Already in 2019, the European Commission's eGovernment Benchmark study concluded that the digital transformation in Latvia is successful - among 36 countries, Latvia's performance is rated as the fourth best with a rapidly growing digital service offer (more than 700) and an increase in the number of users. Currently, a lot of life situations / public services can be solved from home - without going to public institutions in person.

5.4 Analysis of the language school market in the Poland

In this part we will focus on the analysis of the market environment in the Poland based on the methodical, which was created for these purposes. The period of analysis was 10/2020–6/2021

Description

The methodical sheet aims to analyse the market environment in a selected country by collecting publicly available data, which selected analytical tools will process. The result of this analysis will be a description of the primary market characteristics and their influence on the business models of language schools.

Type of research: qualitative research

Areas of analysis

The research aims to analyse the language schools' market in three areas:

1. *Competition analysis*
2. *Market environment analysis*
3. *PEST analysis*

5.4.1 Competition analysis

This analysis aims to determine the number of competitors, identify the strongest competitors in the market, analyse innovation opportunities and perform a value analysis.

5.4.1.1 Number of competitors:

It is necessary to characterize the market environment (according to location) in terms of competitive rivalry. The goal is to find out how many competitors are in a given market. The analysis will be focused only on direct competitors, which can be described as follows:

Tab. 51 Results of the analysis

Subject of analysis	Results of own research
Number of direct competitors in the market (in the state)[51]	There are 16 944 organisations in the national economy registered in the REGON register, declaring running a business (they are marked under 8559 A number of PKD - Polish Classification of Activities). There are 15 458 language schools registered as economic activity (either as self-employed or employing up to 9 people). There are 1496 language schools run by legal persons or organizational units without legal personality among which 722 are registered as limited liability company.
Number of direct competitors in the local market (city or agglomeration)	There are 1372 organizations in Małopolska – one of 16 administrative provinces in Poland. The biggest city in Małopolska is Kraków.
The three strongest companies (in the state)	The choice of the strongest schools in Poland was based on their number of branches and the access to financial documents. 1.BERLITZ 2. PROFILINGUA 3. LINCOLN 4. SPEAK UP 5. BRITISH SCHOOL 6. FLUENTBE 7. THE LINK SCHOOL 8. EARLY STAGE

Source: own research (2021)

[51] There are about 500 language schools in Czechia.

5.4.1.2 Analysis of innovation opportunities[52]

In this part, the three strongest companies in the market will be analysed in the context of unexpected successes or failures and key competencies.

The eight strongest companies and one selected company in the market:

Competitor 1 - Name: ProfiLingua Limited Company

Successes/Failures:

- 28 years of experience
- Teaching 16 foreign languages at all levels
- Network of schools all over Poland - 31 institutions (inter alia Kraków, Warszawa, Wrocław, Poznań - the largest language school in Poland)
- 95% -100% of students pass exams
- Courses for everyone: children, young adults, students, high school graduates, adults, seniors, kindergarten teachers
- Individual, group and company classes (general and specialist, e.g. in the field of business, medicine, law or finance)
- On-line courses, stationary courses, hybrid courses
- Courses during winter and summer holidays
- Examination courses, intensive courses
- Courses at all levels A1 - C2
- Students have access to the Student's Zone, e-Platform, library and media library

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[52] This part of the analysis is based on innovation theory and the concept of key competencies (see The Core competence by Prahalad and Hamel). Seven sources of innovation opportunities, the first one is the unexpected successes or failures of the competition. Analysis is based on qualitative data (observation, collection and analysis of key competitors documents, qualified estimates, historical milestones, etc.).

- Four times honoured with the Client's Golden Laurel and the prestigious Grand Prix of the Client's Laurel awarded by the Media Partner Group and Przegląd Gospodarczy.
- Many years of experience of the ProfiLingua school chain in effective foreign language teaching, innovative language courses for children and adults as well as customer satisfaction have resulted in receiving the prestigious Family Brand of the Year award
- Leading places in the ranking of language schools in "Newsweek"

Key competencies (unfair advantages):

- Trained teaching staff
- Native speakers
- Checking students' achievement through regular tests
- Teachers' examiners
- Possibility of taking exams: KEY, PET, FCE, CAE, CPE, TELC, LCCI, YLE (All institutions are authorized to conduct language certification exams - Cambridge English Language Assessment Exam Preparation Centre, accredited TELC examination centre, LCCI and PTE)
- The SMILE method is an original method created by experts with many years of experience in teaching children and adolescents.
- Disney English courses (VEAR teaching techniques)

Competitor 2 - Name: Berlitz Limited Company

Successes/Failures:

- 140 years of experience
- English, German, Spanish, Italian and French courses
- 10 branches in Poland, including in Kraków, Gdańsk, Gdynia, Katowice, Poznań, Szczecin, Warszawa, Wrocław, Łódź.
- Courses for everyone: children, teenagers, adults, companies
- individual and group lessons,
- Live conversations in small international groups

- On-line courses, classroom courses, blended learning courses
- Sports and language holiday camps
- Free communication in an intercultural environment

Key competencies (unfair advantages):

- BERLITZ method courses (Total Immersion)
- Global language school
- Qualified teachers
- Native speakers
- Company services: preparing and developing a course that will suit the needs of the company and the goals of employees. Support for the HR department throughout the entire process: planning, organization, implementation and evaluation.
- National team of advisers: regardless of whether the enterprise is small, medium-sized or a global corporation the Berlitz team of advisers throughout Poland is always available. Thanks to the presence of over 550 Berlitz schools in 70 countries around the world, it also deals with the project of international training outside Poland, offering consistent, unified language training of the highest quality.
- Intercultural training

The Cultural Orientations Indicator is a tool used to assess the individual cultural profile of a client in the context of the work environment. COI identifies the scope of potential cultural differences and identifies areas that can be improved to achieve understanding with foreign clients and success in the global market.

Competitor 3 - Name: Lincoln School

Successes/Failures:

- 19 Years of Experience in Providing Language Services
- Two branches: in Kraków and Warszawa
- Staff composed of native speakers
- All courses run by the School are fully compliant with the Common European Framework of Reference for Languages guidelines.

- Authorized Cambridge English examination centre with an open status; authorization to organize and conduct FCE, CAE, CPE, as well as KET, PET, YLE, BEC exams
- Training for companies and institutions

Key competencies (unfair advantages):

- Virtual Secretariat: access to teaching materials, timetables, library collections and film library
- Technical and administrative support
- LOCAL CUSTOMER CARD: entitles you to receive special discounts in the most popular and prestigious places in Krakow, e.g. dance studios, restaurants, etc.
- Fast online placement test
- Authorized Cambridge English Language Assessment Examination Centre;
- Authorization to conduct exams in both paper and computer versions
- Lincoln's Quality Teaching Guarantee reim-burses the full cost of the exam if you fail
- The possibility of participation of all students in free FACE to FACE conversation classes and free exam workshops

Competitor 4 - Name: Speak Up

Successes/Failures:

- English courses focused on practical skills
- A unique business model - you can start the course every day
- 17 years of experience in Poland (a few branches abroad)
- Courses for children, young adults, adults and seniors
- 20 branches in big Polish cities: Warszawa, Kraków, Wrocław, Katowice, Poznań and others.

Key competencies (unfair advantages):

- Various types of clubs: pronunciation, medical, travelling, business, translation, news, film
- Multimedia classes and conversations
- Students can choose what they want to focus on their lessons: conversations, grammar, vocabulary, writing, business and hobby classes
- Free choice of activities is a key element in deciding to study; suitable timetable

Competitor 5 - Name: British School

Successes/Failures:

- The school has existed since 1996,
- Over 30 Polish branches of British School,
- Highly qualified teachers,
- Top place at the rankings of language schools organized by such magazines as the student magazine "Why" or the recognized weekly "Newsweek".

Key competencies (unfair advantages):

- Numerous quality certificates confirm the highest standards of our courses.
- Business course,
- Translation
- The school has its own, fully functional e-learning platform. It is free for all students.
- Online courses
- All classrooms equipped with interactive boards

Competitor 6 - Name: Fluentbe

Successes/Failures:

- only on-line courses
- students learn from anywhere in the world
- trained teaching staff
- native speakers
- certified teachers from all over the world
- over 2,000 exceptional teachers in the school's database

- a wide range of curricula - from children to adults
- students do not waste time commuting
- best sound and picture quality
- latest material available online
- small groups of 2-4 people
- flexible schedule
- English on-line for companies

Key competencies (unfair advantages):

- A unique Fluentbe learning program prepared by specialists for children and teenagers
- For children 7-9 years - program Around the world (the course, prepared in cooperation with Oxford University Press)
- For 10-14-year olds (the course prepared in cooperation with Oxford University Press)
- Cambridge exams: A1 Movers, A2 Flyers, B1 Preliminary for Schools (PET)
- Preparation course for the 8th grade examination based on the Oxford Repetytorium 8smoklasisty textbook.
- 15-19-year olds (the course is intended for high school and technical high school students)
- Matura exam - a course for high school graduates
- Cambridge exams: FCE, CAE, CPE

Competitor 7 - Name: The Link School of Foreign Languages and Intercultural Communication ™

Successes/Failures:

- Over 20 years of experience;
- Authorized teaching methods (selected below);
- The offer includes learning 14 foreign languages: English, German, Spanish, Italian, Russian, French, Chinese, Arabic, Czech, Ukrainian, Norwegian, Hungarian, Polish for foreigners

- Institutions that entrusted the language education of The Link teachers include: City Handlowy, TVP, TAURON Polska Energia, Nordea, Ikea, Elexctorolux and many other large companies;
- Language courses for companies;
- Online courses;
- Courses preparing for exams;
- Business English courses
- English for Specific Purposes courses
- Language audits;
- Intensive Language Courses ("language immersion")
- Specialization in teaching adults;
- System of monitoring courses and training; quality control of teaching by the teaching director;
- Professional business customer service department;
- A thorough process of personalizing language courses;
- A level system with clearly defined learning objectives

Key competencies (unfair advantages):

- Weekly Intensive Language Course (ICT) (preparation for presentations, fairs, exhibitions, negotiations and business meetings)
- Intercultural coaching (intercultural communication dedicated to officials, teaching and research staff, students and foreigners, employees and managers of Polish and foreign companies and many other people from the international industry)
- They employ, in addition to teachers and native speakers, specialists in the field of intercultural psychology
- Unique CLT teaching method (Communicative Language Teaching)
- Blended learning - an innovative method of teaching in e-learning, including "live" learning with a teacher and independent work on an e-learning platform;
- Unlimited access to a rich resource of materials for online students
- The highest quality of training, confirmed by the TGLS Quality Alliance quality mark.

Competitor 8 - Name: Early Stage

Successes/Failures:

- 27 years of teaching experience
- 35,000 students in 2020
- more than 500 schools in Poland
- ambitious and age-appropriate curricula: children 3-5 years old, 6-9 years old, 10-14 years old, 15-19 years old.
- systematic progress monitoring
- Cambridge exams
- small groups (8-12 children)

Key competencies (unfair advantages):

- Early Stage is a program for children with original materials. The school has its own licence that other language schools can franchise.
- Approved method of learning, comprehensively preparing students to pass the eighth-grade
  exams, matura exams, as well as all British Cambridge exams for children,
- International projects, with specially composed music and rich additional materials, opening students to the world,
- An outstanding level of education and a carefully designed language education path,
- Cooperation with various non-public schools, including Montessori and Waldorf schools.

5.4.1.3 Value analysis of competitors

Value analysis focuses on the nine stongest companies on the market:

1) Key competitor 1 - ProfiLingua Limited Company
2) Key competitor 2 - Berlitz Limited Company
3) Key competitor 3 - Lincoln School
4) Key competitor 4 - Speak Up
5) Key competitor 5 - British School
6) Key competitor 6 - Fluentbe
7) Key competitor 7 - The Link School of Foreign Languages and Intercultural Communication ™
8) Key competitor 8 - Early Stage

1) Key competitor 1 - ProfiLingua Limited Company

Company characteristics

Name of the competitor: **ProfiLingua Limited Company**

Characteristics: The largest net of language schools in Poland with 31 brunches and 28 years of experience on the market. ProfiLingua teaches 16 languages at all levels. The school is authorized to conduct language certification exams - Cambridge English Language Assessment Exam Preparation Center, accredited examination centre TELC, LCCI and PTE) and gives the opportunity to take exams: KEY, PET, FCE, CAE, CPE, TELC, LCCI, YLE. The school offers courses for everyone: children, adolescents, students, high school graduates, adults, seniors, and kindergarten teachers in the form of stationary, on-line and hybrid. Classes are conducted individually or in groups. The offer also includes courses for companies (480 companies in service) conducted with the proprietary PROFI method (general and specialized, including in the field of business, medicine, law or finance). Students' progress is monitored through the unique ProfiLingua Quality Control system. There are courses during the winter and summer holidays, as well as intensive and exam (matura) courses. Students have access to the Student's Zone, e-Platform, library and media library.

Languages: English, German, French, Spanish, Italian, Russian, Portuguese, Danish, Norwegian, Swedish, Japanese, Chinese, Dutch, Ukrainian, Czech, Polish.

There are not any accessible documents to describe the financial situation of the school.

Tab. 52 Company characteristics ProfiLingua Limited Company

Offer C1	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other: - Company classes (general and specialist, e.g. in the field of business, medicine, law or finance) - On-line courses, stationary courses, hybrid courses	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other: - courses for company	

Source: own research (2021)

Tab. 53 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	8
Range of services	9
Price of services	7
Background (classroom equipment, etc.)	8
Promotions	8
Customisation	8
Web infrastructure (e.g. intranet)	9
Certification (including international exams, etc.)	10
Foreign lectures	10
Innovative teaching (direct method; unschooling;)	10
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	10

Source: own research (2021)

2) Key competitor 2 - Berlitz Limited Company

Company characteristics

Name of the competitor: **Berlitz Limited Company**

Characteristics: A global language school with 140 years of experience and only native speakers. It has 10 branches in Poland set up in 1990s. The courses are conducted using the BERLITZ method. The school offers courses for everyone: children, teenagers, adults and companies in the on-line, stationary and blended learning system. Berlitz offers courses abroad (70 countries to choose from). Classes are conducted individually and in groups (max 6 people per group) in an intercultural environment. The conversations are held live in small international groups. BERLITZ organizes summer sports and language camps. The school offers the so-called corporate services consisting in developing a course plan that will suit the needs of the company and the goals of employees. Support for the HR department throughout the process: planning, organization, implementation and evaluation. Companies have at their disposal a nationwide team of advisors: Regardless of whether the enterprise is small, medium-sized or a global corporation. Thanks to the presence of over 550 Berlitz schools in 70 countries around the world, it also deals with the project of international training outside Poland, offering consistent, unified language training of the highest quality. Berlitz offers companies intercultural training - training in cultural awareness, training in cultural diversity, training in intercultural communication, training in cultural sensitivity, cultural counselling and training services in Berlitz.

The school has total sales (income) about 3 798 942 EUR and loss 118 716 EUR in 2019r.

Languages: English, German, Spanish, Italian and French, Polish for foreigners

Tab. 54 Company characteristics Berlitz Limited Company

Offer C2	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	Yes
	Other: - Foreign courses. Berlitz organizes the accommodation (hotels, apartments, family hosts) - Foreign sports and language camps - On-line courses, blended learning courses	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other: - Free webinars for companies	

Source: own research (2021)

Tab. 55 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	10
Range of services	9
Price of services	9
Background (classroom equipment, etc.)	10
Promotions	8
Customisation	7
Web infrastructure (e.g. intranet)	8
Certification (including international exams, etc.)	9
Foreign lectures	10
Innovative teaching (direct method; unschooling;)	8
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	10

Source: own research (2021)

3) Key competitor 3 - Lincoln School

Company characteristics

Name of the competitor: **Lincoln School**

Characteristics: Characteristics: The Lincoln language school has been operating in the educational services market since 2002. The offer that focuses on quality and efficiency. A unique feature of the school is that all students can participate in free FACE to FACE conversational classes and free exam workshops. The facility is authorized to organize and conduct Cambridge English exams (FCE, CAE, CPE). The work of teachers and native speakers is constantly monitored by the methodology team.

The school has total sales (income) about 791 095 EUR and profit 252 159 EUR in 2019r.

Languages: English, Italian, Spanish, French and German

Tab. 56 Company characteristics

Offer C3	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	Yes
	Other: - The possibility of participation of all students in free FACE to FACE conversation classes and free exam workshops	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other: - Virtual Secretariat: access to didactic materials, timetable, library collections and film library - Technical and administrative support - Authorization to conduct exams in both paper and computer versions	

Source: own research (2021)

Tab. 57 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value;** **10 = highest value)**
Quality of services	9
Range of services	8
Price of services	8
Background (classroom equipment, etc.)	10
Promotions	7
Customisation	7
Web infrastructure (e.g. intranet)	9
Certification (including international exams, etc.)	9
Foreign lectures	8
Innovative teaching (direct method; unschooling;)	8
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	8

Source: own research (2021)

4) Key competitor 4 - Speak Up

Company characteristics

Name of the competitor: **Speak Up**

Characteristics: The school with 17 years of teaching experience. They have branches in other countries such as Ukraine, Russia, Egypt, Marocco, Saudi Arabia, Laos, Vietnam. In Poland they run only English courses either online and stationary. The offer includes various types of clubs: pronunciation, medical, travelling, business, translation, news or film. They prepare for Cambridge exams – only FCE and CAE. Apart from General English they have multimedia classes and conversations.

The school has total sales (income) about 8 300 000 EUR in 2019. There is no information about profit.

Languages: English

Tab. 58 Company characteristics Speak Up

Offer C4	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other: - Only English online courses	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other: - Courses in company dedicated and prepared individually	

Source: own research (2021)

Tab. 59 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	6
Range of services	7
Price of services	7
Background (classroom equipment, etc.)	7
Promotions	8
Customisation	8
Web infrastructure (e.g. intranet)	6
Certification (including international exams, etc.)	9
Foreign lectures	1
Innovative teaching (direct method; unschooling;)	9
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	9

Source: own research (2021)

5) Key competitor 5 - British School

Company characteristics

Name of the competitor: **British School**

Characteristics: The school has existed since 1996. In over 30 Polish branches of the British School it implements a coherent didactic strategy based on the best standards confirmed by numerous awards and quality certificates. When students enter the school, they are taken care of by highly qualified teachers. British School is not only a language training centre, they also offer translations in normal or express mode, service during visits of foreign partners in a company (including simultaneous interpreting) and business correspondence service.

The branch of the school in Warszawa has total sales (income) about 20 485 000 EUR and profit 4 310 000 EUR (gross) in 2019. Another branch in Warszawa has total sales (income) about 785 500 EUR and profit 125 100 EUR (gross) in 2019. Another branch in Warszawa has total sales (income) about 32 850 EUR and profit 252 EUR (gross) in 2019.

Languages: Courses – English; translation - English, Russian, German, French, Italian, Spanish.

Tab. 60 Company characteristics British School

Offer C5	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	Yes
	Other: - Fully functional e-learning platform	
Other services	Translations	Yes
	Proofreading	No
	Interpretation	Yes
	Guiding	No
	Other: - Courses in company (Business English)	

Source: own research (2021)

Tab. 61 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value; 10 = highest value)**
Quality of services	7
Range of services	8
Price of services	8
Background (classroom equipment, etc.)	9
Promotions	9
Customisation	9
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	6
Foreign lectures	6
Innovative teaching (direct method; unschooling;)	8
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	9

Source: own research (2021)

6) Key competitor 6 - Fluentbe

Company characteristics

Name of the competitor: **Fluentbe**

Characteristics: Fluuentbe ENGLISH is only ON-LINE. English online in groups and English online individually.

Regardless of the class's chosen form, it is enough to sit comfortably with a tablet or laptop and connect with the teacher! After the classes, each student has the opportunity to work on their own. In the shared panel, the student will find chat notes and interactive tasks. They are adapted to what happened earlier in the lesson and are designed to consolidate the knowledge already acquired.

In this way, students focus on lessons with the teacher, additionally giving the option of independent work.

When connected, they use an audio-video application that works like a conference (i.e. everyone can see and hear each other). It can be assumed that all devices not older than 5 years can cope with such an application. The school has total sales (income) about 640 450 EUR in 2019. There is no information about profit.

Languages: English

Tab. 62 Company characteristics Fluentbe

Offer C6	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other: Online courses	
Other services	Translations	Yes
	Proofreading	Yes
	Interpretation	Yes
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 63 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	9
Range of services	8
Price of services	7
Background (classroom equipment, etc.)	0
Promotions	7
Customisation	8
Web infrastructure (e.g. intranet)	9
Certification (including international exams, etc.)	9
Foreign lectures	8
Innovative teaching (direct method; unschooling;)	10
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	9

Source: own research (2021)

7) Key competitor 7 - The Link School of Foreign Languages and Intercultural Communication ™

Company characteristics

Name of the competitor: **The Link School of Foreign Languages and Intercultural Communication ™**

Characteristics: The Link School of Foreign Languages and Intercultural Communication has over 20 years of experience in transferring knowledge. A special feature is meeting the contemporary needs of communication in a diverse, multicultural world. The aim of the school is to spread intercultural dialogue and global communication. They offer competitive teaching methods and innovative ways to reach customers. They run courses in offices and company headquarters. Their advantage is high flexibility and openness to the needs of our clients. The school has total sales (income) about 185 560 EUR in 2019r. There is no information about profit.

Languages: English

Tab. 64 Company characteristics The Link School of Foreign Languages and Intercultural Communication ™

Offer C7	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	Yes
	Art + foreign language	No
	Mobility + foreign language	Yes
	Foreign language + online courses of own choice	Yes
	Other: “Made-to-measure” courses on a weekly basis, dedicated to customer's needs	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other: - Intercultural coaching - Language audits	

Source: own research (2021)

Tab. 65 Analysis of selected factors

Factor	**0 - 10** (0 = lowest value; 10 = highest value)
Quality of services	8
Range of services	8
Price of services	No date
Background (classroom equipment, etc.)	No date
Promotions	No date
Customisation	9
Web infrastructure (e.g. intranet)	9
Certification (including international exams, etc.)	6
Foreign lectures	9
Innovative teaching (direct method; unschooling;)	9
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	9

Source: own research (2021)

8) ***Key competitor 8 - Early Stage*** **Company characteristics**

Name of the competitor: **Early Stage**

Characteristics: Early Stage is both a language school and a teaching method for children. They run their courses in private language schools and also in public schools. Other language schools can franchise the method, which is a proven method of learning, comprehensively preparing students to pass the eighth-grade exams, matura exams, and all British Cambridge exams for children.

The school has total sales (income) about 920 600 EUR in 2019r. There is no information about profit.

Language: English

Tab. 66 Company characteristics Early Stage

Offer C8	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	Yes
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other: Courses mainly for kids and young adults from 3 to 19 years old	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other:	

Source: own research (2021)

Tab. 67 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	9
Range of services	7
Price of services	8
Background (classroom equipment, etc.)	8
Promotions	7
Customisation	7
Web infrastructure (e.g. intranet)	8
Certification (including international exams, etc.)	9
Foreign lectures	5
Innovative teaching (direct method; unschooling;)	9
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	8

Source: own research (2021)

5.4.2 Market characteristics

This part aims to characterise the non-formal market. It is necessary to use data from publicly available databases (local and European Statistical Office).

- https://stat.gov.pl/
- https://ec.europa.eu/eurostat

5.4.2.1 Market size

Based on data obtained from the statistical office, the total population is presented from the following target groups:

- *Residents aged 18-69*
- *High school and university education*

According to the number of target groups, the market size is calculated based on the following assumptions (derived from Adult Education Survey (AES)):

- According to a qualified estimate, approximately 32 % of the population aged 18-69 participate in non-formal education;
- According to a qualified estimate, foreign language teaching accounts for ap proximately 17 % of the total volume of non-formal education
- Non-formal education affects approximately 50 % of people with secondary and tertiary education.

Two possible views on the size of the market will be provided based on data in the following table (aspects of age + aspects of education).

Tab. 68 Two possible views on the market's size

Characteristics	Total amount	Market size
By age (16-69) - 2019 data	27.653216	5,4 % of the total: 1.493274
By education: High school with graduation + University	*92,4 % of people is having high school or higher education* In the years 2003-2019, graduates of high school and master's studies in total 9,057,625	8,5 % of the total: 769.89

Source: own research (2021)

Furthermore, we find out the number of companies can be a target group in relation to non-formal education (paid by the employer). In this survey, the following assumptions will be used derived from Eurostat data[53]:

- *25 % of employees participate in non-formal education (Poland)*

Tab. 69 Employees participate in non-formal education

Characteristics	Total amount	Market size
Companies (no restrictions)	*3 796 172 companies with 16 409 000 employees*	25% of total: [54] 949 043

Source: own research (2021)

[54] We will determine the percentage of the total number as 17 % of the total percentage of employee participation in non-formal education. In the case of Slovakia this means: 50*0,17 = 8,5 %

5.4.2.2 Market attractiveness[55]

The size of the market with selected outputs of the industry will be estimated in this section. The market is defined as a sector of non-formal education/language schools.

The following data will be collected:

- *Number of teaching hours per year*
- *Average price of course*
- *Average costs per a lecturer*
- *Total sales per industry*
- *Profit margin per industry in %*
- *Total profits per industry*
- *Sales per company*

Tab. 70 Market attractiveness

Market attractiveness	Results
Number of teaching hours per year[56]	N/A
Average price of course per hour[57]	General English 6-16 EUR Business English 14 EUR One to one lesson 18-28 EUR
Average variable costs per hour[58]	N/A
Profit margin per industry[59]	N/A
Total sales per industry	N/A
Total profits per industry	N/A
Sales per company	Polish Statistical office has responded to the inquiry about financial data:

[55] Selected indicators can be derived from the data of association, wage comparators or according to qualified estimate.

[56] In Czechia, the number of teaching hours per year is estimated at about 2 million.

[57] In the case of Czechia, the average price is 18 euros per hour (see Association of Language Schools).

[58] We will find them out as the average salary of lecturer per hour. In Czechia, the average hourly rate of lecturer is 9 euros.

[59] It will be expressed as a percentage (either according to relevant association or a qualified estimate).

	Dear Sir or Madam, with reference to the correspondence of February 8 this year, I would like to inform you that in the PKD 8559A class, over 90% of entities are units employing up to 9 people (micro-enterprises), and for this size class the data is so low aggregation level of PKD are not developed. Due to the low cross-section of PKD and the small number of aggregates, one must be considered - the necessity to hide data due to statistical confidentiality.

Source: own research (2021)

5.4.3 External factors

PEST analysis[60] is used in this part of the methodical sheet. Individual parts of the analysis should be described briefly, and we try to identify trends and significant changes concerning the future of the language school market.

5.4.3.1 Political factors

Poland is officially Republic of Poland. It is situated in Central Europe. It is divided into 16 administrative provinces with a population of nearly 38.5 million people. Poland's capital and largest city is Warsaw. Other major cities include Kraków, Łódź, Wrocław, Poznań, Gdańsk and Szczecin.

The head of state is the President and the Prime Minister is the head of government. Legislative power is in hands of the two chambers of parliament, Sejm and Senate.

Konstytucja Rzeczypospolitej polskiej (Constitution of the Republic of Poland) grants a number of rights regarding education. According to the Constitution, everyone has the right

[60] PEST Analysis (political, economic, social and technological) is a method whereby an organization can assess major external factors that influence its operation in order to become more competitive in the market. As described by the acronym, those four areas are central to this model.

to education, which is compulsory until the age of 15. Every citizen is ensured universal and equal access to education.

Education in public schools is free of charge. Parents have the right to choose schools other than public for their children. Citizens and institutions have the right to establish kindergartens, primary and post-primary schools and higher education institutions which are granted autonomy.

Since the political transformation (the collapse of the communist regime) in 1989, the Polish education system has Since 2013, efforts have been taken to implant in the field of education terms which are close with European definitions concerning lifelong learning, including adult education and training. At that time, the Government adopted new strategic documents, ‘The Lifelong Learning *Perspective’ (Perspektywa uczenia się przez całe życie)* and ‘The Human Capital Development Strategy’ *(Strategia Rozwoju Kapitału Ludzkiego)*, which defined basic policy terms for lifelong learning.

Adult Education and Training is the most diversified area of education in Poland. This is due not only to the diversity of its target groups, their age and social and professional status, forms of education and training, but also to the wide range of providers.

Due to many programs that are given a grant, adults have an opportunity to learn foreign languages or upgrade their qualifications. One of them is the National Training Fund (NTF) *(Krajowy Fundusz Szkoleniowy)* that was established in 2014. It forms a separate part of the Labour Fund (LF), with 2% of the LF allocated to the NTF since 2015 to support employers who invest money in continuing education and training of their employees. Based on an application submitted to a district employment office, an employer may receive funding that covers 80% of their employees’ training costs; micro-entrepreneurs may be awarded a grant covering 100% of training costs.

5.4.3.2 Economic factors

Poland became a high-income nation in a short time compared to other middle-income countries - a strong manufacturing sector has helped Poland to become the EU’s sixth-largest economy.

According to Statistics Poland, in 2010, the Polish economic growth rate was 3.7%, which was one of the best results in Europe. In 2014 its economy grew by 3.3% and in 2015 by

3.8%. Between 2009 and 2019, Poland's annual growth rate has averaged 3.6%, according to the World Bank.

In September 2017 Poland's market status was changed from an emerging market to a developed market by the index provider FTSE Russell.

According to Eurostat Poland in 2020 had higher minimum wage than in United States, measured by Purchasing Power Standard.

In 2019, Poland's GDP grew by 4.1%, stimulated by higher wages and increased domestic consumption. In 2020, however, Poland's GDP dramatically declined to 0.4%. The worldwide outbreak of COVID-19 has had a serious and far-spreading impact on Poland's economy as schools, factories, and non-essential businesses closed down during a temporary lockdown. The World Bank predicts a gradual return to growth for Poland, estimating growth recovering to 2.2% in 2021 and 2.9% in 2022.

5.4.3.3 Social factors

The Polish language is the official language in Poland. Compared to other European countries, Poland is very homogenous in terms of nationality or ethnicity. It is estimated that no more than 3% of the total population are national minorities.

Since 1989 national and ethnic identity has been activated among minorities. The network of schools teaching in national languages of minorities has been steadily developing. The right of minorities to protect, preserve and develop their cultural identity is guaranteed by Constitution. There can be identified 9 national minorities: Byelorussian, Czech, Lithuanian, German, Armenian, Russian, Slovak, Ukrainian and Jewish, 4 ethnic minorities: Karaim, Lemko, Romany and Tatar, and one community using the regional language of the Kashubians.

The freedom of conscience and the freedom of religion are guaranteed by the Constitution. Churches are independent and autonomous. There is no official religion in Poland, however, the Roman Catholic Church is the biggest church in Poland. (33 million of baptised people in 2013).

Learning foreign languages is an element of education that should be present from an early age. Number of learners of a foreign language is constantly increasing, which is a positive sign of adapting education in terms of language competencies to the challenges related to European integration, globalization of social and economic life and the needs of the labour market.

Foreign language teaching in Polish schools is one of the priorities and compulsory tasks implemented within the framework of the activities connected with the reforms of the educational system. A foreign language is taught as a compulsory subject starting at grade 1 of the primary school. The second compulsory foreign language is taught in the general upper secondary school.

In 2016, foreign language learning was imposed on six-year-old children undergoing one-year pre-school preparation and on five-year-old pre-school education children. Compulsory learning of foreign languages ends with the graduation of upper secondary school.

In Poland, teaching of foreign languages has remained at a similar level for several years. The data of young people learning foreign languages as compulsory subjects show that across the school system primary, middle and secondary schools (including post-secondary for young people) is dominated by the teaching of English, which was learned by 95.5% of the general language in the 2017/18 school year number of students. German 33.9% was second, followed by

According to the results of the study "Adult Education" and the latest data of Eurostat in 2019, more than two-thirds of the surveyed population aged 18-69 declared knowledge of any language foreigner, among which the most numerous groups were the respondents who knew how to use only one language (45.5% of the total surveyed population). Most of those declaring using one foreign language of people (66.5%) mastered it at a level basic. Respondents who can use more than one foreign language they accounted for 22.8% of the surveyed population and the highest percentage of them (39.7%) was your level of competence regarding the first known foreign language also as basic. A relatively higher level of language competences was recorded among respondents knowing two or more foreign languages, where 26.8% percent of this group of people claimed to have almost completely mastered any of them than among respondents who know only one foreign language, of which 9.8% declared it fluent.

By far the largest number of people have declared they know one of the three foreign languages: English, Russian and German. Most of them can use English - 42.7% of adult Poles. The knowledge of the Russian language was declared by 24.2% respondents, and German - 18.5%. Other languages were less popular, such as French or Spanish (2.1% and 0.7% of respondents respectively have a knowledge of them).

5.4.3.4 Technological factors

The development of information technology is the foundation of growth not only the ICT sector, but also the entire economy and society. The competitiveness of Polish industries is largely based on availability and quality of solutions ICT sector.

In 2019 in Poland the percentage of public administration units using the technology of Internet access through a fixed connection amounted to 99.8%. The share of employees equipped by public authorities with mobile devices with Internet access increased slightly in comparison with the previous year and amounted to 22.0%.

In the year 2020 almost 90% of households in Poland had an access to the Internet at home. This percentage was higher by 6.3 percentage points than in the previous year. As in the case of the previously analysed phenomenon, having children and living in large cities were advantageous factors. In 2020, 81.4% of persons aged 16–74 used the Internet on a regular basis. However, differentiation due to age, employment situation, level of education and place of residence was also observed. The highest share of regular users was noticed in the 16–24 age group (99.2%), among pupils and students (99.8%), persons with tertiary education (98.2%) and residents of large cities (89.2%). The percentage of regular Internet users was higher among the residents of Central Poland than other regions.

According to the Interactive Advertising Bureau (IAB), in 2019 up to 90% of Polish Internet users will have a smartphone. On average, every third user indicates watching movies on the phone as one of their favourite activities related to mobile devices. For this reason, the 5G standard will become another element stimulating the growth of the Polish ICT sector.

Polish IT/ICT industry is backed by over 70 years of experience in the construction of computer devices and software creation. Computer science is currently the most popular field of study in Poland. About 70 thousand people study it annually. Every major city has a technical university, and there are over 20 of them in total. Every year, 20 thousand high school graduates start IT studies there.

5.5 Analysis of the language school market in Croatia

In this part we will focus on the analysis of the market environment in the Croatia based on the methodical sheet, which was created for these purposes. Period of analysis 10/2020–6/2021

Description

The methodical sheet aims to analyse the market environment in a selected country by collecting publicly available data, which will be processed by selected analytical tools. The result of this analysis will be a description of the primary market characteristics and their influence on the business models of language schools.

Type of research: qualitative research

Areas of analysis

The research aims to analyse the language schools' market in three areas:

1. *Competition analysis*
2. *Market environment analysis*
3. *PEST analysis*

5.5.1 Competition analysis

This analysis aims to determine the number of competitors, identify the strongest competitors in the market, analyse innovation opportunities and perform a value analysis.

5.5.1.1 Number of competitors

It is necessary to characterize the market environment (according to location) in terms of competitive rivalry. The goal is to find out how many competitors are in a given market. The analysis will be focused only on direct competitors, which can be described as follows:

Selected results of the analysis will be presented in the following table:

Tab. 71 Results of the analysis

Subject of analysis	Results of own research
Number of direct competitors in the market (in the state)[61]	**About 1,200, half of which inactive or occasionally active.** Competitors are divided into two main groups: • Companies registered as language schools in the company register, targeting typically all ages of learners) • Private adult education institutions – targeting serious, state-financed adult education market. As opposed to their counterparts in other European countries, they have gained the status of formal education institutions. In other words, their courses are recognised by the state as formal upon verification. Although unusual and even contrary to the European practice, it gives them unfair advantage and turns them into real and serious competitors on the market. For this reason, we have included them into this analysis despite the original definition of a direct competitor above. **About 30 organisations are recognised as present or future competitors, out of which three present a threat,** with an annual turnover of several thousand euro each (which income does not come from language courses) POU Algebra (over 3 million €) POU Zagreb (2 million €) Uciliste Studium (816,000 €)
Number of direct competitors in the	Direct competitors on the market at local level and their annual turnover:

[61] There are about 1,200 language schools in Croatia.

local market (city or agglomeration)	1) Adult Education - Studium (816,000 €) 2) Adult Education - Modus (Helen Doron franchise) 421,000 € 3) Centar znanja (language school) - 32,000 €
The three strongest companies (in the state)	1) POU Algebra 2) POU Zagreb 3) Uciliste Studium The above three organisations are all adult education institutions doing business nationwide. Since they also have language courses, they attempt to share the same market. Their high turnover is due to doing business with the state.

Source: own research (2021)

5.5.1.2 Analysis of innovation opportunities[62]

In this part, the three strongest companies in the market will be analysed in the context of unexpected successes or failures and key competencies. The three strongest companies in the market:

[62] This part of the analysis is based on innovation theory and the concept of key competencies (see The Core competence by Prahalad and Hamel). Seven sources of innovation opportunities, the first one is the unexpected successes or failures of the competition. Analysis is based on qualitative data (observation, collection and analysis of key competitors documents, qualified estimates, historical milestones, etc.).

Competitor 1 - Name: Uciliste Studium

Successes/Failures:

Successes

- Quick growth (in 8 years), upgrading adult education courses business
- Specialised in state tenders for a large variety of adult training programs
- Subsidiaries in five Croatian cities
- Employment policy is set to compete for state and EU funds tenders
- Good absorption of EU funds
- Good management and market approach
- Co-operation with the nation's best IT training centre Algebra
- Good use of digital media and marketing tools

Failures:

- Failed to create a strong central office – dispersed management
- Failed to overtake local language course market,
- Lose state-funded tenders for language courses

Weaknesses

- Deal with adult learners only
- Not specialised in any particular field of education, especially not language courses
- Hire only freelance teachers
- Generally weak level of tuition quality
- No quality assurance system

Key competencies (unfair advantages):

- Offer over 110 education programs
- Family business – very good academic background in economy and management, hence educated marketing approach and strategies

Competitor 2 - Name: Algebra Adult Education[63]

Successes/Failures:

Successes:

- The brand is commonly recognised as the best IT education provider in Croatia
- Excellent marketing, course design, always updated with latest technologies
- Partnership with key global market leaders as test centre (Adobe, British Council, Microsoft, Cisco and similar)
- Subsidiaries in all bigger cities
- Own knowledge and development pool
- Part of Algebra group covering primary, secondary and high education (all levels).

Failures:

Really few. Finding suitable partners locally is often not up to the expected standards, so the quality of education in subsidiaries is often significantly lower than at the centre.

Weaknesses:

- More expensive than competitors
- The business model is based on non-hiring course trainers, just marketing experts, business economists and similar, which leaves room for competitors to offer better and cheaper courses locally
- No quality assurance system implemented

Key competencies (unfair advantages):

- Excellent management and organisation

[63] The reason why this organisation is recognised as a strong competitor for the language market is the fact that is has just recently entered the language course market by participating in state tenders for adult language courses.

- High command of modern IT solutions for marketing, teaching and communication purposes.
- Quick expansion on target markets
- Innovative course design
- Hiring only top experts for all purposes
- Accessibility of university resources and expertise
- Participation in governmental counselling bodies, influence on policy makers and access to information

Competitor 3 - Name: POU Zagreb[64]

Successes/Failures:

Successes:

- A 60-year-long experience of delivering a broad range of adult courses
- Business model of delivering courses nationwide in association with local partners
- Influence on the development of Croatian adult education legislation, and still enjoys a reputable standing within the guild.
- Experienced staff in survival mode

Failures:

- Failed to evolve in line with new technologies and trends,
- Difficulties to cope with private business
  initiatives and dissolution of the market

Weaknesses:

- Unstable and prone to obsolescence
- Not privately owned, susceptible to outer influences and particular interests

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[64] POU Zagreb is perceived as a threat in terms of their customary lowest-bid approach in state tenders.

- Run by politically installed managers
  lacking key business skills
- No quality assurance system implemented

<u>Key competencies (unfair advantages):</u>

- Know-how in several education sectors
- A large network of partners, state government and administration officials, guild associations
- Access to quality information
- Co-funded by Zagreb City (disloyal competitor)

5.5.1.3 Value analysis of competitors

Value analysis focuses on the three strongest companies on the market:

1) Key competitor 1 – Uciliste Studium
2) Key competitor 2 – Algebra Adult Education
3) Key competitor 3 – POU Zagreb

1) Key competitor 1 - Uciliste Studium

Company characteristics

Name of the competitor: **Uciliste Studium**

Characteristics: Founded in 2012, Uciliste Studium is the youngest competitor on the market, with head office registered in the same town. It is not a specialised language school, but there is a lot of evidence that it was initially intended to overtake the local language tuition market, with one crucial difference. As opposed to our belief that only deep specialization in one sector was key to success, Studium's strategy was never limited to any particular education sector. This organization has been offering dozens and even hundreds of programs for all needs and purposes. They managed to incorporate successfully and even improve good marketing, research and networking practices. The organisation grew very quickly and established subsidiaries in several cities in the region. They also developed the capacity of absorbing EU funds through regular development projects, as well as of bidding for a wide range of yielding state tenders, which has turned them into one of the most serious competitors on the market. The co-operation with Algebra gave them a significant boost, as they were able to learn and apply best business practicess from this organization as the most successful IT education provider not only in Croatia, but in all of former Yugoslavia. The annual turnover of Studium in 2019 was over 800,000 €, according to available public data in the company register.

Languages: English, German. Age group: 15+

Tab. 72 Company characteristics Uciliste Studium

Offer C1	**Type of offer**	**Yes/No**
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other: Yes, over a hundred qualification / professional development courses	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	Professional guidance
	Other: EU funded projects – design and implementation	

Source: own research (2021)

Tab. 73 Analysis of selected factors

Factor	**0 - 10** (0 = lowest value; 10 = highest value)
Quality of services	5
Range of services	4[65]
Price of services	7
Background (classroom equipment, etc.)	8
Promotions	9
Customisation	4
Web infrastructure (e.g. intranet)	9
Certification (including international exams, etc.)	6
Foreign lectures	1
Innovative teaching (direct method; unschooling;)	2
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	5

Source: own research (2021)

2) Key competitor 2 - Algebra Adult Education

Company characteristics

Name of the competitor: **Algebra Adult Education**

Charakteristics: POU Algebra was founded in 2001. The organisation has become synonymous with quality and up-to-date IT education and training in Croatia. They have split into several companies dealing with primary, secondary and university education level. Algebra did not limit its activity to IT courses, but managed to apply this knowledge into a powerful and versatile marketing set of tools – they pioneered digital marketing and social networks with personal approach, and took over about 90 per cent of the national market. A couple of years ago they entered the crowded language course niche with known customers. The efficiency of their management makes them a very serious competitor in the near future, probably not longer than two years from now.

[65] The assessment is related to the language service range on offer

Tab. 74 Company characteristics Algebra Adult Education

Offer C2	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No
	Other: IT courses; business and management courses	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	No
	Other: Test centre, private high school, currently establishing university	

Source: own research (2021)

Tab. 75 Analysis of selected factors

Factor	0 - 10 (0 = lowest value; 10 = highest value)
Quality of services	8
Range of services	10
Price of services	7
Background (classroom equipment, etc.)	10
Promotions	10
Customisation	7
Web infrastructure (e.g. intranet)	10
Certification (including international exams, etc.)	10
Foreign lectures	9
Innovative teaching (direct method; unschooling;)	9
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	10

Source: own research (2021)

3) Key competitor 3 - POU Zagreb

Company characteristics

Name of the competitor: **POU Zagreb**

Characteristics: Boasting of a hundred-year-long tradition, POU Zagreb is the biggest and oldest adult education institution in Croatia. This long experience has resulted in a broad range of educational programs, including full primary and secondary education. With its head office in Zagreb, POU Zagreb has first developped a system of affiliated partners in many towns in cities outside Zagreb, which makes them a serious competitor always to be counted on. They usually worked for the national employment agency and other state organizations. Most of their business behaviour was later copied by others (such as Algebra or Studium) in this quickly flourishing industry. The business model of adult education has turned out to be much more cost-effective than just language courses. It was directly financed from the state budget, with a secure and yielding market. One of POU Zagreb's fields of activity were the language courses, but never at a sufficiently elaborate level. As most adult education institutions, they carry out tenders using only freelance teachers, and it is just our quality service that keeps our market stable. However, POU Zagreb has a unique prerogative unlike any other organization of its kind: it is co-funded by the City of Zagreb, and therefore can afford to offer cheap course rates countrywide, which makes them a difficult competitor in bidding for state tenders.

Tab. 76 Company characteristics International Baltic Media

Offer C3	Type of offer	Yes/No
Courses	Foreign language	Yes
	Personal development + foreign language	No
	Management/leadership + foreign language	No
	Art + foreign language	No
	Mobility + foreign language	No
	Foreign language + online courses of own choice	No

	Other: A versatile offer of all-purpose education trainings, leading to primary or secondary school, qualification or CPD certificate	
Other services	Translations	No
	Proofreading	No
	Interpretation	No
	Guiding	Professional orientation, to some extent
	Other: Publishing (manuals following their own courses and similar)	

Source: own research (2021)

Tab. 77 Analysis of selected factors

Factor	**0 - 10** **(0 = lowest value; 10 = highest value)**
Quality of services	6
Range of services	10
Price of services	7
Background (classroom equipment, etc.)	7
Promotions	6
Customisation	6
Web infrastructure (e.g. intranet)	7
Certification (including international exams, etc.)	8
Foreign lectures	1
Innovative teaching (direct method; unschooling;)	3
Teaching flexibility (e.g. online teaching, teaching over the phone etc.)	5

Source: own research (2021)

5.5.2 Market characteristics

This part aims to characterise the non-formal market. It is necessary to use data from publicly available databases (local and European Statistical Office).

- https://www.dzs.hr/
- https://ec.europa.eu/eurostat

5.5.2.1 Market size

Based on data obtained from the statistical office, the total population is presented from the following target groups:

- *Residents aged 18-69 (Census of population from 2011 is the last one)*
- *High school and university education*

According to the number of target groups, the market size is calculated based on the following assumptions (derived from Adult Education Survey [66](AES)):

- According to a qualified estimate, approximately 32 % of the population aged 18-69 participate in non-formal education;
- According to a qualified estimate, foreign language teaching accounts for approximately 17 % of the total volume of non-formal education
- Non-formal education affects approximately 50 % of people with secondary and tertiary education.

Two possible views on the size of the market will be provided based on data in the following table (aspects of age + aspects of education).

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[66] CZSO, 2021. Neformální vzdělávání [online]. *Český statistický úřad*. [cit. 2021-02-09], available from https://www.czso.cz/documents/10180/20561193/331313a02.pdf/4094ba1b-0f68-4d0c-922c-c87926f4e965?version=1.0

Tab. 78 Two possible views on the market's size

Characteristics (Census 2011 Croatia)	**Total amount**	**Market size**
By age (16-69)	*2.873.828*	5,4 % of the total: 155.186
By education: High school with graduation (1.280.916) + University (398.806)	1.679.722	8,5 % of the total: 142.776

Source: Drzžavní zavod za statistiku (2021)

Furthermore, we find out the number of companies can be a target group in relation to non-formal education (paid by the employer). In this survey, the following assumptions will be used derived from Eurostat data:

- *30 % of employees participate in non-formal education (Croatia)*

Tab. 79 Employees participate in non-formal education

Characteristics	**Total amount**	**Market size**
Companies (no restrictions) Active entities	*165.720*	30 % of total: [67] 49.716

Source: Drzžavní zavod za statistiku (2021)

5.5.2.2 Market attractiveness

The size of the market with selected outputs of the industry will be estimated in this section. The market is defined as a sector of non-formal education/language schools.

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[67] We will determine the percentage of the total number as 17 % of the total percentage of employee participation in non-formal education. In the case of Slovakia this means: 50*0,17 = 8,5 %

The following data will be collected:

- *Number of teaching hours per year*
- *Average price of course*
- *Average costs per a lecturer*
- *Total sales per industry*
- *Profit margin per industry in %*
- *Total profits per industry*
- *Sales per company*

Tab. 80 Market attractiveness

Market attractiveness	Results
Number of teaching hours per year[68]	*Rough estimate: 4.000.000 (adults only)*
Average price of course per hour[69]	Per person per hour: 3,77 EUR Per group per hour: 30,15 EUR
Average variable costs per hour[70]	Lecturer: 11,87 EUR Administration: 3,56 EUR
Profit margin per industry[71]	7-9 %
Total sales per industry (estimate)	50 million EUR
Total profits per industry	4 million EUR
Sales per company[72]	63,300 EUR

Source: own research (2021)

[68] In Czechia, the number of teaching hours per year is estimated at about 2 million.

[69] In the case of Czechia, the average price is 18 euros per hour (see Association of Language Schools).

[70] We will find them out as the average salary of lecturer per hour. In Czechia, the average hourly rate of lecturer is 9 euros.

[71] It will be expressed as a percentage (either according to relevant association or a qualified estimate).

[72] The figures in this table are an estimate based on a survey conducted among language schools, national register of companies and data available on the internet (courses, pricelists).

5.5.3 External factors

PEST analysis is used in this part of the methodical sheet. Individual parts of the analysis should be described briefly, and we try to identify trends and significant changes concerning the future of the language school market.

5.5.3.1 Political factors

- Private adult education institutions by unfair advantages create risk for language school market as not being regulated by government policy
- Schools being privatised
- Changes to the skills required to be a teacher/ tutor
- Changes to curriculum with short lead times
- Requirement to be self managing
- Requirement to be self financing
- Covid 19

5.5.3.2 Economic factors

- Central or local government funding decisions may affect school/ establishment finances
- Closure/changes of a local industries may affect market
- Ability of parents or adults to raise funds for optional activities
- Cost of providing resources:
- Staff – teaching & support
- Basics – books/ paper
- Technology solutions laptops etc
- Underprovision of schools (private adult education institutions) resulting in unfair competition
- The risk of highly valued, key staff moving on to more ‘up and coming’ schools/ academies

5.5.3.3 Social factors

- Decline in birth rate, reflecting national trends
- Local population changes (increasing/ decreasing numbers)
- Demographic changes may affect likely client behaviour or the nature of client needs e.g. clients with English as a second language etc.
- Closure of local firms providing employment

- Inability to attract staff
- Social networking – blogs, facebook, twitter
- Changes to qualifications expected
- School reputation building with local community
- Information is accessible anywhere in the world via the Internet
- Staff were not given enough training or access to effectively change their habits and how they expected information to be made available

5.5.3.4 Technological factors

- Changes to standards/ equipment required
- Risk of selecting the wrong technology at times of change (i.e. windows -v- open source)
- New computer viruses may affect school/ college operations,
- Move from paper-based books to e-book readers
- Computer hardware being out of date
- Computer software being out of date
- Time to manage IT systems
- Online accessibility of work materials for teachers and students (digitalization)

6 RESEARCH RESULTS II - EXPLORATORY RESEARCH ON THE OFFER OF LANGUAGE SCHOOLS

This chapter presents the results of exploratory research that was carried out in 2021. In the first part of this chapter, we characterize this type of research, present the offer of language schools in the Czech Republic, describe the specific courses and offers of some language schools, and explore strategic approaches to creating a product portfolio.

6.1 Research Characteristics

As part of the chosen methodology, we first carried out exploratory research and then proceeded to a questionnaire survey. The aim of this research was to map the products of language schools in the Czech Republic and to identify different strategic approaches of language schools when creating a product portfolio. At the same time, this type of research preceded the creation of selected hypotheses, which are presented in chapter 1.

As part of this research, 80 language schools were examined out of an estimated total of 600. The language schools that were the subject of this research came from all regions of the Czech Republic. Each region was represented by five schools, with the exception of the Central Bohemian region (including Prague), which had the largest representation. This region included 20 language schools. The research team analysed selected language schools in order to identify their products based on publicly available data (language school websites).

6.2 Offer of language schools in the Czech Republic

The research of individual schools was preceded by an analysis of the three strongest schools in the Czech Republic in order to identify the basic portfolio of services that these schools offer. The portfolio of services was further expanded according to the offer of the individual schools that were part of our research. We found that language schools in the Czech Republic offer 21 different products/services. An overview of the products/services is given in the following table, which shows the relative frequencies in relation to whether the given products are part of the school offer or not.

Tab. 81 Offer of language schools in the Czech Republic

Offer	Yes	No
Public courses	96 %	4 %
Corporate courses	83 %	18 %
Courses for children	79 %	21 %
Courses for teachers	15 %	85 %
Courses for seniors	14 %	86 %
Courses for the unemployed	1 %	99 %
Summer courses	34 %	66 %
Graduation courses	43 %	58 %
Post-secondary courses	29 %	71 %
Experiential courses (teambuilding)	11 %	89 %
Courses for mothers	3 %	98 %
Hiking courses (sea/mountains)	11 %	89 %
Private lessons/individual	84 %	16 %
Discussion clubs	9 %	91 %
Tailor-made / flexible courses	48 %	53 %
Residential courses/mobility	23 %	78 %
Translation/interpreting	46 %	54 %
Language audit	30 %	70 %
International exams/certificates	64 %	36 %
Camps/camping	31 %	69 %
Online learning	63 %	38 %

Source: own research (2021)

The previous table reveals which products are offered by language schools and the rate of occurrence of these courses on the language education market in the Czech Republic (see the following figure). The most common courses are:

A. Course for the public

B. Corporate courses

C. Private lesson

D. Courses for children

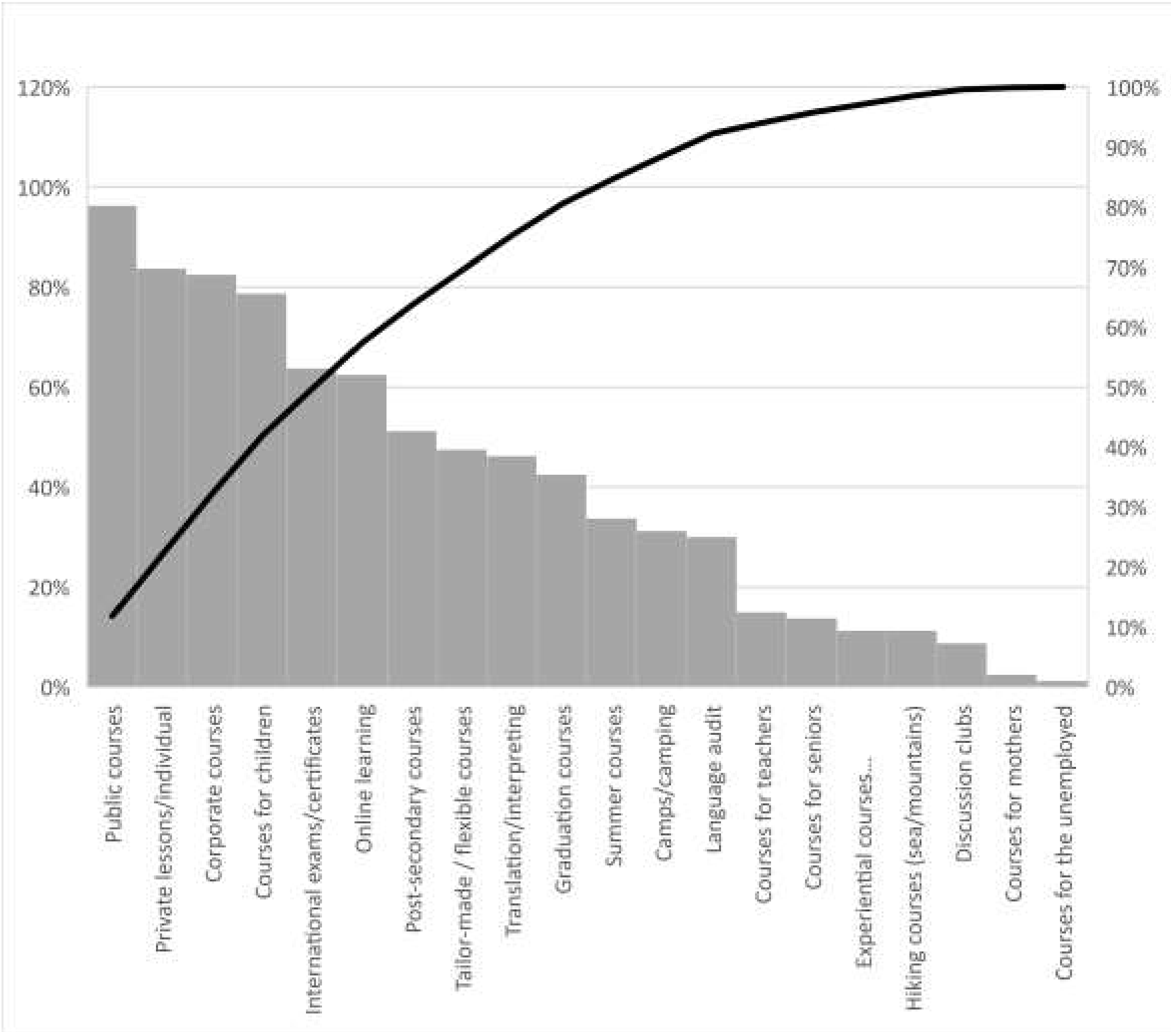

Fig. 11 Offer of language schools in the Czech Republic

Source: own research (2021)

Most language schools offer a basic product, which is a course for the public. This product is offered to anyone. This suggests that language schools are not too concerned with market segmentation and have their business models focused on customers without dealing with their profiling.

On the other hand, courses that do not appear much on the offer of language schools are usually courses for the marginal parts of the market. Is part of them:

A. Courses for mothers
B. Courses for the unemployed
C. Discussion clubs
D. Courses for seniors

Discussion clubs, which are offered by the strongest players on the market, stand out from the marginal offer of courses listed above. This type of product has considerable potential, and the question is whether it should have a stronger market presence due to market needs and selected trends, especially the co-creation trend, which makes it possible to redefine the role of students as passive recipients of courses in active co-creators of the lesson, which they visit.

6.3 Specific courses in the Czech Republic

The analysis of the offer of language schools in the Czech Republic also made it possible to identify specific courses offered by language schools and specific teaching methods that can be a competitive advantage in the language education sector.

The analysis of the product portfolio of language schools was focused on three areas:

A. Offer according to teaching methods
B. Offer according to time (customization aimed at removing the time barrier)
C. Offer by role (profession)

Offer according to teaching methods

Market research has revealed some interesting teaching approaches used by selected language schools. These main approaches emphasize language education in the form of conversation. An analysis of the offer of language schools revealed teaching methods, which include the Drill method, the Helen Doron method and the direct method. In the following table, we also list language schools that base their competitive advantage on selected teaching methods.

Tab. 82 Offer of selected language schools according to teaching methods

Language school	Teaching methods
Kurzy Jílek, s.r.o.	Drill method
	Communicative method
PM-Lingua s.r.o.	Communicative method
Jazyková škola AQAP	Helen Doron method
Cooltio	Direct method

Source: own research (2021)

Offer according to time

The research on the offer of language schools also revealed subjects who are aware of one of the most significant barriers in teaching foreign languages, which is the lack of time. Some schools approach the customization of courses in the sense of adapting to the clients' time options. Examples of these courses are listed in the following table, including the language schools that offer these courses.

Tab. 83 Offer of language schools according to time

Language school	Course
Jazyková škola AHA	Holiday courses
	Afternoon courses
	Evening courses
Hannah School	Weekend courses
Philadelphia Academy	Courses during the holidays
	Weekend courses
	Evening courses
Jazyková škola P.A.R.K.	Summer school for teachers
J.S. Agency	Morning courses
	Evening courses

Source: own research (2021)

Offer by role

Specific language school courses often reflect the client's profession. The importance of understanding what the client does and what he needs a foreign language for is the basis for creating courses at selected language schools, which we list in the following table. Obviously, some language schools apply the trend of customization to adapt their products to the specific needs of customers. At the same time, clients' needs are influenced by geographical factors (see military English, aviation English).

Tab. 84 Offer of language schools according to the client's profession

Language school	Course
Cloverleaf Limited s.r.o.	Management education
PM-Lingua s.r.o.	WATTSENGLISH – kindergarten lessons
Jazyková škola SPOKEN	Lessons with added value - learn about the culture of the landscape
Jazyková škola LITE Liberec	Military English
Agentura a Jazyková škola Studyline	Work and Au pair programmes
Jazyková agentrura LIRA	Courses for secretaries
Jazyková škola Lingva	ICAO Aviation English
Educa - vzdělávací centrum	Czech for foreigners
Jazyková škola Jihlava - ALBION s.r.o.	Business English
	40+ Club (for working people)
	Club 60+ (beginners)

Source: own research (2021)

6.4 Strategy for creating a product portfolio

One of the main goals of the exploratory research was to find out what strategic approach language schools use when creating a product portfolio. An initial survey of the offer of language schools revealed that the language education market consists of a wide range of products/services. In connection with this finding, we verified the following initial assumptions of the research:

1. The size of the market determines the offer of language schools.
2. Firm courses are individualized.
3. Language schools have a wide range of services.
4. Language schools only offer foreign language education.

These basic assumptions led to the formulation of four statistical hypotheses that should answer the following research questions:

1. Do language schools offer courses based on market size?
2. Are firm courses customized or unified?
3. What strategy do language schools apply (diversification or concentration)?
4. Are language schools focused on lucrative parts of the market (translations and interpretations)?

We will state the confirmation or rejection of individual hypotheses in chapter 8. The results of this research led us to these conclusions. First, the specialization of schools depends on the size of the market. This means that there is a dependency between the scope of services and the market size. Second, corporate training is individualized. This means that language school offers are customized, as it is intended for corporate clientele. Thirdly, language schools do not have a wide range of services, i.e. most schools do not offer 11 or more products out of a total of 21. And fourthly, most language schools focus on teaching foreign languages. This means that most schools do not focus on the lucrative parts of the market (i.e. translations and interpreting).

7 RESEARCH RESULTS III - QUESTIONNAIRE SURVEY

A comprehensive view of language school business models requires not only an analysis of the language school business model but also an analysis of the requirements and needs of language school customers. For this reason, we conducted two questionnaire surveys that were subsequently addressed to language schools (Q1) and language school clients (Q2) in five EU countries.

Language schools and language school clients in the Czech Republic, Slovakia, Latvia, Poland and Croatia were analysed through online questionnaires (see Appendix AI and AII). The results of the data analysis are included in the following two chapters. The data are processed into tables and graphs. The processing methodology is described in detail in Chapter 4.

In the following two chapters, we will only publish selected areas of the questionnaire survey that we consider important in relation to the stated hypotheses and objectives of this thesis.

7.1 RESULTS OF QUESTIONNAIRE I – LANGUAGE SCHOOLS

This chapter analyses the results of a questionnaire survey that focused exclusively on the business model of language schools. The data analysis aims to determine whether there is a relationship between the selected variables and the respondents (language schools) by country of origin. At the same time, we also present the prevailing tendencies of the respondents on the selected questions regardless of the country of origin. It is important to mention that each question below is also related to the research questions that were set out in Chapter 1 Research Objectives of the monograph.
In the case of this questionnaire survey, we will not present all the results of our research due to space limitations. We will only present results that are related to the stated hypotheses and have implications for the analysis of the business model of language schools.

7.1.1 Characteristics of the business model of language schools

In the first part of this research, we will focus on the analysis of data that will help us to characterize the prevailing business model of language schools. The research focused on the following areas:

A) Market segmentation (Who are the key customers?)

B) Subject of activity (What is the purpose of the business?)

C) Spatial delimitation of teaching (Where do language schools teach?)

D) Content of teaching (What content do language schools offer?)

Market segmentation (Who are the key customers?)

Analysis of the questionnaire survey data revealed that the majority of language schools consider children and youth as key customers (56.2% of the total). The second most important customer group is adults. Companies are a key customer for only 18% of language schools, which is contrary to the practice of the most successful language schools in the Czech Republic, which focus exclusively on this part of the market (see the following figure).

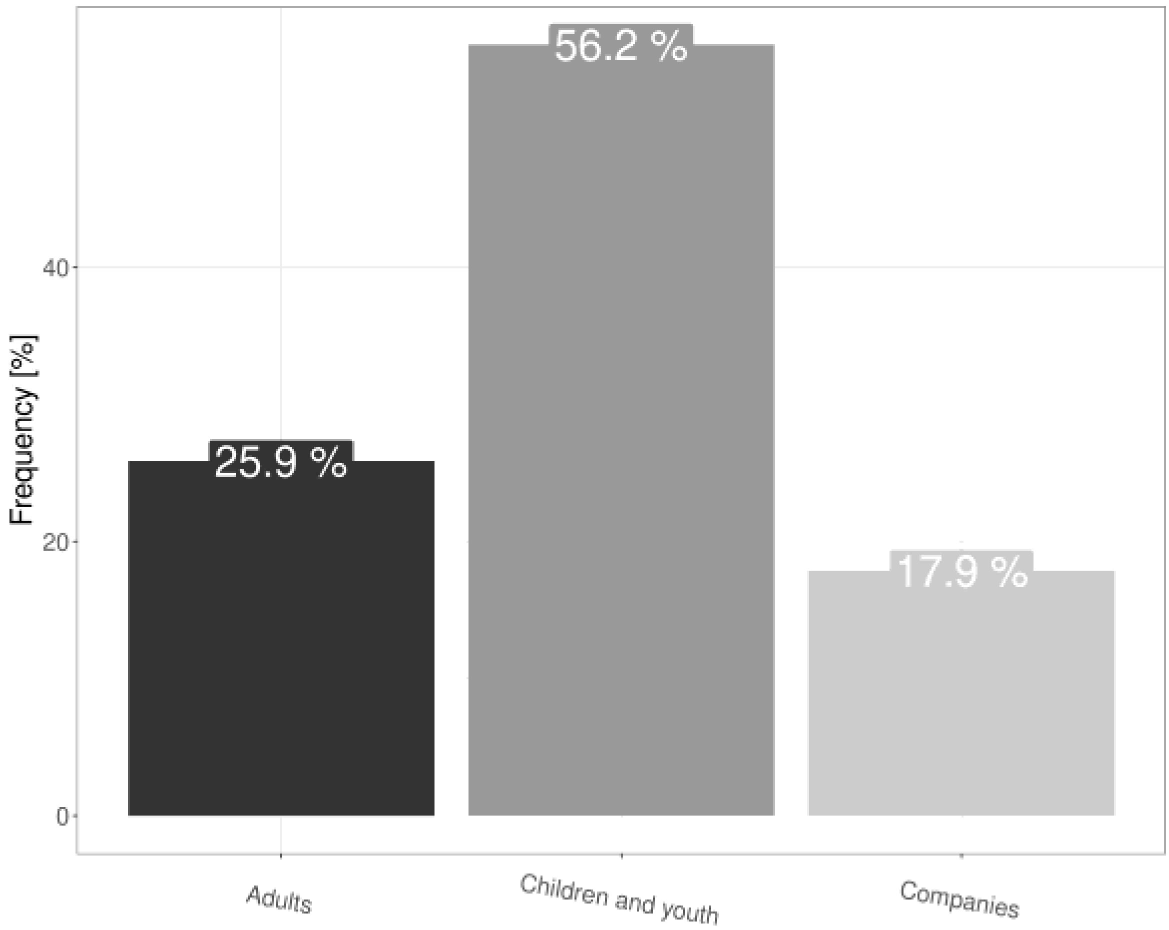

Fig. 12 Market customer segmentation

Source: own research (2021)

In addition to the above analysis, the hypothesis that examined market segmentation was also tested (see the question "Which customer segment is key for you ") in relation to the origin of the language school (question "Where does your language school come from?"). From the data, the research question Q1 (Who are the key customers of language schools?) was constructed, and the hypothesis was tested in chapter 8. The results of testing the relationship between the variable (market segmentation) and the respondent's origin are presented in the following table.

Tab. 85 Which customer segment is key for you.

	Where does your language school come from					
	Croatia	Czech Republic	Latvia	Poland	Slovakia	***Total***
Adults	8 (6.73;0.49)	9 (5.44;1.53)	**6 (2.07;2.73)**	**2 (9.06; -2.35)**	4 (5.7; -0.71)	29
Children and youth	17 (14.62;0.62)	**2 (11.81; -2.86)**	**0 (4.5; -2.12)**	**32 (19.69;2.77)**	12 (12.38; -0.11)	63
Companies	1 (4.64; -1.69)	**10 (3.75;3.23)**	2 (1.43;0.48)	**1 (6.25; -2.1)**	6 (3.93;1.05)	20
Total	26	21	8	35	22	112

χ^2=55.79 · df=8 · Cramer's V=0.5 · Fisher's p=5e-04

Source: own research (2021)

The result of the test is $\chi^2(8, N = 112) = 55.79, p <0.01$, therefore, we have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is a statistically significant dependence between the variables "Which customer segment is key for you " and "Where does your language school come from". The value of the Cramer coefficient is $V (df = 8) = 0.5$, which indicates medium dependency. The power of a statistical test is 0.21. After residual analysis, the largest differences were found within the Czech Republic, Latvia and Poland. In Latvia, more respondents than expected chose the "Adults" option, while fewer respondents than expected chose the "Children and youth" option. In the Czech Republic, the "Children and youth" option was chosen less than expected, and the "Companies" option was chosen by more respondents than expected. In

Poland, fewer respondents than expected chose the "Adults" and "Companies" option, and more respondents than expected chose the "Children and youth" option.

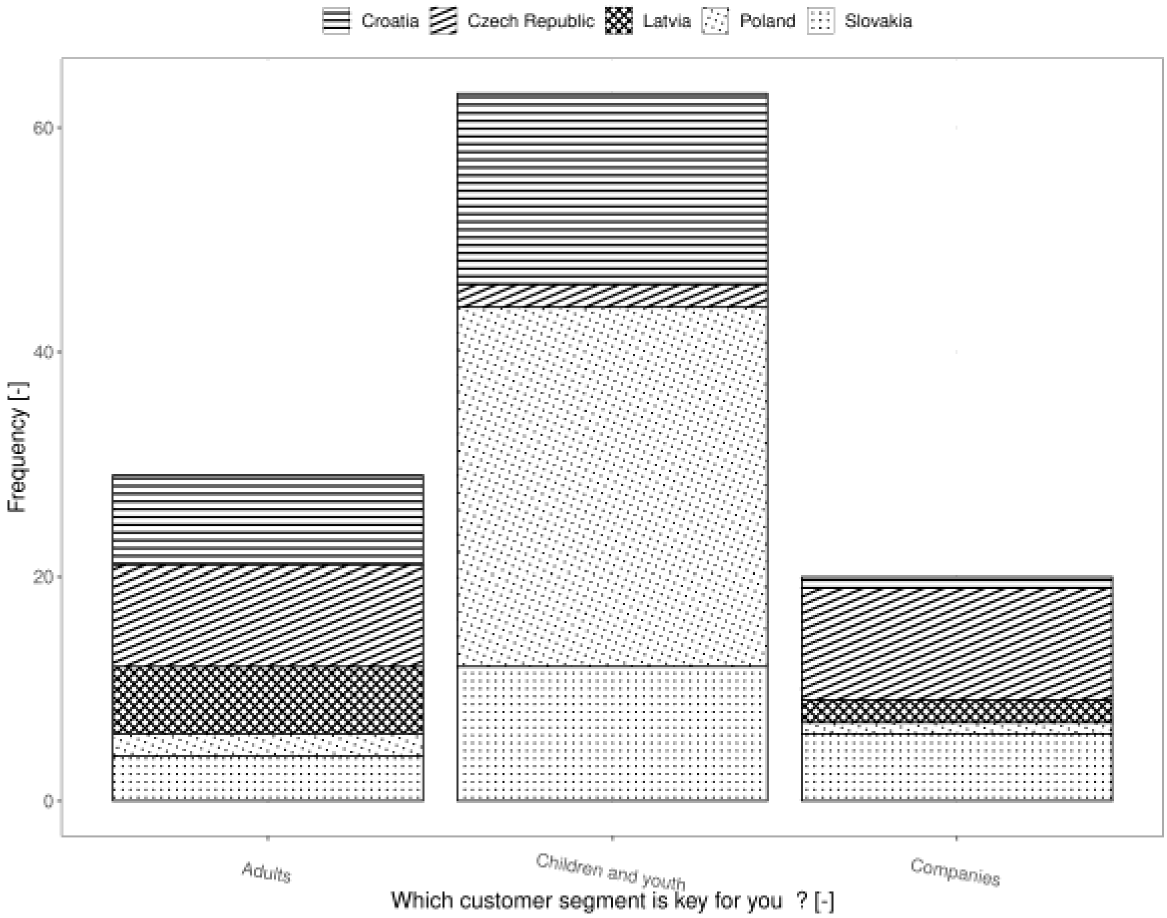

Fig. 13 Which customer segment is key for you

Source: own research (2021)

Subject of activity (What is the purpose of the business?)

Analysis of the questionnaire survey data revealed that the majority of language schools focus exclusively on language education (96% of the total number of respondents). A minority of language schools also focus on non-formal education (28% of total respondents), translation and interpreting (26% of the total) and language auditing (one-fifth of language schools). These data show that language schools do not focus much on market opportunities outside the traditional language education sector (see retraining, recruitment, consultancy, etc.).

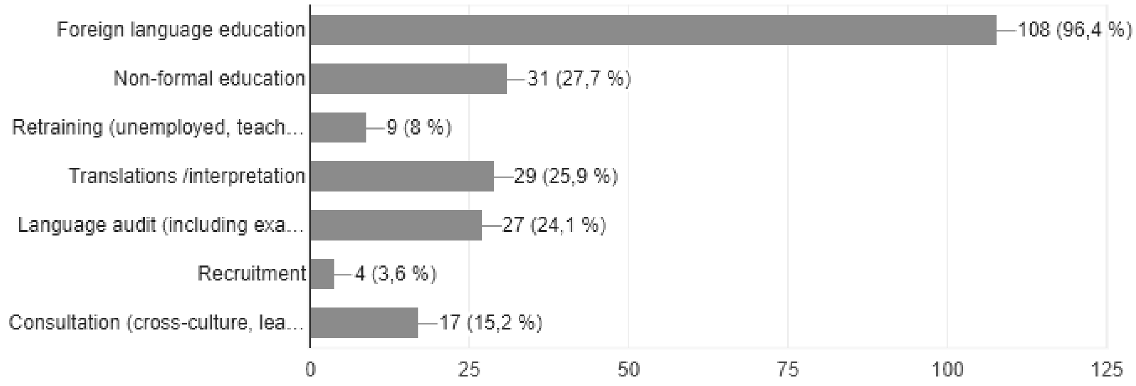

Fig. 14 Purpose of business

Source: own research (2021)

In addition to the above analysis, the hypothesis that examined the purpose of the business (see the question "What is the purpose of your business ") in relation to the origin of the language school (variable "Where does your language school come from") was also tested. The results of testing the relationship between the variable (purpose of the business) and the origin of the respondent are presented in the following table.

Tab. 86 What is the purpose of your business

	Where does your language school come from					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Consultation	4 (5.08; -0.48)	3 (3.31; -0.17)	3 (1.38;1.37)	2 (3.23; -0.68)	5 (4;0.5)	17
Foreign language education	26 (32.25; -1.1)	21 (21.01;0)	7 (8.8; -0.61)	**33 (20.52;2.75)**	21 (25.41; -0.88)	108
Language audit	11 (8.06;1.03)	6 (5.25;0.33)	2 (2.2; -0.13)	3 (5.13; -0.94)	5 (6.35; -0.54)	27
Non-formal education	9 (9.26; -0.08)	6 (6.03; -0.01)	3 (2.52;0.3)	3 (5.89; -1.19)	10 (7.29;1)	31
Retraining	4 (2.69;0.8)	1 (1.75; -0.57)	0 (0.73; -0.86)	1 (1.71; -0.54)	3 (2.12;0.61)	9
Translations /Interpretation	12 (8.66;1.13)	6 (5.64;0.15)	3 (2.36;0.42)	**0 (5.51; -2.35)**	8 (6.82;0.45)	29
Total	66	43	18	42	52	221

$\chi^2=27.23 \cdot df=20 \cdot Cramer's\ V=0.18 \cdot Fisher's\ p=0.071$

Source: own research (2021)

The result of the test is $\chi^2(20, N = 221) = 27.23, p> 0.05$, therefore we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "What is the purpose of your business " and "Where does your language school come from". After analysing the residuals, it was found that the most significant differences are within Poland, where respondents chose the option "Foreign language education" more than expected and the option "Translations" less than expected.

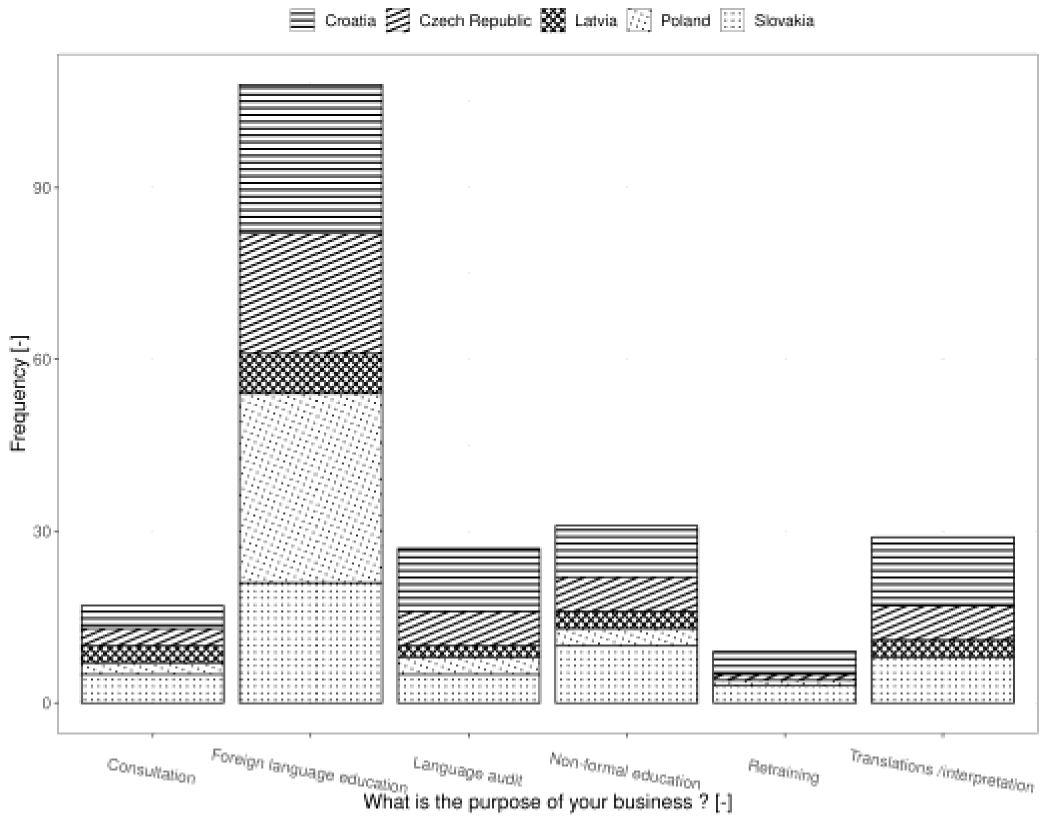

Fig. 15 What is the purpose of your business with relation to partner countries

Source: own research (2021)

Spatial delimitation of teaching (Where do language schools teach?)

On the basis of the processed data, we found that most language schools teach in classrooms (traditional school environment). The majority of language schools also offer online learning

(89% of the total). Teaching in the premises of companies (training centres) is also widespread. 62% of the schools surveyed provide teaching at the client's place. Alternative venues are not widely used. Exciting results are related to study abroad/foreign countries, which is offered by only 16% of the language schools surveyed.

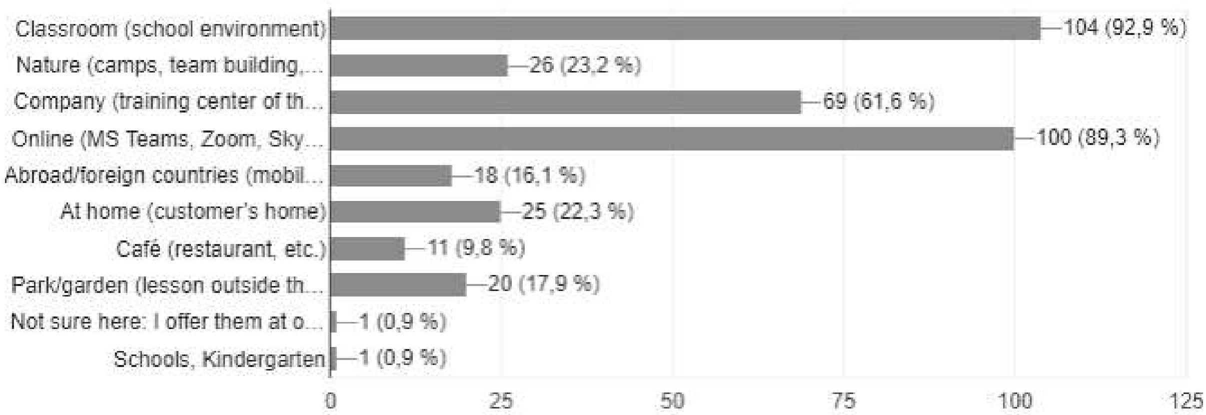

Fig. 16 Where do language schools teach

Source: own research (2021)

In addition to the above analysis, the hypothesis that examined the learning environment was also tested (see the question "In which environment do you offer your courses") in the context of the respondent's origin (the variable "Where does your language school come from"). The research question Q2 ("Where do language schools teach?") was constructed from the data, and then the hypothesis was tested in Chapter 8. The results of testing the relationship between a given variable (spatial definition of teaching) and the origin of the respondent are presented in the following table.

Tab. 87 In which environment do you offer your courses

	Where does your language school come from					
	Croatia	Czech Republic	Latvia	Poland	Slovakia	***Total***
Abroad/ foreign countries	6 (4.25;0.85)	7 (4.34;1.27)	2 (1.35;0.56)	**0 (4.1; -2.03)**	3 (3.96; -0.48)	18
At home	4 (5.9; -0.78)	9 (6.03;1.21)	2 (1.88;0.09)	3 (5.7; -1.13)	7 (5.5;0.64)	25
Café	0 (2.6; -1.61)	5 (2.65;1.44)	1 (0.83;0.19)	1 (2.51; -0.95)	4 (2.42;1.02)	11
Classroom	25 (24.54;0.09)	19 (25.09; -1.22)	7 (7.81; -0.29)	33 (23.7;1.91)	20 (22.86; -0.6)	104
Company	18 (16.28;0.43)	19 (16.65;0.58)	4 (5.18; -0.52)	14 (15.72; -0.43)	14 (15.17; -0.3)	69
Nature	5 (6.13; -0.46)	7 (6.27;0.29)	3 (1.95;0.75)	4 (5.92; -0.79)	7 (5.72;0.54)	26
Online	25 (23.59;0.29)	20 (24.13; -0.84)	7 (7.51; -0.18)	28 (22.79;1.09)	20 (21.98; -0.42)	100
Park/garden	5 (4.72;0.13)	4 (4.83; -0.38)	2 (1.5;0.41)	2 (4.56; -1.2)	7 (4.4;1.24)	20
Total	88	90	28	85	82	373

χ^2=31.32 · df=28 · Cramer's V=0.14 · Fisher's p=0.1669

Source: own research (2021)

The result of the test is $\chi^2(28, N = 373) = 31.32, p > 0.05$, therefore we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "In which environment do you offer your courses " and "Where does your language school come from".

After analysing the residuals, it was found that the most significant differences were in Poland. Where respondents chose the "Abroad/foreign countries" option less than expected.

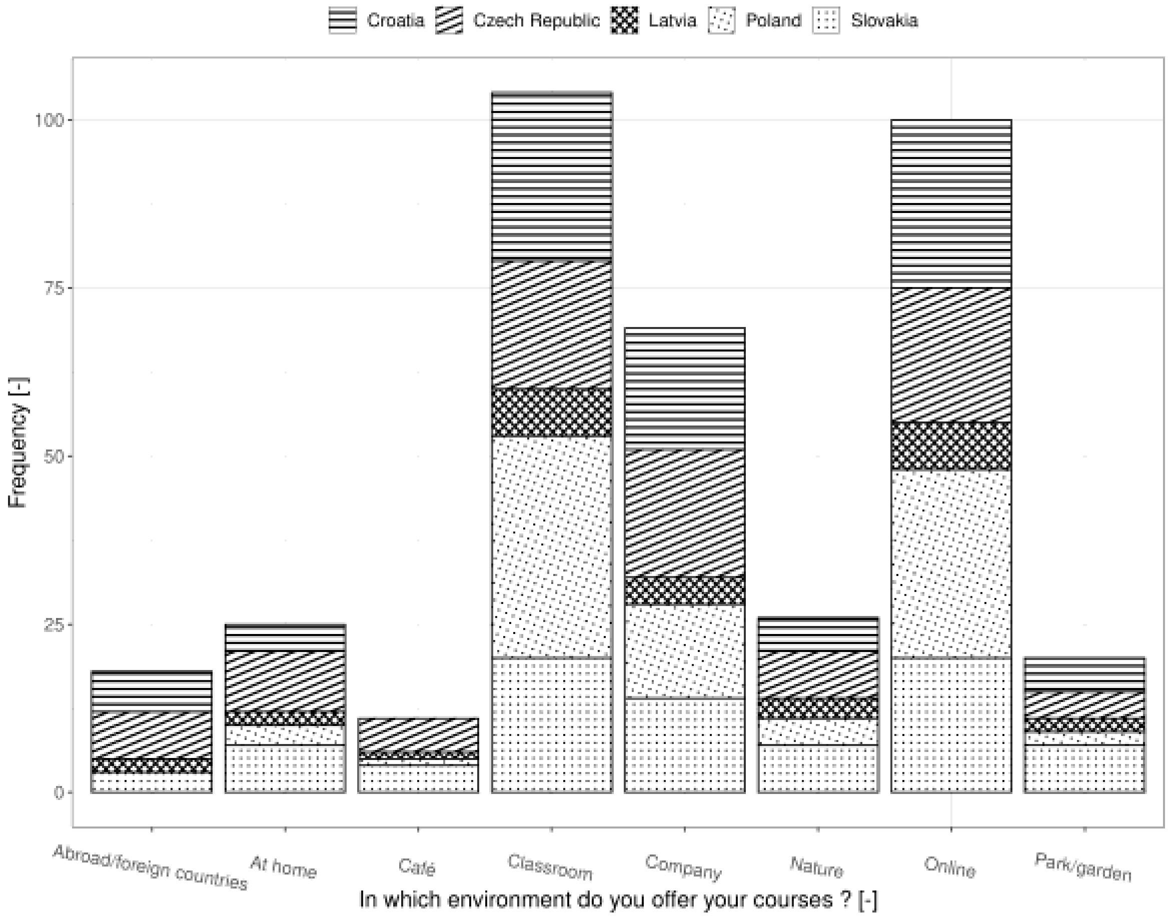

Fig. 17 In which environment do you offer your courses

Source: own research (2021)

Content of teaching (What content do language schools offer?)

Analysis of the questionnaire survey data revealed that language schools primarily offer foreign language instruction without a professional context. If language schools do offer a foreign language in a professional context, then in most cases, it is Business English (Business/Management) (55% of the total). A significant proportion of language schools offer school-leaving exam preparation (55% of the total). Personal development is also strong, but not the majority, part of the language school offer (46 % of the total). On the other hand, language schools were found not to offer courses focusing on areas such as arts, tourism, culture, IT and others (see figure below).

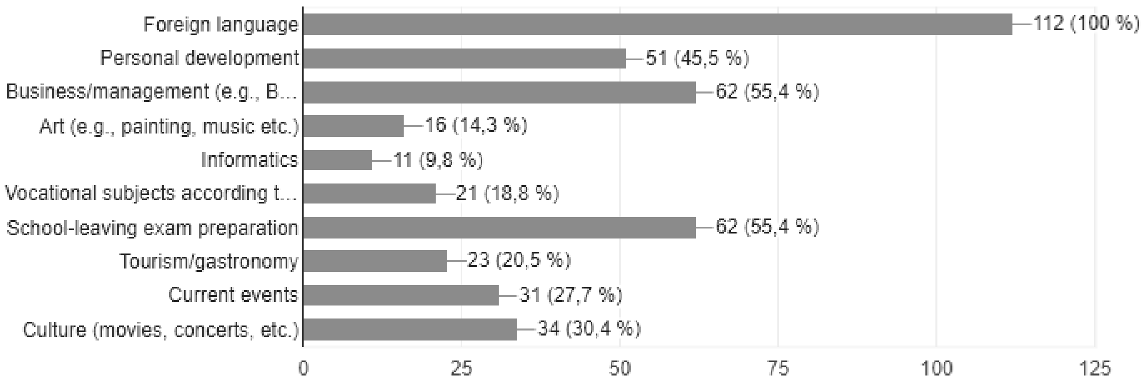

Fig. 18 Content of teaching

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined the content definition of teaching (see the question "What do you offer in your courses") in relation to the respondent's origin (question "Where does your language school come from"). Research question Q3 ("What do language schools offer in their courses?") was constructed from the data, and then the hypothesis was tested in Chapter 8. The results of testing the dependence of a given variable (content definition of teaching) and the origin of the respondents are presented in the following table.

Tab. 88 What do you offer in your courses

	Where does your language school come from					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Art	5 (3.97;0.52)	1 (3.14; -1.21)	2 (1.48;0.43)	2 (3.22; -0.68)	6 (4.2;0.88)	16
Business/ management	20 (15.39;1.18)	16 (12.17;1.1)	6 (5.72;0.12)	6 (12.46; -1.83)	14 (16.27; -0.56)	62
Culture	8 (8.44; -0.15)	8 (6.67;0.51)	5 (3.13;1.05)	4 (6.83; -1.08)	9 (8.92;0.03)	34
Current events	6 (7.7; -0.61)	6 (6.08; -0.03)	4 (2.86;0.68)	5 (6.23; -0.49)	10 (8.13;0.65)	31
Foreign language	26 (27.8; -0.34)	21 (21.98; -0.21)	8 (10.33; -0.72)	**35 (22.51;2.63)**	22 (29.39; -1.36)	11 2
Informatics	4 (2.73;0.77)	0 (2.16; -1.47)	2 (1.01;0.98)	2 (2.21; -0.14)	3 (2.89;0.07)	11
Personal development	11 (12.66; -0.47)	9 (10.01; -0.32)	5 (4.7;0.14)	10 (10.25; -0.08)	16 (13.38;0.72)	51
School-leaving exam preparation	13 (15.39; -0.61)	13 (12.17;0.24)	4 (5.72; -0.72)	15 (12.46;0.72)	17 (16.27;0.18)	62
Tourism/ gastronomy	7 (5.71;0.54)	6 (4.51;0.7)	0 (2.12; -1.46)	2 (4.62; -1.22)	8 (6.04;0.8)	23
Vocational subjects according to your own choice	5 (5.21; -0.09)	3 (4.12; -0.55)	3 (1.94;0.76)	4 (4.22; -0.11)	6 (5.51;0.21)	21
Total	105	83	39	85	111	42 3

χ^2=35.03 · df=36 · Cramer's V=0.14 · Fisher's p=0.4473

Source: own research (2021)

The result of the test is $\chi^2(36, N = 423) = 35.03, p > 0.05$, therefore, we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "What do you offer in your courses " and partner countries. After analysing the residuals, it was found that the most significant differences were in Poland, where respondents chose the "foreign language" option more than expected.

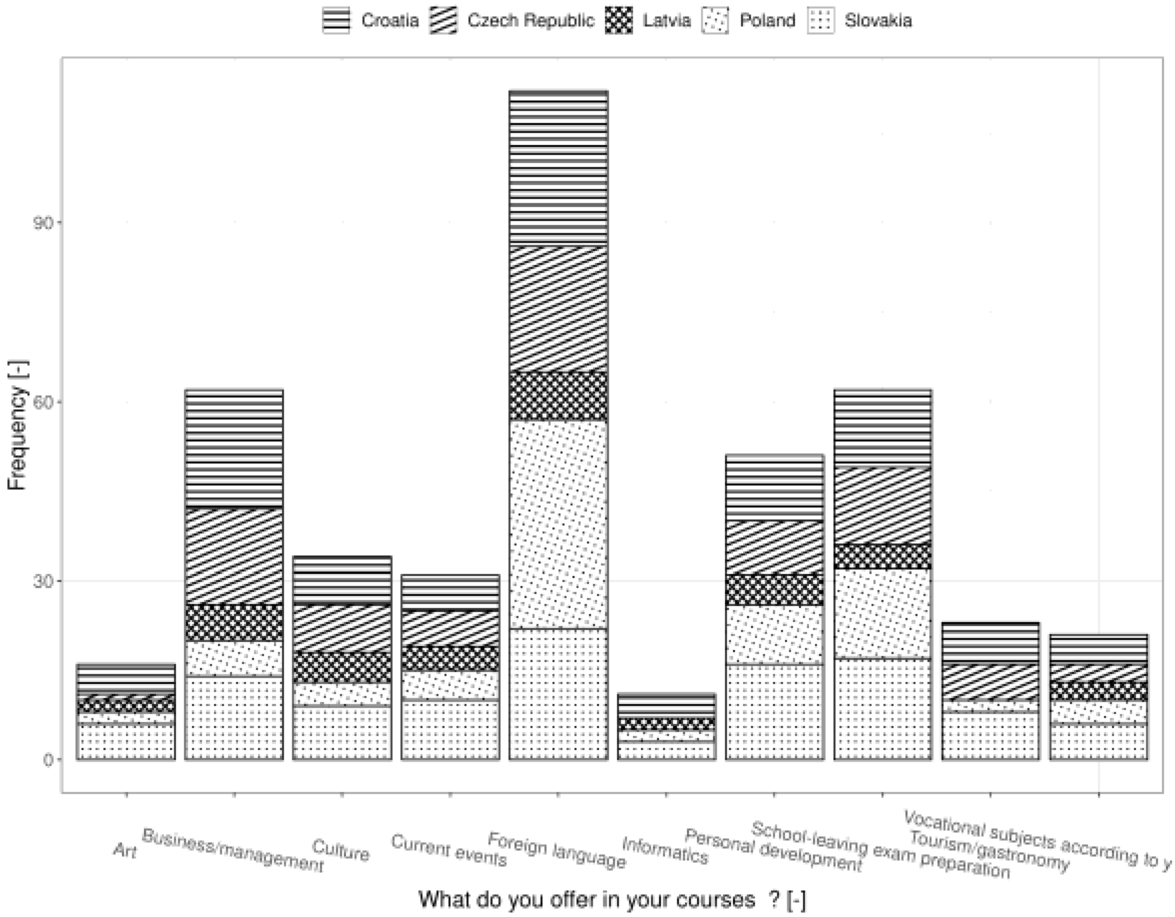

Fig. 19 What do you offer in your courses

Source: own research (2021)

7.1.2 Didactics of the teaching process

In the second part of this research, attention will be paid to the areas that influence the language teaching process in language schools. We will examine:

A) Alternative ways of teaching (How do language schools teach?)
B) Co-creation of a lesson (Do language schools allow co-creation of learning?)
C) Number of students (How many students attend the courses?)
D) Teaching materials (What do language schools use to enhance their teaching?)

Alternative ways of teaching (How do language schools teach?)

Analysis of the questionnaire survey data revealed that language schools apply traditional teaching methods. Teaching is based on courses (95% of the total number of language schools), conversations (92% of the total) and private lessons (77% of the total). Most schools also offer teaching in the form of workshops/seminars. On the other hand, alternative teaching methods are not very widespread in the practice of the schools surveyed. Less than a fifth of the language schools surveyed use mobility (study abroad), as well as camps, discussion forums or educational tourism. The summary results are illustrated in the following figure.

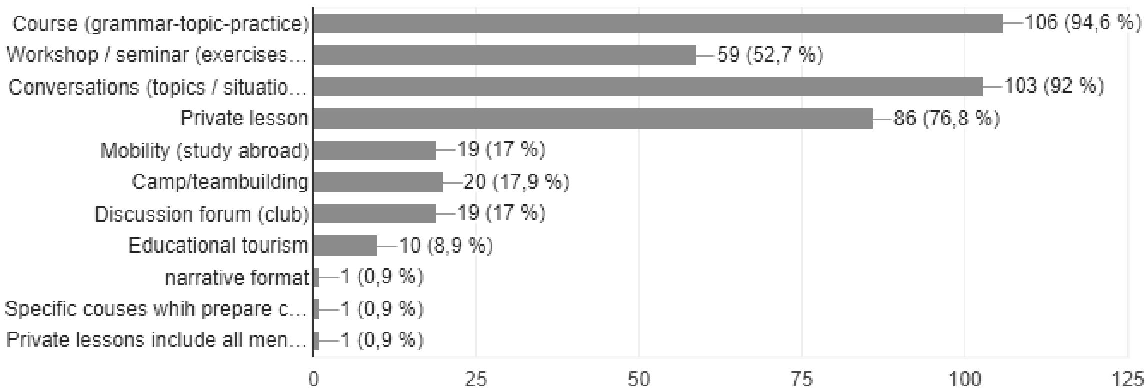

Fig. 20 Alternative ways of teaching

Source: own research (2021)

In addition to the above analysis, the hypothesis that examined alternative teaching methods (see the question "What type of teaching methods do you offer") in relation to the respondent's origin (variable "Where does your language school come from") was also tested. The research question Q4 ("How do language schools teach?") was constructed from the data and then the hypothesis was tested in Chapter 8. The results of testing the relationship between the variable (alternative teaching methods) and the origin of the respondent are presented in the following table.

Tab. 89 What type of teaching methods do you offer

	Where does your language school come from					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Camp/ teambuilding	4 (5.07; -0.48)	4 (3.6;0.21)	2 (1.56;0.35)	3 (5.31; -1)	7 (4.45;1.21)	20
Conversations	24 (26.12; -0.41)	19 (18.55;0.1)	7 (8.05; -0.37)	32 (27.34;0.89)	21 (22.94; -0.41)	103
Course	26 (26.88; -0.17)	20 (19.09;0.21)	6 (8.29; -0.8)	33 (28.13;0.92)	21 (23.61; -0.54)	106
Discussion forum	5 (4.82;0.08)	2 (3.42; -0.77)	3 (1.49;1.24)	4 (5.04; -0.46)	5 (4.23;0.37)	19
Educational tourism	4 (2.54;0.92)	1 (1.8; -0.6)	0 (0.78; -0.88)	0 (2.65; -1.63)	5 (2.23;1.86)	10
Mobility	7 (4.82;0.99)	4 (3.42;0.31)	2 (1.49;0.42)	1 (5.04; -1.8)	5 (4.23;0.37)	19
Private lesson	22 (21.81;0.04)	19 (15.49;0.89)	8 (6.73;0.49)	19 (22.82; -0.8)	18 (19.16; -0.26)	86
Workshop / seminar	15 (14.96;0.01)	7 (10.63; -1.11)	5 (4.61;0.18)	20 (15.66;1.1)	12 (13.14; -0.32)	59
Total	107	76	33	112	94	422

χ^2=25.52 · df=28 · Cramer's V=0.12 · Fisher's p=0.5367

Source: own research (2021))

The result of the test is $\chi^2(28, N = 422) = 25.52, p > 0.05$, therefore, we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "What type of teaching methods do you offer " and partner countries. No significant residuals were observed within the above data.

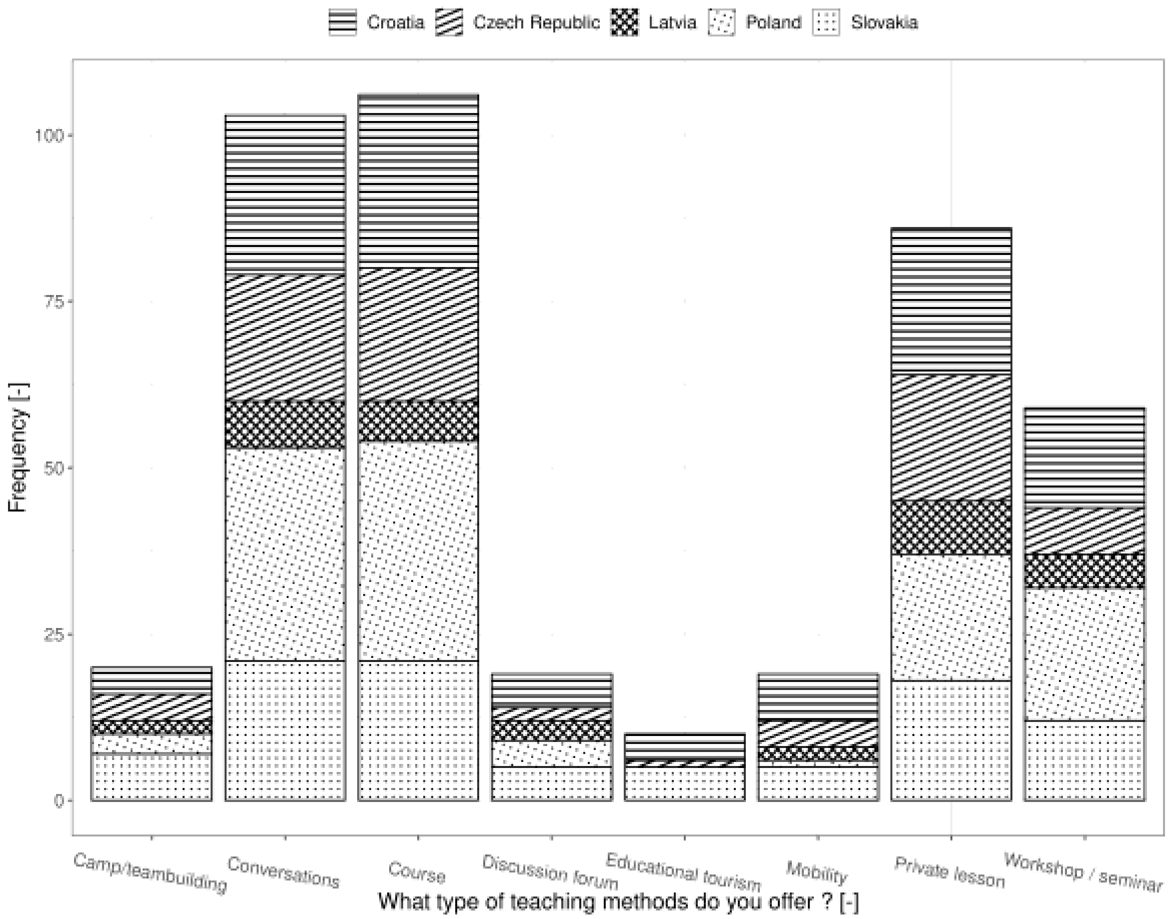

Fig. 21 What type of teaching methods do you offer

Source: own research (2021)

Course co-creation (Do language schools allow co-creation of learning?)

As part of our research, we also examined client engagement in the learning process. We asked language schools whether they allow clients to co-design courses. According to the results of our questionnaire survey, it can be concluded that most of the language schools surveyed involve students in the course co-creation. (74% of the total).

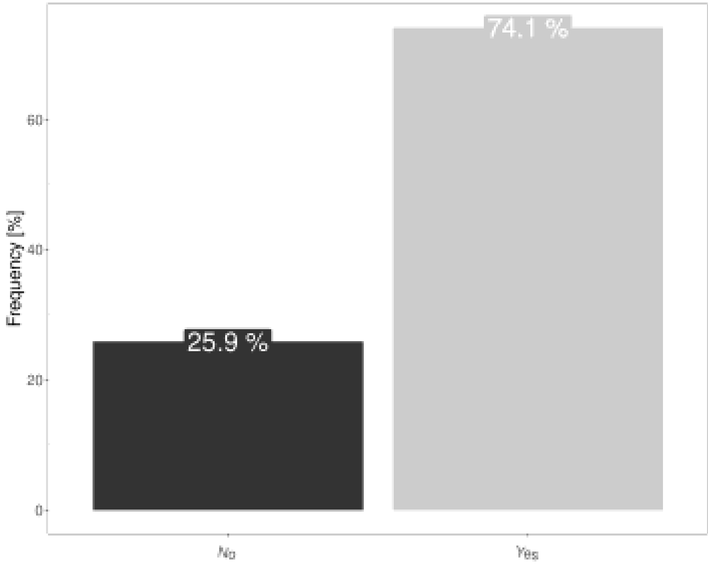

Fig. 22 Students' involvement with the course co-creation

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined course co-creation (see question "Do you allow your customers to co-create courses?") in relation to the respondent's origin (variable "Where does your language school come from"). From the data, research question Q5 ("Do language schools use the co-creation trend??") was constructed, and the hypothesis was subsequently tested in Chapter 8. The results of testing the relationship between the variable (course co-creation) and the respondent's origin are presented in the following table.

Tab. 90 Do you allow your customers to co-create courses

	Where does your language school come from					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
No	6 (6.73; -0.28)	3 (5.44; -1.05)	2 (2.07; -0.05)	14 (9.06;1.64)	4 (5.7; -0.71)	29
Yes	20 (19.27;0.17)	18 (15.56;0.62)	6 (5.93;0.03)	21 (25.94; -0.97)	18 (16.3;0.42)	83
Total	26	21	8	35	22	112

χ^2=5.9 · df=4 · Cramer's V=0.23 · Fisher's p=0.2454

Source: own research (2021)

The result of the test is $\chi^2(4, N = 112) = 5.9, p > 0.05$, therefore, we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "Do you allow your customers to co-create courses " a "Where does your language school come from". We did not find any significant residuals in these data either.

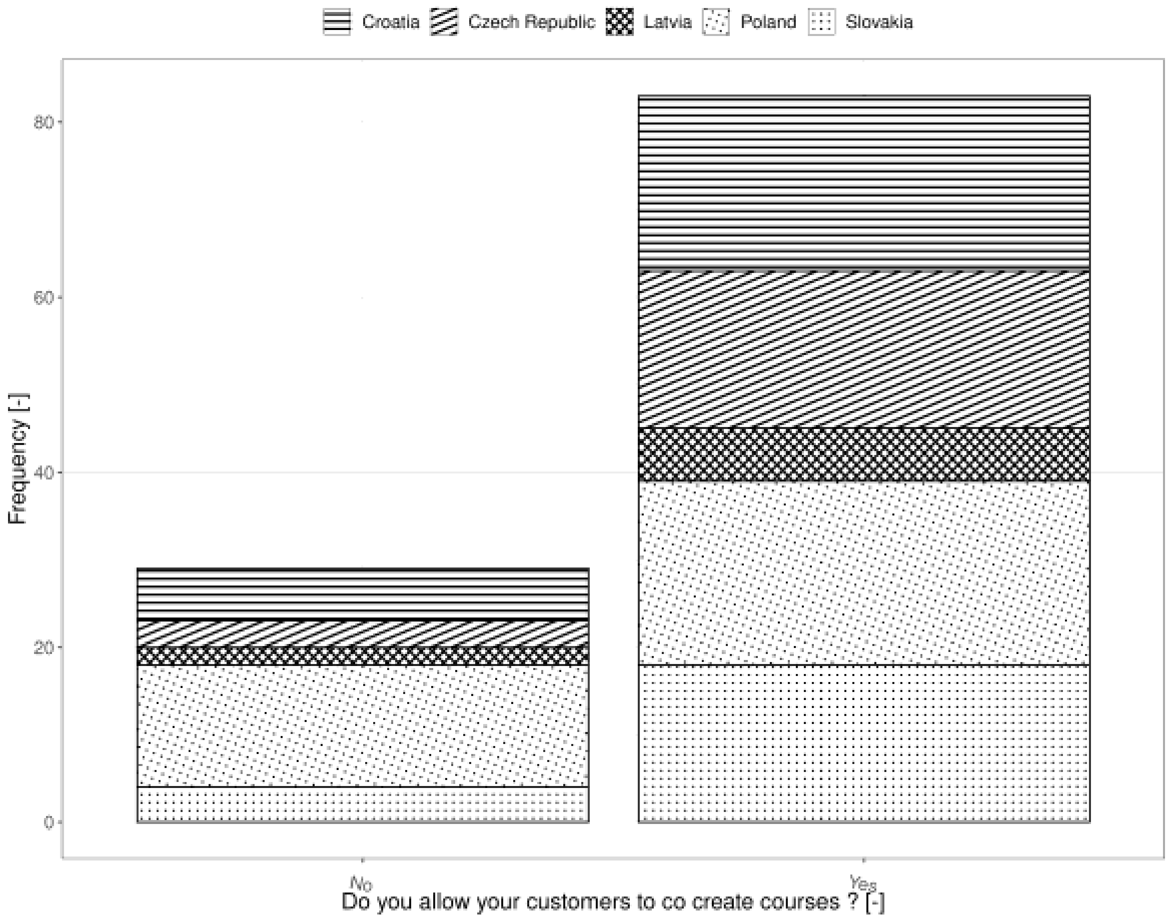

Fig. 23 Do you allow your customers to co-create courses

Source: own research (2021)

Number of students (How many students attend the courses?)

Analysis of the questionnaire survey data revealed that 5-8 students most often attend language school courses. However, it cannot be concluded that groups of 5-8 students form courses are prevalent in most language schools. Almost a third of the language schools surveyed create courses for 9-12 students. Smaller groups (up to four students) and/or larger groups (13 or more students) are not very common. The summary results are illustrated in the following figure.

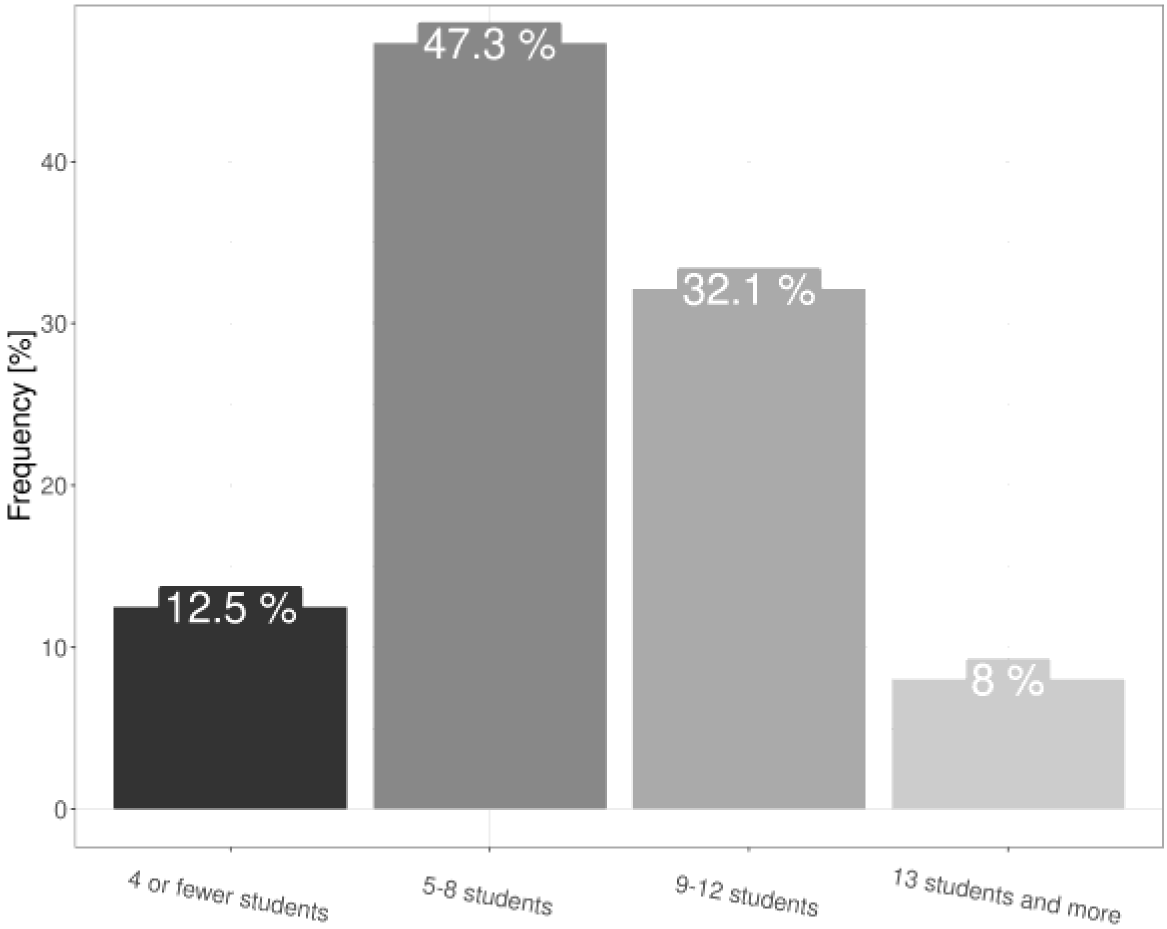

Fig. 24 How many students can attend your group courses at most

Source: own research (2021)

In addition to the above analysis, the hypothesis that examined the number of students (see the question "How many students can attend your group courses at most?") in relation to the respondent's origin (the variable "Where does your language school come from") was also tested. The research question Q6 ("How many students attend language school courses?") was constructed from the above data, and then the hypothesis was tested in Chapter 8. The results of testing the relationship between the variable (number of students) and the origin of the respondent are presented in the following table.

Tab. 91 How many students can attend your group courses at most

	Where does your language school come from					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
4 or fewer students	1 (3.25; -1.25)	**6 (2.62;2.08)**	2 (1;1)	**0 (4.38; -2.09)**	5 (2.75;1.36)	14
5-8 students	6 (12.3; -1.8)	13 (9.94;0.97)	4 (3.79;0.11)	19 (16.56;0.6)	11 (10.41;0.18)	53
9-12 students	13 (8.36;1.61)	**1 (6.75; -2.21)**	2 (2.57; -0.36)	16 (11.25;1.42)	4 (7.07; -1.16)	36
13 students and more	**6 (2.09;2.71)**	1 (1.69; -0.53)	0 (0.64; -0.8)	0 (2.81; -1.68)	2 (1.77;0.17)	9
Total	26	21	8	35	22	112

χ^2*=39.72 · df=12 · Cramer's V=0.34 · Fisher's p=5e-04*

Source: own research (2021)

The result of the test is $\chi^2(12, N = 112) = 39.72, p <0.01$, therefore, we have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is a statistically significant dependence between the variables "How many students can attend your group courses at most " and "Where does your language school come from ". The value of the Cramer coefficient is $V (df = 12) = 0.34$, which indicates medium dependency. After residual analysis, it was found that the largest differences were between the countries Croatia, Czech Republic and Poland. In Croatia, respondents chose "13 or more students" option more than expected. In the Czech Republic, respondents chose the option "4 or fewer students" was more than expected, while the option "9-12 students" was chosen less than expected. Finally, in Poland, respondents chose the option "4 or fewer students" less than expected.

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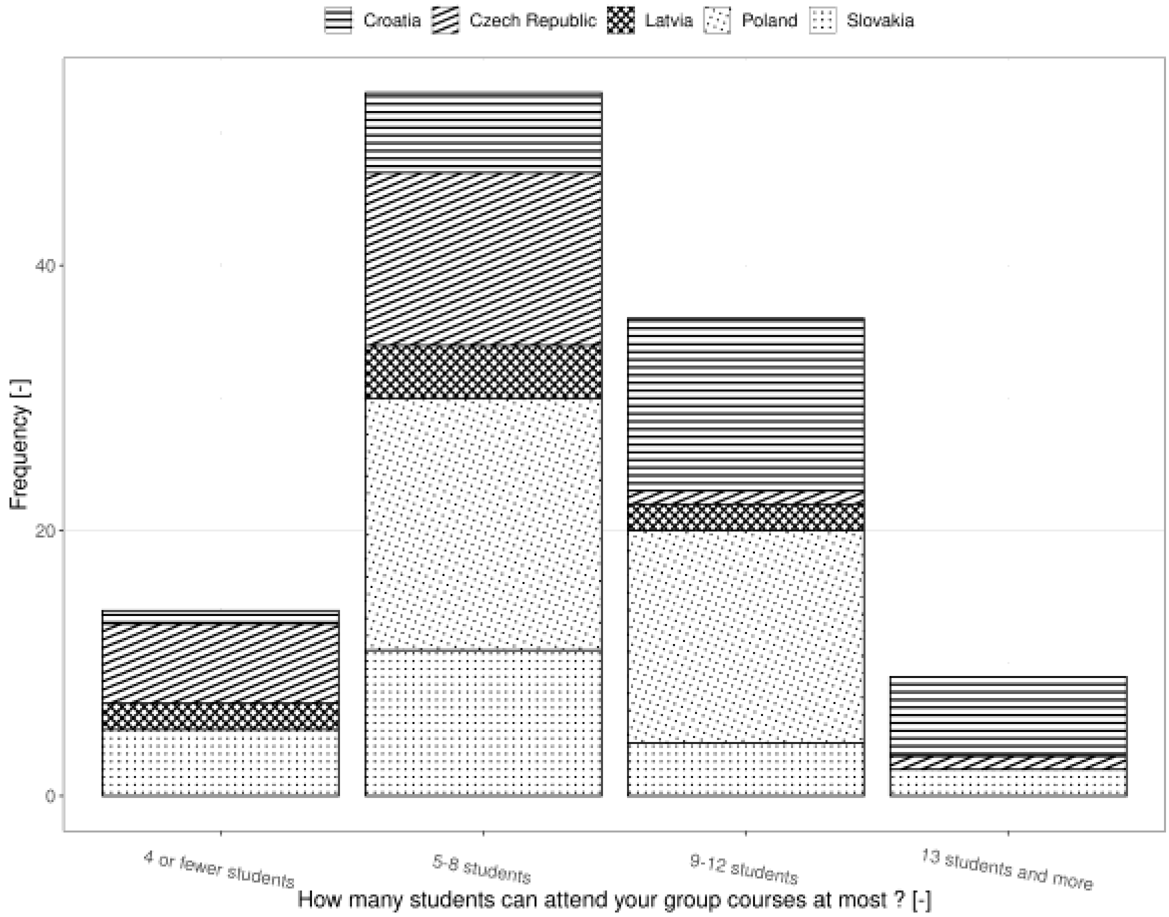

Fig. 25 How many students can attend your group courses at most with relation to partner countries

Source: own research (2021)

Teaching materials (What do language schools use to make teaching more attractive?)

The subject of our questioning towards language schools was also to find out what teaching materials language schools use in their teaching. We found that most language schools use textbooks (97% of the total), videos (92% of the total) and books (89% of the total). From the analysis of the data, it can be concluded that there is a growing role for audio-visual materials that can enhance foreign language teaching. Language schools rarely use tablets, their own materials, etc. in teaching. The following figure illustrates the results of our research in this area.

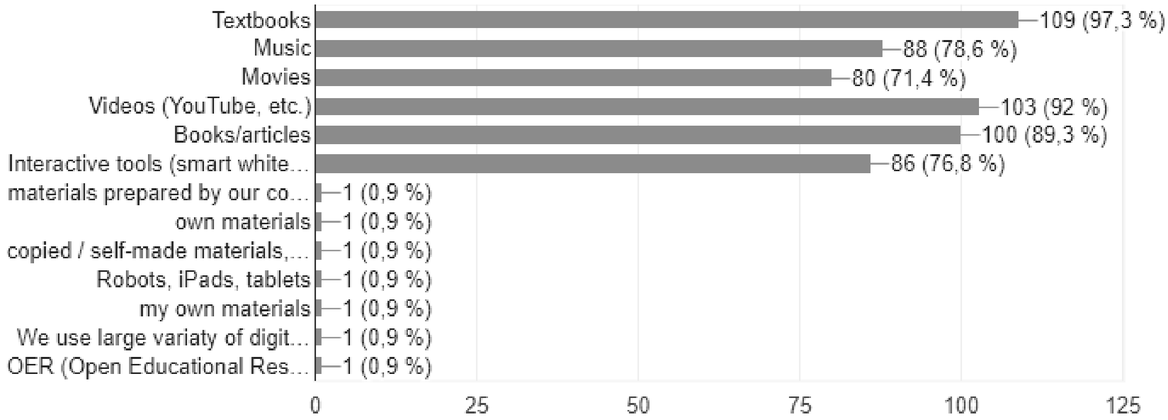

Fig. 26 What do language schools use to make teaching more attractive

Source: own research (2021)

In addition to the above analysis, the hypothesis that examined teaching materials (the variable "Which of these teaching materials do you use?") in relation to the respondent's origin (the variable "Where does your language school come from") was also tested. The results of testing the relationship between the variable (instructional materials) and the respondent's origin are presented in the following table.

Tab. 92 Which of these teaching materials do you use

	Where does your language school come from					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Books/articles	25 (26.5; -0.29)	19 (19.43; -0.1)	7 (5.83;0.48)	27 (29.15; -0.4)	22 (19.08;0.67)	100
Interactive tools	24 (22.79;0.25)	17 (16.71;0.07)	5 (5.01; -0.01)	25 (25.07; -0.01)	15 (16.41; -0.35)	86
Movies	24 (21.2;0.61)	17 (15.55;0.37)	3 (4.66; -0.77)	21 (23.32; -0.48)	15 (15.27; -0.07)	80
Music	25 (23.32;0.35)	17 (17.1; -0.02)	4 (5.13; -0.5)	27 (25.65;0.27)	15 (16.79; -0.44)	88
Textbooks	26 (28.89; -0.54)	21 (21.18; -0.04)	7 (6.36;0.26)	35 (31.78;0.57)	20 (20.8; -0.18)	109
Videos	26 (27.3; -0.25)	19 (20.02; -0.23)	7 (6.01;0.41)	30 (30.03;0)	21 (19.65;0.3)	103
Total	150	110	33	165	108	566

χ^2*=4.18 · df=20 · Cramer's V=0.04 · Fisher's p=0.9995*

Source: own research (2021)

The result of the test is $\chi^2(20, N = 566) = 4.18, p> 0.05$, therefore, we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "Which of these teaching materials do you use " and partner countries. We did not find any significant residuals in these data either.

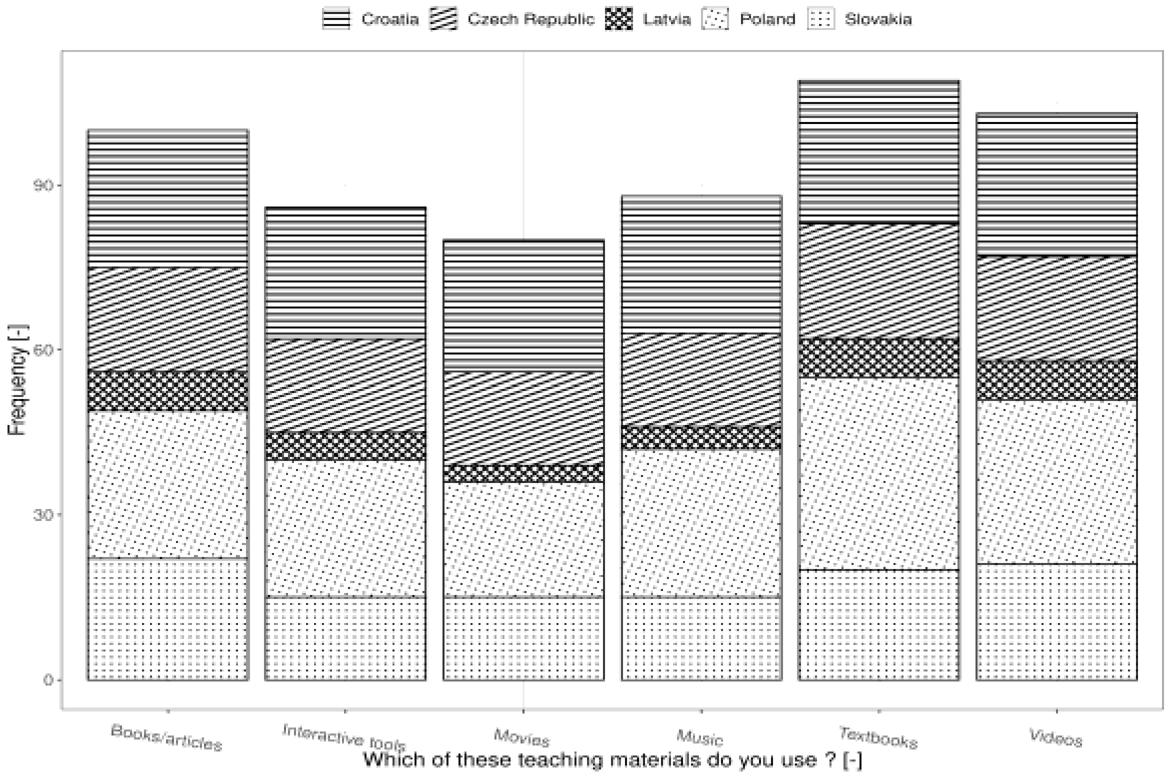

Fig. 27 Which of these teaching materials do you use

Source: own research (2021)

7.2 RESULTS OF QUESTIONNAIRE I I – CUSTOMER OF LANUAGE SCHOOLS

This chapter analyses the questionnaire survey results, which focused on the customers of language schools. The data analysis aims to determine whether there is a relationship between the selected variables and the countries that entered the questionnaire survey. At the same time, we also present the prevailing tendencies of respondents on the selected questions, regardless of the country of origin.

7.2.1 Characteristics of the language school client

In the first part of this research, the data describe the basic client characteristics of language schools. We focused on the following areas:

A) Client identification (who is the client?).
B) Spatial definition of the learning experience (where does the client want to learn?).
C) Method of teaching (how does the client want to learn?)

Customer identification (who is the client?).

Analysis of the survey data revealed that 18.8% of clients are secondary school students. The second most important group of clients is operational employees. The third most significant group of clients is pupils who constitute 12.1%. The least represented clients are seniors and women on maternity leave. The following figure illustrates the results of our research in this area.

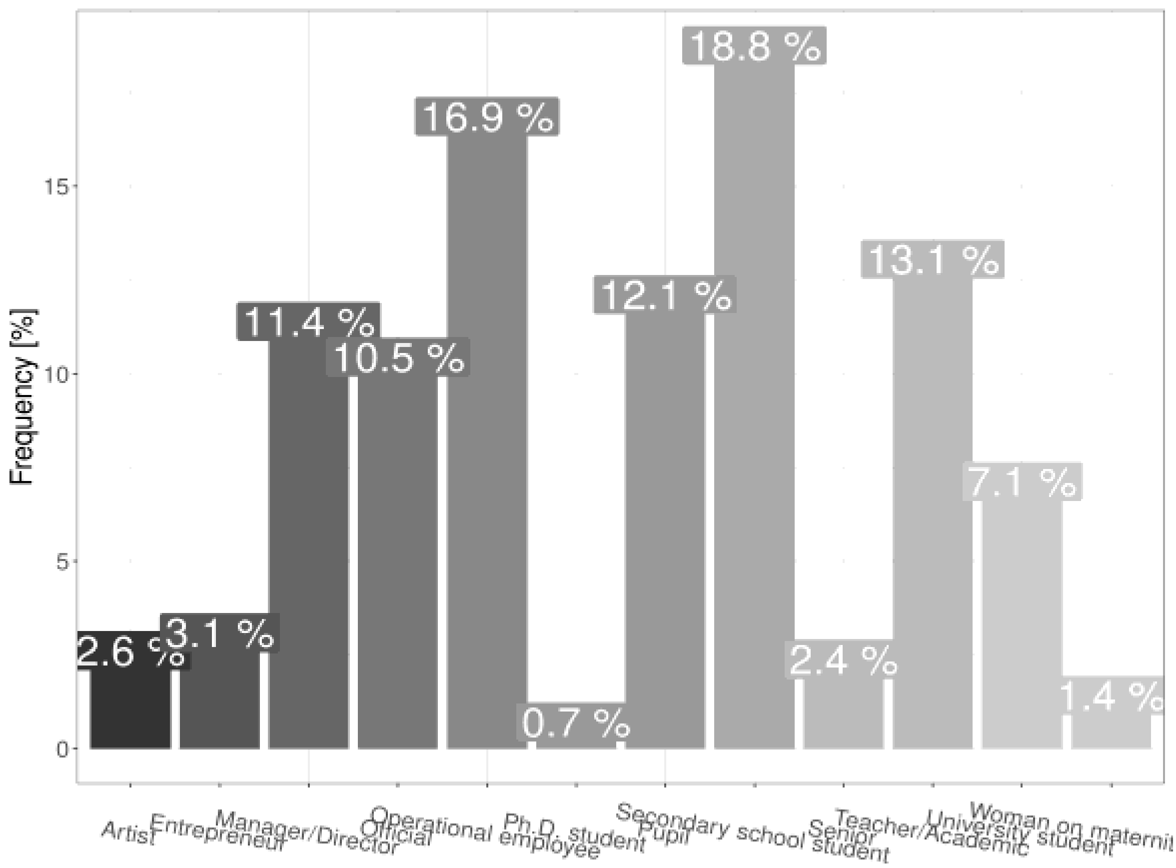

Fig. 28 Who is the client

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined the client's identification (see the question " What is your current role in life ") in relation to the country in which the client studies (variable "In which country do you study a foreign language?"). The research question Q1 ("Who is a client of language schools?") was constructed from the data, and then the hypothesis was tested in Chapter 8. The results of the testing of the relationship between the variable (client identification) and the client's country of origin are presented in the following table.

Tab. 93 What is your current role in life

	In which country do you study a foreign language					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Artist	7 (5.93;0.44)	0 (0.13; -0.36)	4 (2.19;1.22)	0 (1.78; -1.33)	0 (0.97; -0.98)	11
Entrepreneur	2 (7.01; -1.89)	0 (0.15; -0.39)	**8 (2.59;3.36)**	0 (2.1; -1.45)	3 (1.14;1.74)	13
Manager/ Director	19 (25.88; -1.35)	0 (0.57; -0.76)	**19 (9.58;3.04)**	3 (7.75; -1.71)	7 (4.22;1.35)	48
Official	23 (23.72; -0.15)	0 (0.52; -0.72)	11 (8.78;0.75)	**1 (7.11; -2.29)**	**9 (3.87;2.61)**	44
Operational employee	**52 (38.28;2.22)**	2 (0.84;1.26)	7 (14.17; -1.9)	5 (11.47; -1.91)	5 (6.24; -0.5)	71
Ph.D. student	3 (1.62;1.09)	0 (0.04; -0.19)	0 (0.6; -0.77)	0 (0.48; -0.7)	0 (0.26; -0.51)	3
Pupil	**7 (27.5; -3.91)**	0 (0.61; -0.78)	**3 (10.18; -2.25)**	**35 (8.24;9.32)**	6 (4.48;0.72)	51
Secondary school student	55 (42.6;1.9)	1 (0.94;0.06)	**3 (15.76; -3.21)**	**20 (12.76;2.03)**	**0 (6.94; -2.63)**	79
Senior	6 (5.39;0.26)	0 (0.12; -0.34)	4 (2;1.42)	0 (1.62; -1.27)	0 (0.88; -0.94)	10
Teacher/ Academic	34 (29.66;0.8)	1 (0.65;0.43)	16 (10.97;1.52)	**2 (8.88; -2.31)**	2 (4.83; -1.29)	55
University student	17 (16.18;0.2)	1 (0.36;1.08)	7 (5.99;0.41)	1 (4.85; -1.75)	4 (2.64;0.84)	30
Woman on maternity leave	2 (3.24; -0.69)	0 (0.07; -0.27)	2 (1.2;0.73)	1 (0.97;0.03)	1 (0.53;0.65)	6
Total	227	5	84	68	37	421

χ^2=225.71 · df=44 · Cramer's V=0.37 · Fisher's p=5e-04

Source: own research (2021)

The result of the test is $\chi^2(44, N = 421) = 225.71, p <0.01$, therefore, we have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is a statistically significant dependence between the variables "What is your current role in life " and "In which country do you study a foreign language". The value of the Cramer coefficient is $V (df = 44) = 0.37$, which indicates medium dependency.

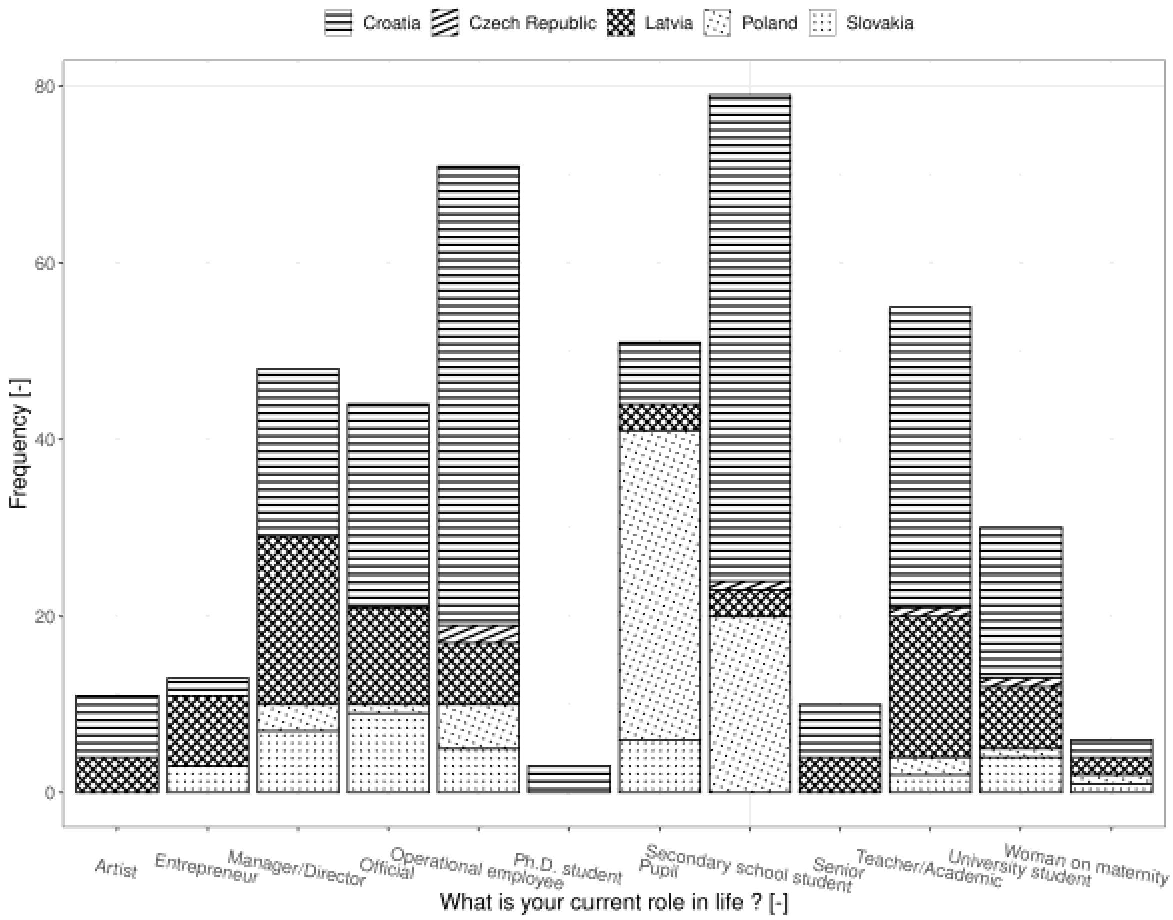

Fig. 29 What is your current role in life

Source: own research (2021)

Spatial definition of learning (Where does the client want to learn?)

The subject of our questioning towards language school clients was also to find out which environment best stimulated clients to learn a foreign language. It was found that the non-formal school environment stimulated most clients (56.9% of the total). The next most important environment is stay abroad/foreign trip, which is considered important by 31.5% of the total clients, followed by the online environment (25.1%). The following figure illustrates the results of our research in this area.

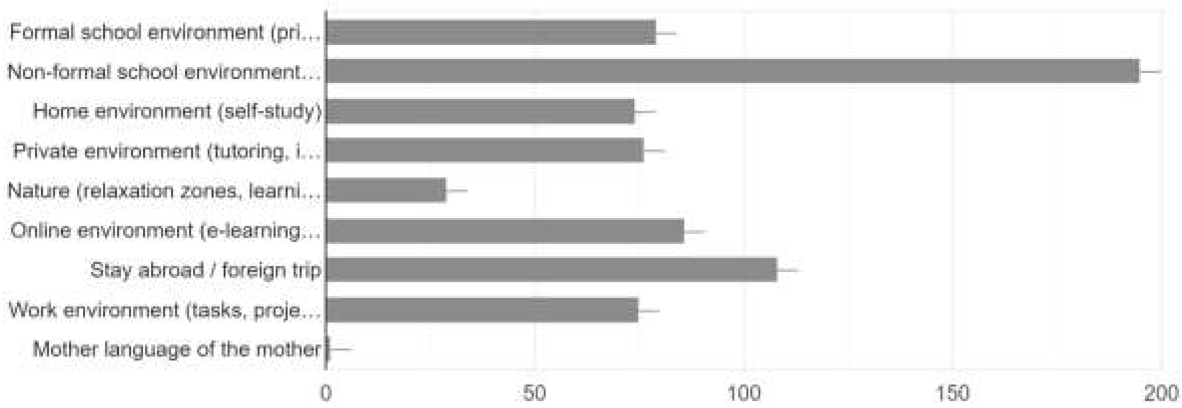

Fig. 30 Where does the client want to learn

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined the spatial definition of learning (see question " Which environment best stimulated you to learn a foreign language?") in relation to the respondent's origin (variable "In which country do you study a foreign language"). From the data, research question Q2 ("Where do clients want to learn?") was constructed and then the hypothesis was tested in Chapter 8. The results of testing the relationship between the given variable (spatial definition) and the respondent's country of origin are presented in the following table.

Tab. 94 Which environment best stimulated you to learn a foreign language

	In which country do you study a foreign language					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Formal school environment	49 (50.67; -0.23)	1 (1.01; -0.01)	22 (21.86;0.03)	21 (17.82;0.75)	8 (9.64; -0.53)	101
Home environment	52 (44.65;1.1)	1 (0.89;0.12)	15 (19.26; -0.97)	14 (15.71; -0.43)	7 (8.5; -0.51)	89
Nature	15 (17.06; -0.5)	0 (0.34; -0.58)	5 (7.36; -0.87)	7 (6;0.41)	**7** **(3.25;2.08)**	34
Non-formal school environment	126 (115.88;0.94)	5 (2.31;1.77)	40 (49.99; -1.41)	49 (40.76;1.29)	**11** **(22.05; -2.35)**	231
Online environment	50 (49.66;0.05)	0 (0.99; -0.99)	15 (21.43; -1.39)	25 (17.47;1.8)	9 (9.45; -0.15)	99
Private environment	44 (48.66; -0.67)	1 (0.97;0.03)	23 (20.99;0.44)	16 (17.12; -0.27)	13 (9.26;1.23)	97
Stay abroad / foreign trip	65 (76.75; -1.34)	1 (1.53; -0.43)	**49** **(33.11;2.76)**	20 (27; -1.35)	18 (14.6;0.89)	153
Work environment	51 (48.66;0.34)	0 (0.97; -0.98)	26 (20.99;1.09)	**7** **(17.12; -2.45)**	13 (9.26;1.23)	97
Total	452	9	195	159	86	901

χ^2=52.98 · df=28 · Cramer's V=0.12 · Fisher's p=0.0015

Source: own research (2021)

The result of the test is $\chi^2(28, N = 901) = 52.98, p <0.01$, therefore, we have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is a statistically significant dependence between the variables "Which environment best stimulated you to learn a foreign language " and "In which country do you study a foreign language". The value of the Cramer coefficient is $V (df = 28) = 0.12$, which indicates weak dependency. After residual analysis, it was found that the largest differences were between the countries of Slovakia, Latvia and Poland. In Latvia, respondents chose the option "Stay abroad / foreign trip" more often than expected. In Poland, respondents chose the option

"Work environment" less than expected, and in Slovakia, respondents chose the option "Nature" more often than expected and the option "Informal school environment" less than expected.

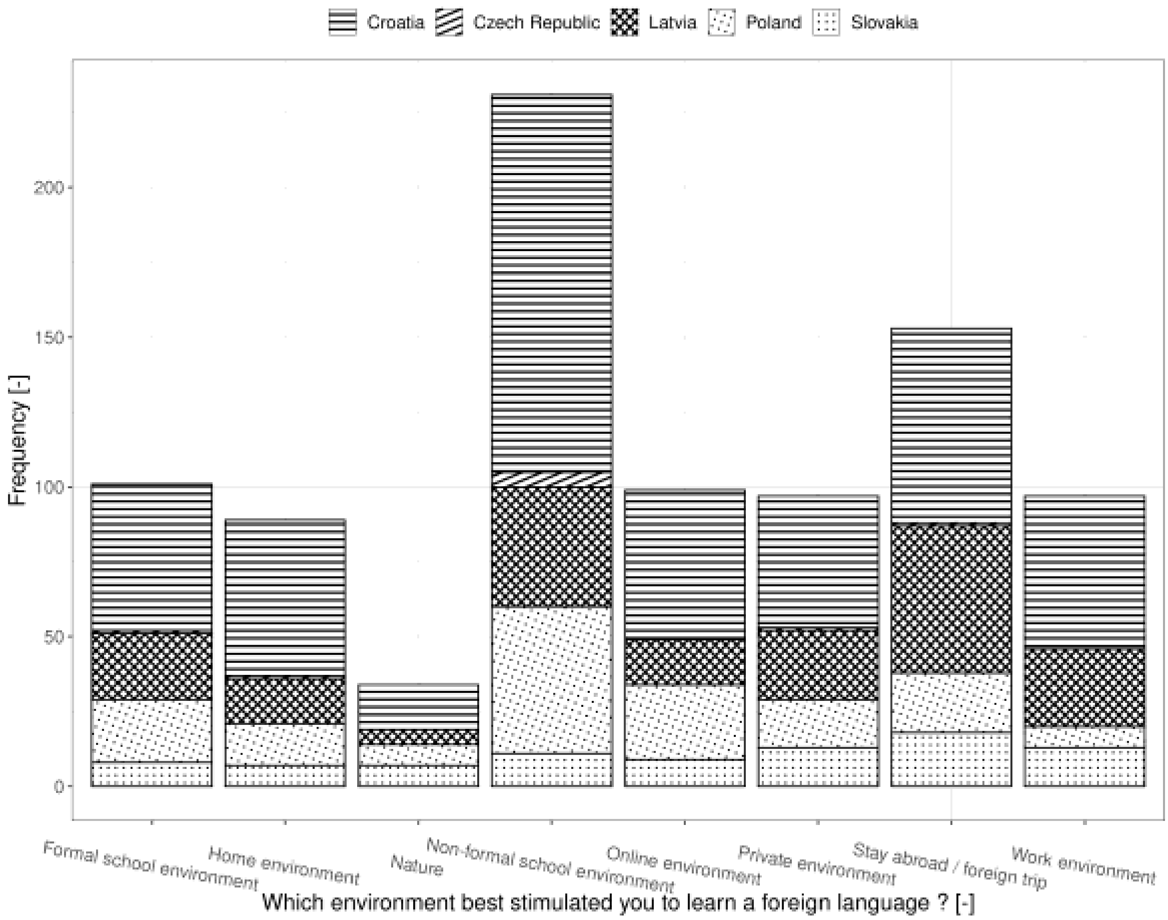

Fig. 31 Which environment best stimulated you to learn a foreign language

Source: own research (2021)

Method of teaching (how does the client want to learn?)

Analysis of the questionnaire survey data revealed that language school clients prefer traditional teaching methods. They prefer conversation (59.5% of the total), traditional courses (53.4% of the total) and private lessons (35.9% of the total). The results of the questionnaire survey are the same from the perspective of language schools, as language schools apply traditional teaching methods. Discussion clubs have the smallest representation of teaching methods (7.6% of the total). The summary results are illustrated in the following figure.

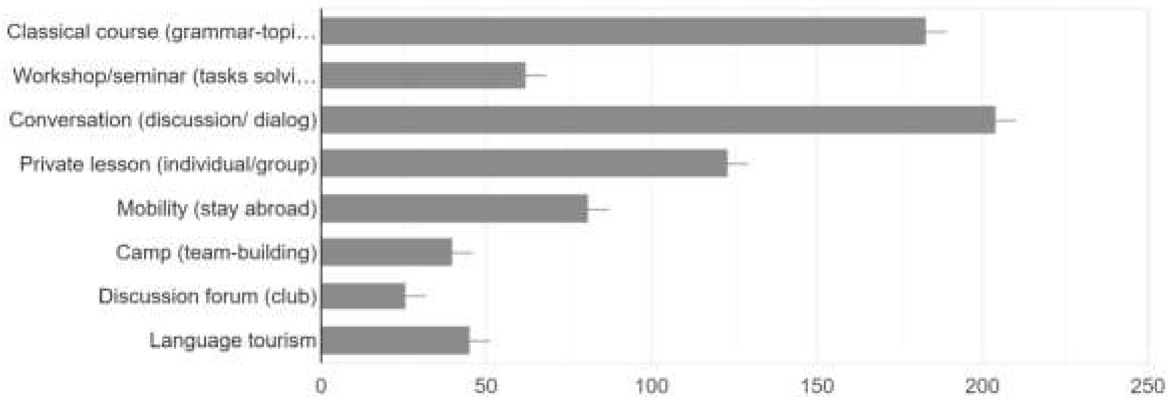

Fig. 32 How does the client want to learn

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined the type of teaching (see the question "What form of study do you prefer the most?") in relation to the respondent's origin (variable "In which country do you study a foreign language"). From the data, research question Q3 ("What type of teaching do clients prefer?") was constructed, and then the hypothesis was tested in Chapter 8. The results of testing the relationship between the given variable (type of teaching) and the respondent's country of origin are presented in the following table.

Tab. 95 What form of study do you prefer the most

	In which country do you study a foreign language					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Camp	22 (28.59; -1.23)	0 (0.71; -0.84)	18 (11.9;1.77)	8 (8.88; -0.3)	8 (5.92;0.86)	56
Classical course	128 (109.77;1.74)	3 (2.73;0.17)	34 (45.68; -1.73)	38 (34.09;0.67)	**12 (22.73; -2.25)**	215
Conversation	133 (121.52;1.04)	2 (3.02; -0.59)	38 (50.57; -1.77)	40 (37.74;0.37)	25 (25.16; -0.03)	238
Discussion forum	14 (16.85; -0.69)	0 (0.42; -0.65)	9 (7.01;0.75)	5 (5.23; -0.1)	5 (3.49;0.81)	33
Language tourism	28 (29.1; -0.2)	0 (0.72; -0.85)	13 (12.11;0.26)	4 (9.04; -1.68)	**12 (6.03;2.43)**	57
Mobility	51 (57.18; -0.82)	1 (1.42; -0.35)	33 (23.8;1.89)	17 (17.76; -0.18)	10 (11.84; -0.53)	112
Private lesson	64 (80.16; -1.8)	**5 (1.99;2.13)**	37 (33.36;0.63)	30 (24.89;1.02)	21 (16.6;1.08)	157
Workshop/seminar	43 (39.82;0.5)	1 (0.99;0.01)	19 (16.57;0.6)	8 (12.37; -1.24)	7 (8.25; -0.43)	78
Total	483	12	201	150	100	946

χ^2=51.54 · df=28 · Cramer's V=0.12 · Fisher's p=0.004

Source: own research (2021)

The result of the test is *χ^2(28, N = 946) = 51.54, p <0.01*, therefore, we have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is a statistically significant dependence between the variables "What form of study do you prefer the most " and "In which country do you study a foreign language". The value of the Cramer coefficient is *V (df = 28) = 0.12*, which indicates weak dependency. After residual analysis, it was found that the biggest differences were between Slovakia and the Czech Republic. In the Czech Republic, respondents chose the "Private lesson" option more often than expected. In Slovakia, respondents chose the "Classical course" option less than expected and the "Language tourism" option more often than expected.

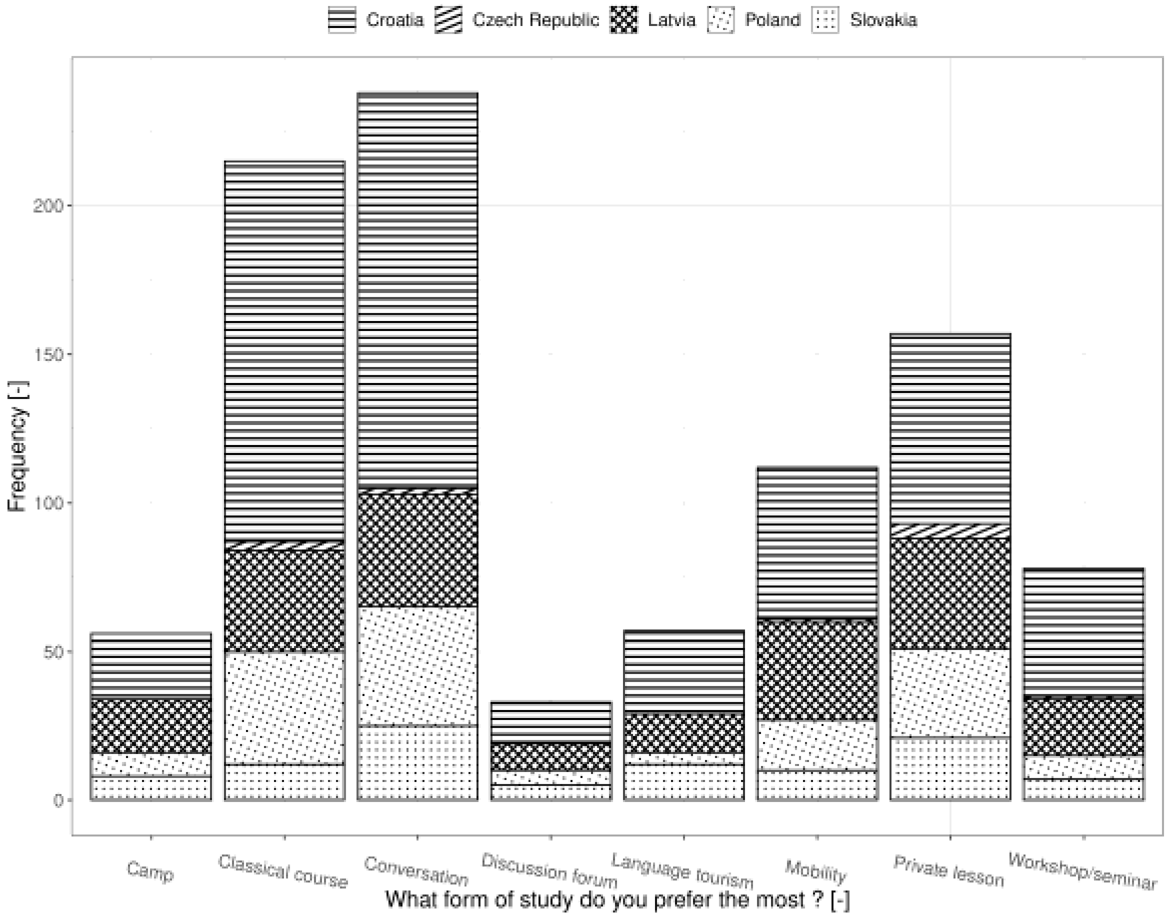

Fig. 33 What form of study do you prefer the most

Source: own research (2021)

7.2.2 Requirements of the language school clients

In the second part of this research, we focused on the requirements and needs of language school clients. In this context, we examined the following areas:

A) Timing of lessons (How often do clients want to learn)

B) Form of teaching (What form of teaching do clients prefer?)

C) Content of teaching (What content do clients want?)

Timing of lessons (How often do clients want to learn?)

Our research also examined the timing of teaching. We asked language school clients how often they wanted to learn. According to the results of our questionnaire survey, it can be stated, that most of the clients we interviewed prefer weekly courses (1 to 2 per week), making up 61.3% of the total. Interestingly, 13.5% of the total clients prefer weekend courses.

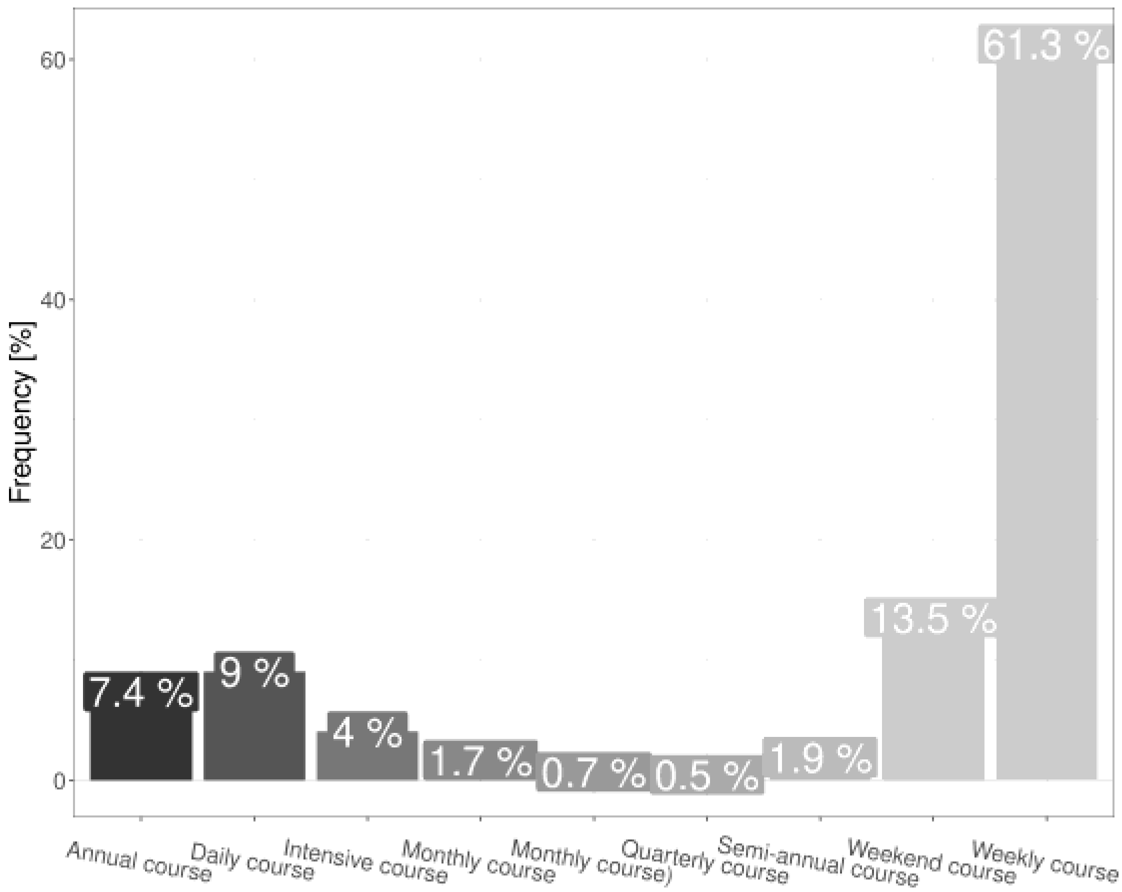

Fig. 34 How often do clients want to learn

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined the timing of learning (see the question "How often do you prefer to learn a foreign language?") in relation to the respondent's origin (variable "In which country do you study a foreign language"). From the data, research question Q4 ("How often do clients prefer learning a foreign language?") was constructed, and then the hypothesis was tested in Chapter 8. The results of testing the relationship between the variable in question (timing of learning) and the respondent's country of origin are presented in the following table.

Tab. 96 How often do you prefer to learn a foreign language

	In which country do you study a foreign language					
	Croatia	Czech Republic	Latvia	Poland	Slovakia	***Total***
Annual course	17 (16.92;0.02)	0 (0.37; -0.61)	4 (5.89; -0.78)	6 (5.07;0.41)	4 (2.76;0.75)	31
Daily course	15 (20.74; -1.26)	0 (0.46; -0.68)	**13 (7.22;2.15)**	4 (6.21; -0.89)	6 (3.38;1.43)	38
Intensive course	6 (9.28; -1.08)	0 (0.2; -0.45)	6 (3.23;1.54)	3 (2.78;0.13)	2 (1.51;0.4)	17
Monthly course	6 (3.82;1.12)	0 (0.08; -0.29)	0 (1.33; -1.15)	1 (1.14; -0.13)	0 (0.62; -0.79)	7
Semi-annual course	6 (4.37;0.78)	0 (0.1; -0.31)	1 (1.52; -0.42)	0 (1.31; -1.14)	1 (0.71;0.34)	8
Weekend course	33 (31.1;0.34)	1 (0.69;0.38)	16 (10.82;1.57)	4 (9.32; -1.74)	3 (5.07; -0.92)	57
Weekly course	144 (140.78;0.27)	4 (3.1;0.51)	39 (49; -1.43)	50 (42.17;1.21)	21 (22.95; -0.41)	258
Total	227	5	79	68	37	416

χ^2=31.34 · df=24 · Cramer's V=0.14 · Fisher's p=0.0915

Source: own research (2021)

The result of the test is $\chi^2(24, N = 416) = 31.34, p> 0.05$, therefore, we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "How often do you prefer to learn a foreign language " and "In which country do you study a foreign language". After analysing the residuals, it was found that the most significant differences are in Latvia, where respondents chose the "Daily course" option more often than expected.

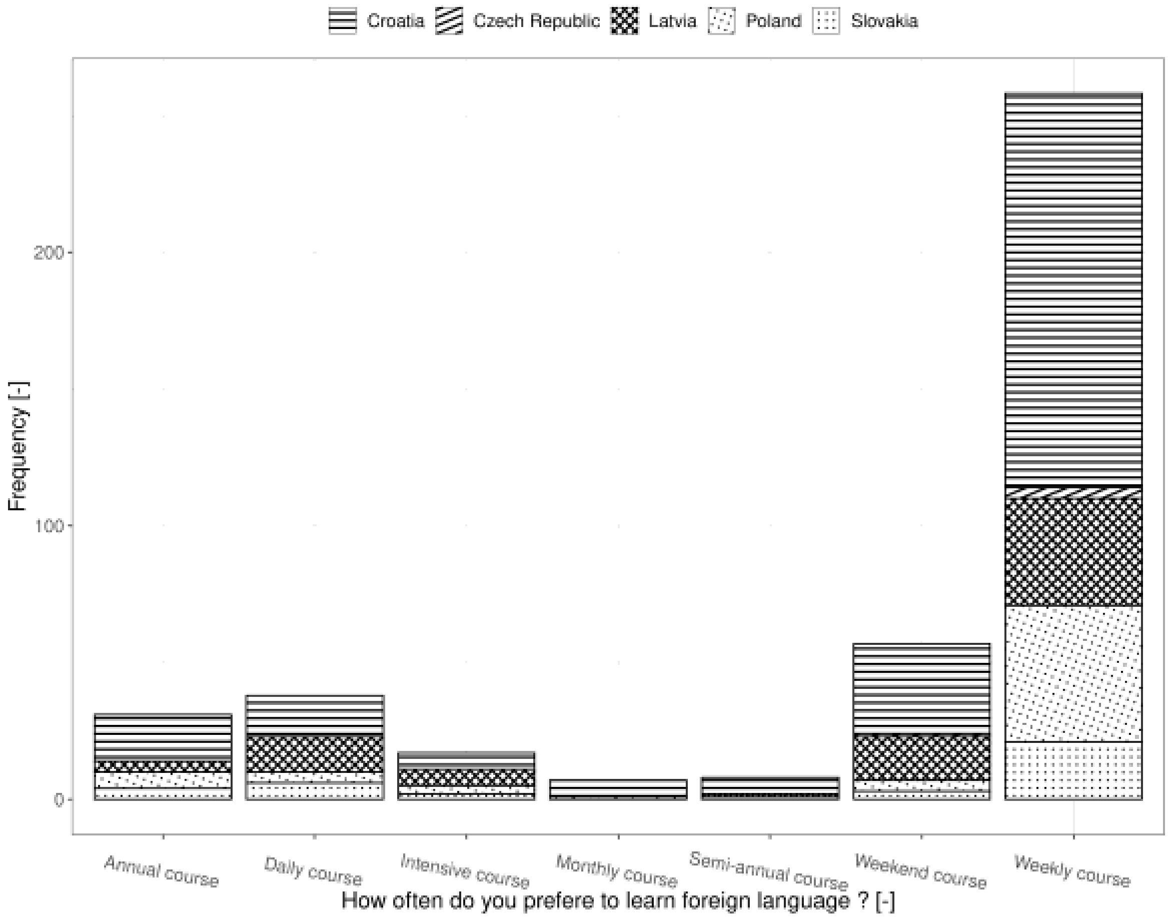

Fig. 35 How often do you prefer to learn a foreign language

Source: own research (2021)

Form of teaching (What form of teaching do clients prefer?)

Analysis of the survey data revealed that 65.8% of clients prefer a full-time study course. 19.2% of language school clients prefer online courses and 15% require a digital academy. The summary results are illustrated in the following figure.

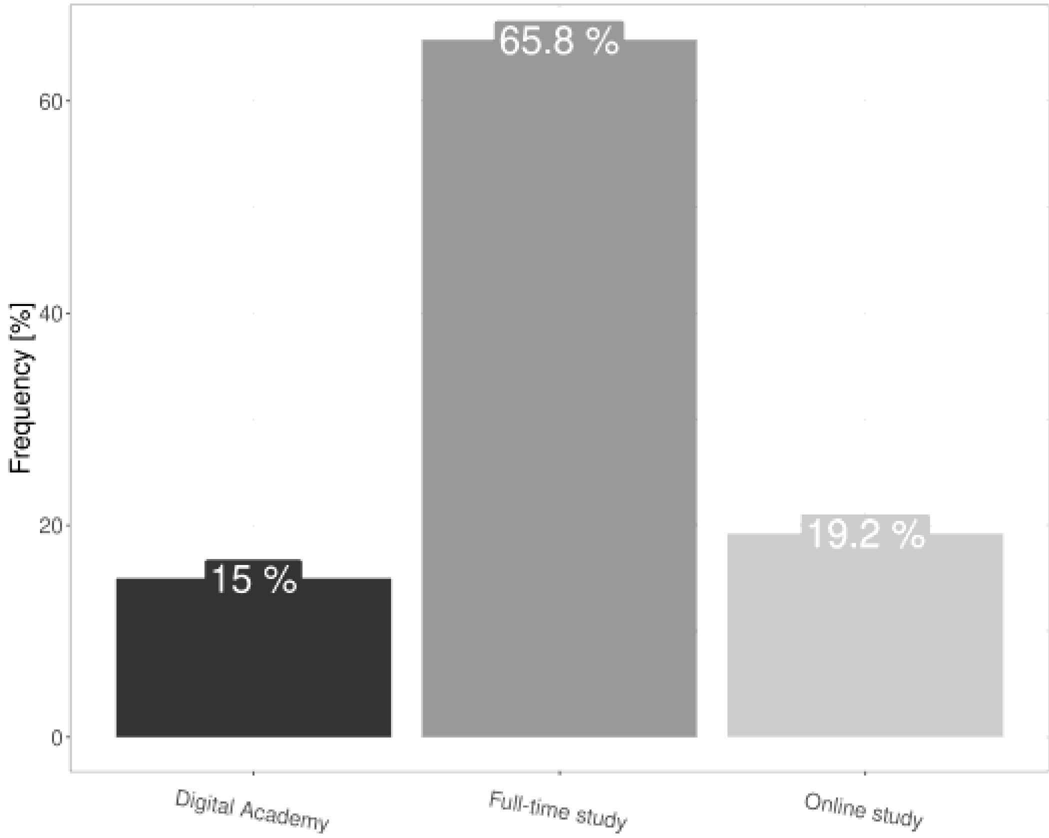

Fig. 36 How often do clients want to learn

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined the form of teaching (see the question "What type of course organization do you prefer?") in relation to the country in which the client studies (variable "In which country do you study a foreign language?"). From these data, research question Q5 ("What form of study do clients prefer (in-person/online?") was constructed, and then the hypothesis was tested in Chapter 8. The results of testing the relationship between the variable (forms of learning) and the respondent's country of origin are presented in the following table.

Tab. 97 What type of course organization do you prefer

	In which country do you study a foreign language					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Digital Academy	30 (33.97; -0.68)	0 (0.75; -0.86)	**21 (12.57;2.38)**	7 (10.18; -1)	5 (5.54; -0.23)	63
Full-time study	143 (149.36; -0.52)	5 (3.29;0.94)	46 (55.27; -1.25)	**59 (44.74;2.13)**	24 (24.34; -0.07)	277
Online study	54 (43.67;1.56)	0 (0.96; -0.98)	17 (16.16;0.21)	**2 (13.08; -3.06)**	8 (7.12;0.33)	81
Total	227	5	84	68	37	421

χ^2=28.12 · df=8 · Cramer's V=0.18 · Fisher's p=5e-04

Source: own research (2021)

The result of the test is $\chi^2(8, N = 421) = 28.12, p < 0.01$, therefore, we have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is a statistically significant dependence between the variables "What type of course organization do you prefer " and "In which country do you study a foreign language ". The value of the Cramer coefficient is $V (df = 8) = 0.18$, which indicates weak dependency. After analysing the residuals, it was found that the most significant differences are between the countries Latvia and Poland. In Latvia, respondents chose "Digital academy" more than expected. In Poland, respondents chose the option "Full-time study" more than expected and "Online study" less than expected.

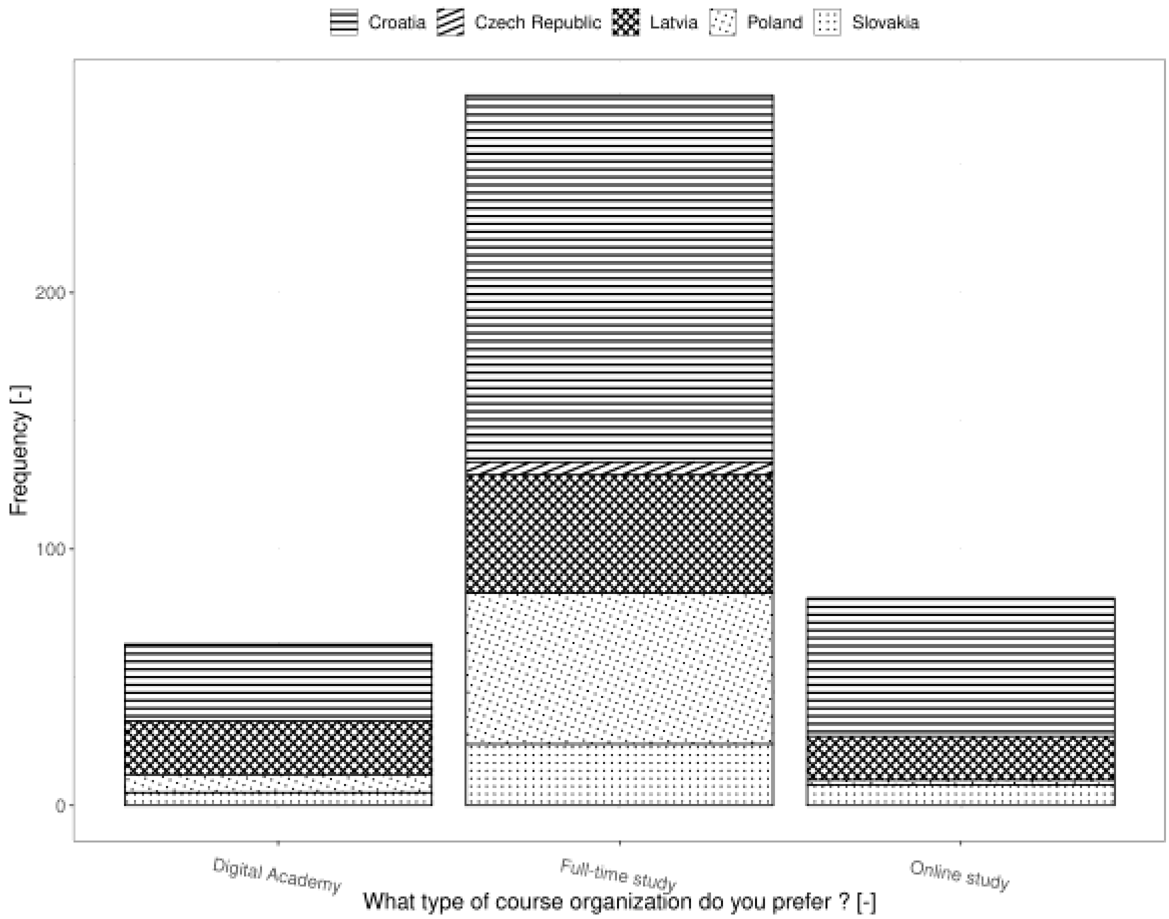

Fig. 37 What type of course organization do you prefer

Source: own research (2021)

Content definition (What content do clients want?)

In our research, we also examined the content definition of teaching. We asked language school clients what content they wanted. According to the results of our questionnaire survey, it can be stated that the majority of the clients surveyed prefer foreign language (58.9% of the total). 43.7% of the total clients choose personal development, and 34.7% of the total clients want interactive content. On the other hand, it turned out that clients do not prefer courses focused on areas such as art, tourism, culture, IT and others (see the following figure).

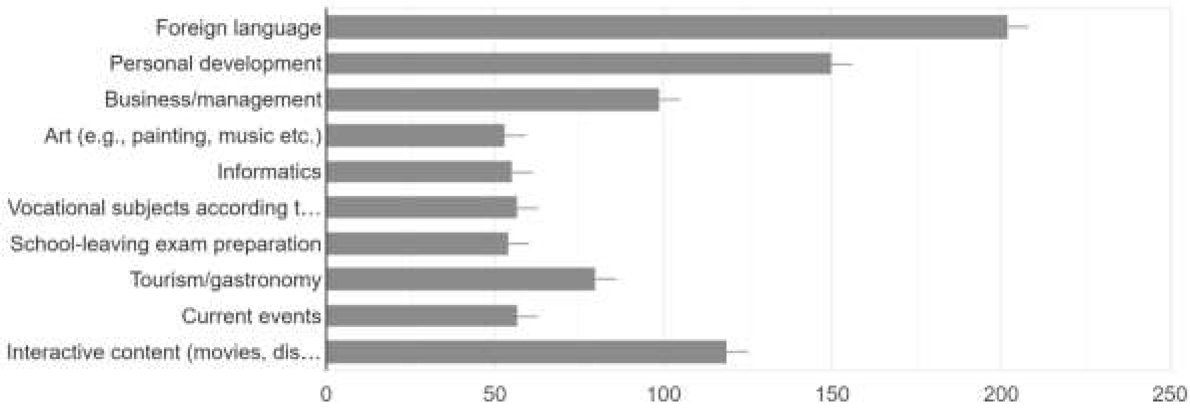

Fig. 38 What content do clients want

Source: own research (2021)

In addition to the above analysis, a hypothesis was also tested that examined the content definition of the learning experience (see the question "What course content would you be interested in?") in relation to the respondent's origin (variable "In which country do you study a foreign language "). From the data, research question Q6 ("What course content do clients prefer?") was constructed, and then the hypothesis was tested in Chapter 8. The results of testing the relationship between the variable (course content) and the respondent's country of origin are presented in the following table.

Tab. 98 What course content would you be interested in

	In which country do you study a foreign language					***Total***
	Croatia	Czech Republic	Latvia	Poland	Slovakia	
Art	24 (33.23; -1.6)	0 (0.64; -0.8)	12 (11.7;0.09)	**23 (13.57;2.56)**	6 (5.85;0.06)	65
Business/ management	65 (60.84;0.53)	1 (1.18; -0.16)	22 (21.42;0.12)	22 (24.85; -0.57)	9 (10.71; -0.52)	119
Current events	30 (35.79; -0.97)	1 (0.69;0.37)	16 (12.6;0.96)	14 (14.62; -0.16)	9 (6.3;1.08)	70
Foreign language	128 (127.3;0.06)	4 (2.47;0.98)	47 (44.82;0.32)	45 (52; -0.97)	25 (22.41;0.55)	249
Informatics	33 (30.16;0.52)	0 (0.58; -0.76)	**4 (10.62; -2.03)**	16 (12.32;1.05)	6 (5.31;0.3)	59
Interactive content	78 (73.62;0.51)	1 (1.43; -0.36)	28 (25.92;0.41)	24 (30.07; -1.11)	13 (12.96;0.01)	144
Personal development	102 (89.47;1.32)	1 (1.73; -0.56)	29 (31.5; -0.45)	30 (36.54; -1.08)	13 (15.75; -0.69)	175
School-leaving exam preparation	26 (30.68; -0.84)	1 (0.59;0.53)	6 (10.8; -1.46)	**22 (12.53;2.68)**	5 (5.4; -0.17)	60
Tourism/ gastronomy	49 (49.08; -0.01)	1 (0.95;0.05)	18 (17.28;0.17)	19 (20.05; -0.23)	9 (8.64;0.12)	96
Vocational subjects according to your own choice	33 (37.83; -0.79)	1 (0.73;0.31)	18 (13.32;1.28)	17 (15.45;0.39)	5 (6.66; -0.64)	74
Total	568	11	200	232	100	1111

χ^2=41.37 · df=36 · Cramer's V=0.1 · Fisher's p=0.1979

Source: own research (2021)

The result of the test is $\chi^2(36, N = 1111) = 41.37, p > 0.05$, therefore, we do not have sufficient evidence for rejecting the null hypothesis. Further in the text, we will assume that there is no statistically significant dependence between the variables "What course content would you be interested in " and "In which country do you study a foreign language". After the analysis of the residuals, it was found that the biggest differences are within the countries Latvia and Poland. In Latvia respondents chose "Informatics" less than expected. In Poland, respondents chose the option "Arts" more than expected and the option "School-leaving exam preparation" more than expected.

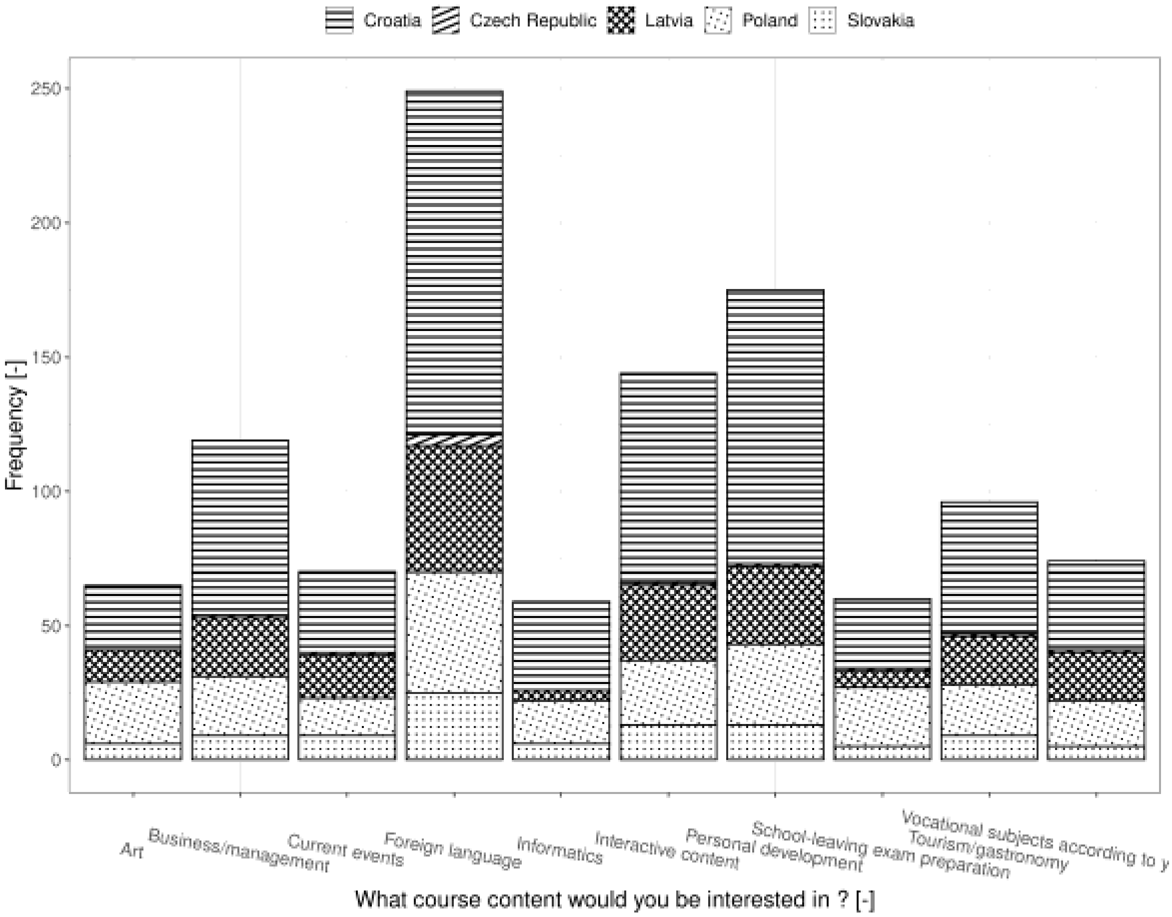

Fig. 39 What course content would you be interested in

Source: own research (2021)

8 STATISTICAL HYPOTHESIS TESTING

In this chapter, we test the hypotheses from the three studies conducted. In Section 8.1 we present the statistical results of the exploratory research. In Section 8.2, we present the results of the statistical hypothesis testing related to the first survey (Q1). This questionnaire survey is aimed at analysing the business model of language schools. In section 8.3 we present the results related to the statistical hypotheses that concern the second questionnaire survey (Q2). The following sections generally test the relationships between our chosen variables. The existence or absence of these dependencies may reveal interesting relationships in relation to the current business model of language schools.

8.1 Offer of language schools

Four research questions and four statistical hypotheses were set as part of the exploratory research focused on the analysis of the language school offer in the Czech Republic. The research activities reflected four areas:

1. **Specialization of schools.** Within this area, the question was asked whether language schools offer specialised courses depending on the size of the market. In doing so, we tested the following hypothesis H1: There is a statistical relationship between the range of the schools' offer and the size of local markets (NUTS3)
2. **Individual approach.** The second part of this research addressed the question of whether the company's course offerings are individualized. Within this research question, we tested the following statistical hypothesis H2: There is a statistical dependence between tailor-made courses and companies course.
3. **Diversification of schools.** The third part of our research asked whether language schools pursue a strategy of diversification or concentration. For this purpose, we tested statistical hypothesis H3: The majority of language schools (i.e., more than 50 %) have a wide range of services (i.e., more than 11 of the 21 offerings examined).
4. **Teaching and/or translation.** The last area of our research examined whether schools focus exclusively on foreign language teaching or whether they take advantage of other market opportunities, in particular, whether they focus on translation and interpreting, which is one of the most profitable parts of the market. In this context, the question was asked whether language schools focus on

market opportunities outside the field of education. In relation to this question, we tested hypothesis H4: The majority of language schools (more than 50 %) offer translation/interpretation.

The connection between the initial assumptions of the research topic and the statistical hypotheses, which were determined according to the market research and qualitative research, is shown in the following table.

Tab. 99 Assumptions of exploratory research

Assumptions	**Statistical hypotheses**
The size of the market determines the supply of language	**H1:** There is a statistical relationship between the range of the schools' offer and the size of local markets (NUTS3).
Companies’ courses are individualized	**H2:** There is a statistical dependence between tailor-made courses and companies’ courses.
Language schools have a wide range of services	**H3:** The majority of language schools (i.e., more than 50 %) have a wide range of services (i.e., more than 11 of the 21 offerings examined).
Language schools offer more than just foreign language teaching.	**H4:** The majority of language schools (more than 50 %) offer translation/interpretation.

Source: own research (2021)

As the previous table demonstrates, the research team's assumptions had to be validated with appropriate statistical tools, which are described in Chapter 4 Methodology. According to the statistical tests performed, we found that alternative hypotheses H1 and H2 can be confirmed, while alternative hypotheses H3 and H4 must be rejected. A summary of our conclusions is presented in the following table.

Tab. 100 Statistical hypotheses

Statistical hypotheses	P-value	Test result (alternative hypotheses)
H1: There is a statistical relationship between the range of the schools' offer and the size of local markets (NUTS3).	< 0.05	Confirmation of hypothesis H1; Moderate dependence
H2: There is a statistical dependence between tailor-made courses and companies' courses.	< 0.05	Confirmation of hypothesis H2; Moderate dependence
H3: The majority of language schools (i.e., more than 50 %) have a wide range of services (i.e., more than 11 of the 21 offerings examined).	> 0.05	Rejection of hypothesis H3; Only a minority.
H4: The majority of language schools (more than 50 %) offer translation/interpretation.	> 0.05	Rejection of hypothesis H4; Only a minority.

Source: own research (2021)

Conclusions on the tests performed are as follows. First, the supply of schools is affected by the size of the market. Second, companies' courses are customised. Third, most language schools do not have a wide range portfolio of services (i.e. 11 or more products in their offer). Fourth, most language schools focus on teaching foreign languages and do not offer translation and interpretation.

8.2 Analysis of the business model of language schools

We present the results of the testing in the following two chapters. In the first of them, we present the results of the performed tests. In the second part, we will summarize the results of the testing and indicate which hypotheses were confirmed and which were rejected. In all cases, acceptance/rejection will refer to alternative hypotheses (see summary tables).

8.2.1 Verification of hypotheses regarding the business model of language schools

As part of this analysis, we tested a total of six hypotheses. Each of the mentioned statistical hypotheses verified selected elements of the current business model, especially with regard to the value offer of language schools and customer segmentation.

Customer profile

The first research assumption was related to the question, "who are the key customers of language schools?". Given the methodology used, we use a proportional test to test the hypotheses. A table with the results of the proportional test is presented for each hypothesis. Regarding the conducted exploratory research, we assumed that the majority of language schools are aimed at adults (courses for the public), or at private lessons intended for the public. At the same time, we assumed that corporate clients could be the third most common type of customer. Initial market research led us to conclude that at least a third of language schools will be aimed at corporate clients.

Q1: Who are the key customers of language schools?

Tab. 101 Hypothesis H1

Hypothesis	X-squared	df	p-value
H1: At least a third of language schools focus on corporate clients.	11.385	1	0.9996

Source: own research (2021)

Given the result of the test, *p-value > 0.05*, we do not have enough evidence to reject the null hypothesis. We will assume that more than 33% of clients are not corporate clients.

Teaching space

The second hypothesis tested whether language schools use alternative learning spaces such as cafes, parks, camps etc. By observing and analyzing the current environment of language schools, we assumed that language schools are similar to traditional educational institutions that offer classes in classrooms, online, training centers. For this reason, we wanted to verify whether at least a third of the schools offer non-traditional spatial delineation of teaching.

Q2: Where do language schools teach?

Tab. 102 Hypothesis H2

Hypothesis	X-squared	df	p-value
H2: At least a third of schools offer teaching in an informal environment (i.e. park, café, camps)	55.069	1	1

Source: own research (2021)

Given the test result, *p-value > 0.05*, we do not have enough evidence to reject the null hypothesis. We will assume that more than 33% of language schools do not offer lessons in an informal environment.

Teaching content

Another initial assumption of the research tested whether language schools only offer foreign language teaching and/or a foreign language supplemented by the development of other skills (e.g. personal development, business and management etc.).

Q3: What do language schools offer in their courses?

Tab. 103 Hypothesis H3

Hypothesis	X-squared	df	p-value
H3: Most schools only teach a foreign language without a professional context (in the sense of a foreign language + management, foreign language + personal development, etc.)	129.45	1	1

Source: own research (2021)

Given the test result, *p-value > 0.05*, we do not have enough evidence to reject the null hypothesis. We will assume that more than 50% do not teach without a professional context.

Method of teaching

The fourth tested assumption related to the method of teaching. We assumed that most language schools do not use alternative teaching methods such as mobility, discussion clubs, educational tourism, etc.

Q4: How do language schools teach?

Tab. 104 Hypothesis H4

Hypothesis	X-squared	df	p-value
H4: Most language schools do not offer teaching in an alternative way (i.e. mobility+discussion club+camp+tourism)	248.17	1	< 2.2e-16

Source: own research (2021)

Given the test result, *p-value < 0.05*, we have sufficient evidence to reject the null hypothesis. We will assume that more than 50% of language schools do not offer alternative teaching methods.

Course co-creation

Another assumption is whether language schools involve clients in co-create courses. We assumed that most language schools do not allow clients to co-create courses. Schools still perceive clients as passive recipients of a lesson or offered course.

Q5: Do language schools use the co-creation trend?

Tab. 105 Hypothesis H5

Hypothesis	X-squared	df	p-value
H5: Most schools do not allow clients to co-create the learning process.	25.08	1	1

Source: own research (2021)

Given the result of the test, *p-value > 0.05*, we do not have enough evidence to reject the null hypothesis. We will assume that more than 50% of language schools allow course co-creation.

Study group size

The last assumption of the section devoted to business models of language schools concerned the size of the study group. The survey of the market environment showed that most language schools prefer teaching 5-8 students.

Q6: How many students attend language school courses?

Tab. 106 Hypothesis H6

Hypothesis	X-squared	df	p-value
H6: Most schools offer courses for 5-8 students.	0.22321	1	0.6817

Source: own research (2021)

Given the result of the test, *p-value > 0.05*, we do not have enough evidence to reject the null hypothesis. We will assume that more than 50% of language schools do not offer courses for 5-8 students.

8.2.2 Summary of results (Q1)

In this chapter, we will present the summary test results from the first questionnaire survey (Q1) and evaluate the individual hypotheses we established at the beginning of our research activities. The summary results are shown in the following table. Here we present the key values of the tests, the p-value, and the result in terms of accepting/rejecting the alternative hypothesis.

The table below summarizes the hypotheses with the results of the proportional test and whether the hypothesis was accepted or rejected.

Tab. 107 Hypothesis H1- H6

Hypotheses	X-squared	df	p-value	Results
H1: At least a third of language schools focus on corporate clients	11.385	1	$p > 0.05$	Rejected
H2: At least a third of schools offer teaching in an informal environment (i.e. park, café, camps)	55.069	1	$p > 0.05$	Rejected
H3: Most schools only teach a foreign language without a professional context (in the sense of foreign language + management, foreign language + personal development, etc.)	129.45	1	$p > 0.05$	Rejected
H4: Most language schools do not offer teaching in an alternative way (i.e. mobility+discussion club + camp + tourism)	248.17	1	$p < 0.05$	Fail to reject
H5: Most schools do not allow clients to co-create the learning process	25.08	1	$p > 0.05$	Rejected
H6: Most schools offer courses for 5-8 students	0.22321	1	$p > 0.05$	Rejected

Source: own research (2021)

The previous table evaluates the statistical hypotheses relating to language schools' core business model. The tests showed that only one of the six hypotheses was confirmed (H4). The other hypotheses were rejected. The results of our tests can be interpreted as follows:

1. Language schools do not focus too much on corporate clients. However, the corporate clientele is the most lucrative part of the market (see qualitative research conducted in Chapter 5).
2. Language schools do not offer teaching in an informal environment (café, park, camp), thus resembling a traditional school environment.

3. Most schools do not only teach a foreign language but offer foreign language teaching in conjunction with the development of other soft skills.
4. Most language schools do not offer teaching in an alternative way (i.e. mobility, discussion, camp etc.). This means that most schools teach in the same way (course teaching).
5. Most schools allow clients to co-create courses.
6. Most schools do not form study groups of 5-8 students. The number of students affects the demand for courses. Language schools are willing to teach even more students in study groups (9-12).

Now we will present the results of statistical testing in relation to language school clients.

8.3 Analysis of language school clients

In the following two chapters, we will present the results of testing six hypotheses that we established in connection with customer profiling. As part of this part of the research, we wanted to test selected assumptions regarding the needs, values, requirements, and expectations of language school clients.

8.3.1 Verification of hypotheses regarding the clients of language schools

In order to better understand the needs of the market, we established a set of six initial assumptions, which we further tested using appropriate statistical methods. Hypotheses regarding the clients of language schools arose from literature research (chapter 2), market analysis (chapter 5), and exploratory research (6). This part of the research was focused on assumptions related to the definition of clients, spatial requirements, forms of teaching, and time and content requirements.

With reference to the methodology used, we will use a proportional test to test the hypotheses. A table with the results of the proportional test is presented for each hypothesis.

Characteristics of the client

The first assumption of this research was to determine the client of language schools. According to the market research of language schools, we assumed that most of the clients of language schools are children and young people.

Q1: Who is a client of language schools?

Tab. 108 Hypothesis H1

Hypothesis	X-squared	df	p-value
H1: Most of the clients of language schools are students (i.e. more than 50 % of all clients)	20.988	1	1

Source: own research (2021)

Given the result of the test, p-value > 0.05, we do not have enough evidence to reject the null hypothesis. We will assume that more than 50% of language school clients are not students.

Space requirement

Another assumption examined the spatial requirements of language school clients. We assumed that most clients would prefer to learn a foreign language abroad (i.e. stay abroad).

Q2: Where do clients want to learn?

Tab. 109 Hypothesis H2

Hypothesis	X-squared	df	p-value
H2: Most clients are stimulated to learn by an educational stay abroad.	392.49	1	1

Source: own research (2021)

Given the result of the test, p-value > 0.05, we do not have enough evidence to reject the null hypothesis. We will assume that more than 50% of clients are not stimulated by study stay abroad.

Forms of teaching

Another assumption related to the teaching method. We expected that the majority of language school clients would prefer the traditional way of teaching (i.e. traditional courses) instead of alternatives such as conversation, discussion clubs, mobility etc.

Q3: What type of teaching do clients prefer?

Tab. 110 Hypothesis H3

Hypothesis	X-squared	df	p-value
H3: The majority of clients prefer classic courses (i.e. more than 50 % of all respondents).	280.36	1	1

Source: own research (2021)

Given the result of the test, p-value > 0.05, we do not have enough evidence to reject the null hypothesis. We will assume that more than 50% of clients do not prefer classic courses.

Time requirement

Another assumption we set in the questionnaire survey (Q2) was related to the timing of the lessons. We expected that most language school clients prefer lessons 1-2 times a week.

Q4: How often do clients prefer learning a foreign language?

Tab. 111 Hypothesis H4

Hypothesis	X-squared	df	p-value
H4: Most clients prefer lessons 1-2 times a week.	20.105	1	< 0.01

Source: own research (2021)

Given the result of the test, $p\text{-value} < 0.05$, we have sufficient evidence to reject the null hypothesis. We will assume that more than 50% of clients prefer weekly courses.

In-person/online classes

Another hypothesis allowed us to verify the assumption of whether language school clients prefer face-to-face teaching or online mode. We assumed that most students would be inclined towards a personal form of teaching (i.e. face to face).

Q5: What form of study do clients prefer (in-person/online)?

Tab. 112 Hypothesis H5

Hypothesis	X-squared	df	p-value
H5: Most clients prefer face-to-face teaching (i.e. more than 50 % of respondents).	41.387	1	< 0.01

Source: own research (2021)

Given the test result, p-value < 0.05, we have enough evidence to reject the null hypothesis. We will assume that more than 50% of clients prefer face-to-face teaching.

Content requirement

The last premise of this research examined the content requirements of language school clients. We verified the assumption that most clients are not interested in teaching a foreign language in connection with developing other skills (personal development, etc.). We expected that given the current offer of language schools, clients would tend to only offer language courses without the possibility of a professional context.

Q6: What course content do clients prefer?

Tab. 113 Hypothesis H6

Hypothesis	X-squared	df	p-value
H6: Most clients prefer language teaching without a professional context (i.e. more than 50 % of respondents).	337.12	1	1

Source: own research (2021)

Given the result of the test, p-value > 0.05, we do not have enough evidence to reject the null hypothesis. We will assume that more than 50% of clients do not prefer language teaching without a professional context.

We will summarize the partial hypotheses of this research in the following chapter. We will also present the results regarding the individual hypotheses we established to gain a deeper understanding of the preferences of language school clients.

8.3.2 Summary of results (Q2)

In this chapter, we will present the summary test results from the second questionnaire survey (Q2) and evaluate the individual hypotheses that we established at the beginning of our research activities. The summary results are shown in the following table. Here we present the key values of the tests, the p-value, and the result in terms of accepting/rejecting the alternative hypothesis.

The table below summarizes the hypotheses with the results of the proportional test and whether the hypothesis was accepted or rejected.

Tab. 114 Hypotheses H1 – H6

Hypotheses	X-squared	df	p-value	Results
H1: Most of the clients of language schools are students (i.e. more than 50 % of all clients)	20.988	1	$p > 0.05$	Rejected
H2: Most clients are stimulated to learn by an educational stay abroad.	392.49	1	$p > 0.05$	Rejected
H3: The majority of clients prefer classic courses (i.e. more than 50 % of all respondents).	280.36	1	$p > 0.05$	Rejected
H4: Most clients prefer lessons 1-2 times a week	20.105	1	$p < 0.05$	Fail to reject
H5: Most clients prefer face-to-face teaching (i.e. more than 50 % of respondents)	41.387	1	$p < 0.05$	Fail to reject
H6: Most clients prefer language teaching without a professional context (i.e. more than 50 % of respondents)	337.12	1	$p > 0.05$	Rejected

Source: own research (2021)

The previous table summarizes the results of the tested hypotheses and reveals which initial assumptions of the research were statistically confirmed. Out of the total number of six hypotheses, two hypotheses (H4 and H5) were confirmed. The other hypotheses were rejected. A more detailed look at the individual assumptions of research focused on language school clients leads us to the following conclusions:

1. Most of the clients of language schools are not students (i.e. children, youth, university students). This conclusion also contradicts the majority view of language schools.
2. Most of the clients of language schools are not stimulated to learn by staying abroad. However, in this area it can be expected that clients will be more inclined towards an informal learning environment due to the frequency of data for selected categories (at home, online, work etc.)
3. The majority of language school clients do not prefer teaching based on classic courses and are looking for alternatives in the form of conversations, private lessons, mobility.
4. Most of the clients of language schools want to learn 1-2 times a week, which is the optimal time schedule for teaching.
5. Most language school clients prefer face-to-face teaching instead of online teaching.
6. Most clients do not want to learn only a foreign language. Clients are interested in a foreign language in connection with the development of other skills.

The above-mentioned conclusions from the first and second questionnaire surveys will serve as a basis for the analysis of the business model of language schools, which is the subject of the following chapter.

9 CURRENT BUSINESS MODEL OF LANGUAGE SCHOOLS

In this part of the monograph, we will present important shifts in the world of business that can also affect the language education sector. The mentioned trends can be understood as new opportunities to redefine current business models. In the second part of this chapter, we will describe the current business model of language schools. We will present two basic views on this model and, based on the comparison, we will try to identify opportunities to innovate the business model of language schools. At the end of this section, we will present a research view of the current business model of language schools processed using the Canvas concept.

9.1 Business trends and opportunities

In the first part of this chapter, we will introduce selected business trends that affect today's business world.

We consider the trends below to be important due to possible shifts in the non-formal education sector with implications for the future functioning of language schools:

- Mass customization
- Self-service
- Co-creation
- Disintermediace
- Digitalizace (Industry 4.0)
- Disruptive innovation (innovation of business and managerial systems)
- From globalization to relocalization

Mass customization

Mass produce products adapted to customers' ideas. In this trend, two at first glance different requirements are combined, namely the requirement of companies to produce as efficiently as possible (economies of scale; operational excellence) and the requirement of consumers to have a tailor-made product (individualization).

In the case of mass customization, we encounter the profiling of diversity, i.e. the production of products in which the number of versions, sizes, colours, tastes, qualities, shapes etc., increases. An example can be foods usually bought in supermarkets. We can buy dozens of varieties of cookies, chips, fruit drinks etc. in them.

The trend of mass customization requires significant shifts in business thinking. What was valid before is no longer valid or is gradually becoming invalid. This trend thus creates the necessity to modify existing business models with the following findings:

1) It is important to sell, not to make: In unsaturated markets, the most important link in the value chain was the production process. However, in the case of saturated markets, the motto "sell first, then make" applies. Today's most successful companies thus shift their attention to innovation and sales because it is precisely in these areas that the greatest added value lies. Other activities, including production, are left to cooperating entities, which are often located in low-cost countries (developing countries). Changes in the concept of value are best documented by the smile of the value chain. This changes our view of the way of financing company outputs (the customer has to pay in advance to get the product; see the breakthrough model of Dell) and also the role of customers, who are freeing themselves from simple consumers of products to configurators of final products (e.g. Tesla and buying a car online, which is preceded by the payment of a deposit and the simultaneous configuration of the product we are interested in). Therefore, production can only be carried out when the customer chooses his specific requirements and adapts the product to his own image.

2) The online marketplace replaces intermediary sales: retail sales through brick-and-mortar stores, sales through intermediaries who often cut most of the economic value from the total price, disrupts online sales that facilitate the purchase process (saving time, convenience, speed, configuration) and reduces purchase costs while simultaneously increasing utility value (savings on transport costs to the point of sale, more valuable nutrition etc.).

3) The need for warehouses of finished products disappears: in the regime of the first sell, then manufacture, it is evident that it is not possible to produce products for

storage that will be sold once. The products start to be produced only when the customer pays for them and configures them. This eliminates the high costs of stock acquisition and storage. And at the same time, there is a release of funds that were previously tied to permanent current assets, which were maintained at the minimum required level (technical and insurance reserves). The trend in inventory management is to manage inventory just in time or in a mode called Just in Time.

Self-service

This trend first took hold in retail sales. Today, almost all stores follow an identical business model, which we call self-service. The essence of this model is to outsource activities related to the sale of goods to customers. A typical example is supermarkets with self-service checkouts. The customer chooses the required goods himself, which in some cases he also considers himself and finally marks and pays for all the products. He then takes the goods home and consumes them. The purchase process is thus completely under the direction of the consumer. In some cases, self-service is brought to perfection. At Ikea, the goal is for the customer to choose suitable furniture for himself in a store located on the outskirts of the city (due to the growing popularity of personal transport, the availability of parking and the cheaper price of the land needed for the construction of the store), he chose this furniture himself, took it to his with a personal car and finally assembled it himself in his house.

Self-service brings benefits not only to companies (the customer becomes an unpaid employee of the company, thereby reducing its labour costs), but also to customers (the customer can customize the sales process without needing an intermediary, thereby gaining autonomy and self-sufficiency).

It is also interesting that self-service as a business model is gaining ground in economically developed countries, which are characterized by high wage demands, so human labour is being replaced by suitable technology, or it can be implemented in-house (automatic machines, self-service cash registers, personal cars, online tutorials etc.).

Co-creation

Mass customization and self-service include a trend called co-creation. This trend reflects the growing bargaining power of customers, who have more and more influence on companies' offers. The power of customers is growing due to greater information (shrinking barriers in information asymmetry) and increasing market saturation or scarcity of customers (supply exceeding demand).

Co-creation means that companies have to learn much more to listen to the needs and demands of customers. Traditional business models were based on the assumption that the customer is a passive recipient of the offer (product, service). The task of the companies was to develop a product that would satisfy the given needs of customers. New business models view the customer as a co-creator of the value proposition (product, service), which makes customers developers of the company who configure products and adapt them to their own requirements. The subjective feeling of satisfaction stems not only from the consumption of the product and its services, but also from the opportunity to participate in its development. The customer becomes an active co-creator of the value offer, which provides consumers with a sense of individuality and uniqueness.

There are many examples of brand-new business models that build on this trend. They are well-known internet platforms such as YouTube and Wikipedia, where the user edits and co-creates content, which he then consumes and shares with others.

Disintermediation

Disintermediation expresses the gradual removal of intermediate links in individual economic processes. This phenomenon began to occur after many primary producers realized that most of the economic value is appropriated by intermediaries (intermediaries such as carriers, and sellers) who are located between the originator of the product (producer) and the consumer (final customer).

The removal of intermediate elements occurs especially in areas in which durability, costs (environmental) and locality play a key role. The area in which this trend is most strongly applied is agriculture. Agricultural enterprises are trying to find new sales channels that would free them from dependence on sales in supermarkets. Farmers' markets are emerging, and some businesses are experimenting with vending machines (for example, Toko company), and others are opening their own stores (e.g. Jelínek company).

Disintermediation also reveals two completely new economic subjects, namely locavers and prosumers. In both cases, these are new types of consumers or producers who prefer local food or become both producers and consumers of the given good (e.g. cultivated crops enter a different part of the value chain). New technologies (e-commerce, clouds, emails, 3D printers etc.) also disrupt existing markets by removing artificially created intermediaries between producers and users. There are many examples: online communication eliminated the intermediate link in the form of postal services, internet banking eliminated the intermediate link in the form of brick-and-mortar banking services, MP3 eliminated the intermediate link in music distribution, video file sharing and watching movies online destroyed the intermediate link in movie distribution.

Digitization

Digitalization is another trend that absorbs fundamental shifts, including the transition from information to knowledge, elimination of intermediate links, self-service and co-creation. At the same time, digitization lies in the background of these trends and often strengthens the effect of these trends.

Digitization will have important impact on future business models. Digitalization is changing the world in the following ways:

- Information sharing (information is basically global in nature)
- Localization of production (Spanish clothing company Zara producing in local conditions, German Adidas considering moving production from Asia to Germany etc.)
- Elimination of intermediate links (e-shops, e-banking etc.)
- Co-creation (makes it easier for customers to co-create)
- Customization of products (using various applications and configurators)

Innovation of business/managerial system

In the past, product innovations were considered the key to the economic development of companies and the source of their prosperity. Currently, however, it appears that the competitive advantage of companies does not come from product innovations (they are easy to copy) but from management innovations (the Baťa company had an innovative management system that no one has been able to copy so far) or even from business model innovations. Research among high-ranking managers shows that business model innovations are considered the most valuable form of innovation that affects the viability of companies.

The concept of innovation is moving from technology to new ways of doing business. Previously, companies focused on how to innovate products, while today, many companies are trying to innovate their business/managerial models. Business models are beginning to be understood as products (product = company) that need to be innovated in relation to new technologies, changing customer preferences and competitive pressures.

Examining successful business models, however, shows that very often models that have been used in the distant past (shaver and razor) win. That is why it is necessary to constantly update current business models and adapt them to real requirements.

Relocalization

An example of this trend can be the business model of two multinational companies. It was the McDonald's company that achieved worldwide success with the strategy of making fast food products the same way everywhere in the world. And it was the same company that faced declining sales in key markets in Central and East Asia that forced them to explore KFC's competing business model. This company decided to adapt its fast food offering to local conditions, so it started offering snacks tailored to Indian customers (vegetarian dishes), as well as to customers in China and other regions. In this mini-fight, KFC won (customization), while McDonald lost in this fight (standardization).

The above example shows that globalization has hit its limits. That individuality and cultural differences play an important role in purchasing behaviour and that adapting companies to specific customer requirements is a path that brings desirable results. It also shows some of the seemingly hidden consequences of globalization, among which is the preference for only the economic level of business (profit in the first place), which results in neglecting the harmful effects on the environment and transferring negative externalities to developing countries with a low level of regulation. This creates local, relatively closed economies in which both production and consumption take place in one place or in one locality, giving the impression of an economy operating in a circle.

The above-mentioned trends already influence the activities of language schools and lead to a reassessment of current business models in the language education sector. The following chapter provides an overview of the current form of the business model of language schools.

9.2 The current business model of language schools

To analyse the current business model of language schools, we used the data we obtained from the following research activities:

1. Exploratory research aimed at analysing the offer of language schools (see chapter 6)
2. Questionnaire survey (QI) aimed at analysing the business model of language schools (see chapter 7.1)
3. Questionnaire survey (Q2) aimed at analysing the preferences of language school clients (see chapter 7.2)

This procedure was based on a methodology that was adopted from the Value proposition Canvas (VPC) concept. The essence of this concept is that value proposition design requires two fundamental perspectives to be explored:

1. Customer preferences (so-called customer profiling)
2. Company offer (so-called value map)

Customer profiling and a value map create a comprehensive view of the products or services that producers offer to consumers. We compared the data obtained from the conducted research with each other, considering the above-mentioned perspectives. The results of this comparison are presented in the following tabulation. The results reflect the tendencies that emerged from the questionnaire surveys.

Tab. 115 Comparison of consumer and producer perspectives of the value proposition in the language education sector

Category	The consumer's view (Language school client)	A producer's view (Language school)
Who is customer?	Adults (41 %) (Self-payer)	Children and youth (56 %) (Parents pay course)
How to learn/teach?	Conversation (60 %) Course (53 %)	Classical course (95 %) Conversation (92 %)
What to learn/teach?	Foreign language (59 %) Personal development (44 %) Business/management (29 %)	Foreign language (100 %) Business/management (55 %) Personal development (46 %)
Where to learn/teach?	Non-formal environment (57 %) Stay abroad (32 %) Online (25 %)	Classroom (93 %) Online (89 %) Company (62 %)
How often to learn/teach?	Weekly course (65 %)	Annual course (66 %)
What activities to use to learn/teach?	Movies (83 %) Music (72 %)	Textbooks (97 %) YouTube videos (92 %)
What teaching approaches to use?	Interactive method (40 %)	Interactive method (88 %)

Source: own research (2021)

In the previous table, the conclusions that reflect the highest rate of frequency within the given investigation are considered. A comparison of the point of view of the consumer (client) and the service provider (language school) reveals areas in which the needs of the clients are aligned with the offer of language schools, but also areas where there is a conflict between the demands of customers and the ideas of language schools. In the following table, we summarize the possible shortcomings of the current business model of language schools based on an evaluation of the point of view of consumers and service providers in the language education sector.

Tab. 116 Evaluation of the core of the business model in two basic perspectives

Subject of research	Consumer vs. Provider	Opportunity
Customer identification	Mismatch	Adults Corporate clientele
Method of teaching	Mismatch	Conversation Private lesson
Teaching content	Fit	Personal development
Place of teaching	Mismatch	Non-formal environment
Teaching period	Mismatch	1-2 per week
Teaching aids	Mismatch	Movies Music
Teaching approach	Fit	Learning through play

Source: own research (2021)

In all areas, except for the teaching content and approach to teaching, there was a mismatch between the consumer's and the producer's view of the service. The analysis carried out also indicated that students increasingly prefer an alternative method of teaching, which is based on the active participation of the student (conversation) supplemented by interactive tools such as film, music, etc.

A more detailed view of what the current clients of language schools lack or what they demand is summarized in the following table. This table reflects the results we obtained from the statistical processing of a questionnaire survey aimed at clients of language schools (Q II).

Tab. 117 Expectations and requirements of language school clients

Subject of research (Client perspective)	**Findings**
Barriers to learning	Lack of time Concerns (feeling embarrassed) Boring lecture
Learning requirements	Conversation Course (a classic form of study) Private lesson (individual approach)
Expectation	Develop ourselves Meet new people
Tasks	To communicate To travel To learn (open the world)

Source: own research (2021)

The preceding table summarizes some significant shifts in customer preferences. It reveals barriers to learning (the most important is lack of time), learning requirements (the most important is to learn the language by speaking), expectations (the key requirement is self-development) and customer tasks (the essence of language education is to learn to communicate in a foreign language). The findings will be taken into account in the innovation of the business model of language schools, which will be part of chapter 10.3.

An overall view of the current business model of language schools was developed using the Canvas concept. This modular model allows you to capture the offer of language schools in the context of three key parameters, namely:

1. Competence model (activity, resources, partners)
2. Customer model (channels, relationships, segment)
3. Economic model (costs, revenues)

The following diagrams approximate the current general form of the business model of language schools. The core of the model consists of three types of value propositions:

A. Corporate courses
B. Courses for the public
C. Courses for children and youth

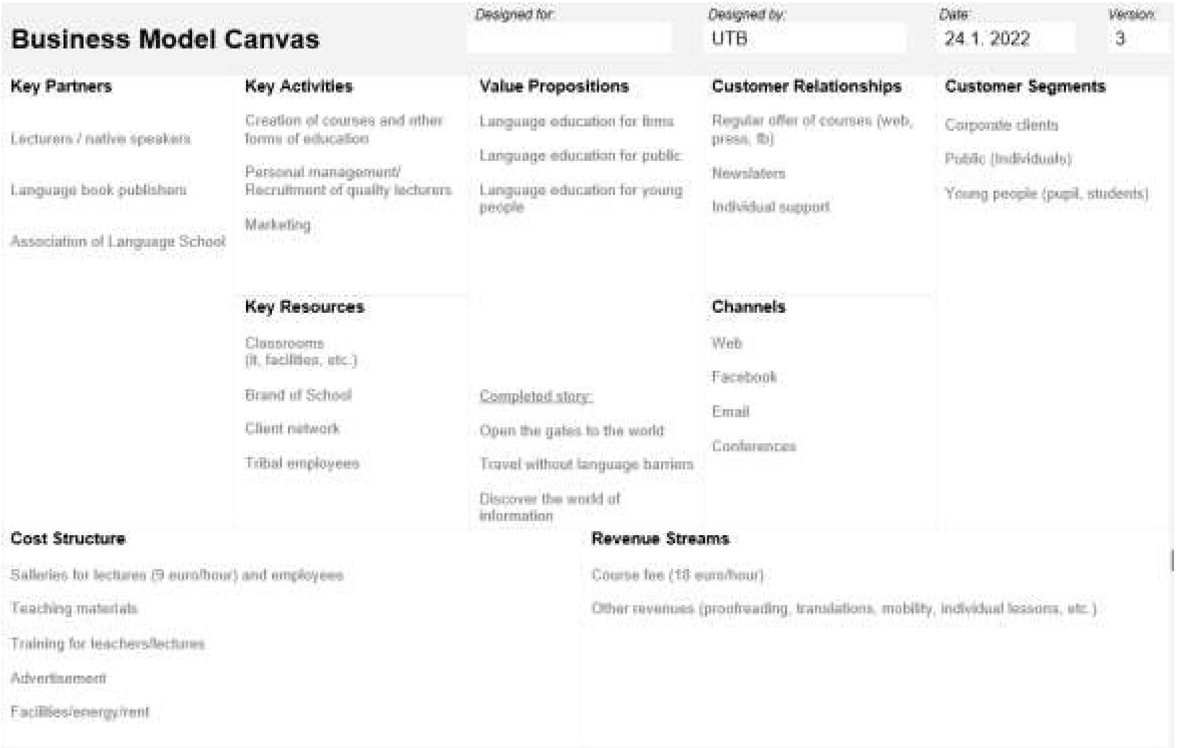

Fig. 40 Current business model of language schools

Source: own research (2021)

From the above analysis, it is clear that language schools generally focus mainly on courses for children and youth, while the analysis of customers showed that most of them belong to the group of clients attending courses for the public. At the same time, based on exploratory research focused on the analysis of language school offers, we found that the most lucrative part of the language education market is the corporate education sector (the second strongest language school in the Czech Republic is exclusively focused on this area). Translations and proofreading are a special category, which are outside the scope of traditional education, but represent a very profitable part of the economic model of selected language schools (the strongest language school in Central Europe has the most significant income from translation and proofreading). However, in general, most of the language schools surveyed offer these three types of courses.

The three basic types of value propositions correspond to three customer segments, which are, again, quite typical for the field of language education. Most language schools view the market from the perspective of these three segments:

A. Corporate clientele (the most lucrative part of the market)
B. Public (self-payers)
C. Students (children are users; parents are customers)

Communication and relations with customers are ensured by newsletters, websites, promotional materials, and Facebook.

The competence model is usually ensured by a narrow core of tribal employees and a network of hired lecturers, which individual language schools contractually commit to the selected courses.

The economic model in the case of language schools is based on a course price of approximately 18 Euros per hour, with an hourly cost per lecturer of 9 Euros. It follows that language schools have a margin of approximately 9 Euros per hour of work. It is obvious that the volume factor (i.e. the number of students per lesson) is not taken into account in this price calculation. In general, as the number of course visitors increases, the price of an individual lesson decrease.

10 BUSINESS MODEL INNOVATION OF LANGUAGE SCHOOLS

This final chapter of this monograph deals with innovations in the business model of language schools. In the first part of this chapter, we summarize important findings regarding the current business model of language schools and its limits. We will describe the opportunities and trends that can be the basis for innovations in the business model of language schools. In the second part of this chapter, we present two digital innovators who chose an unconventional path to language education through online applications. And finally, we will present the innovations of the business model of language schools, describe the proposed changes in the context of the current business model and show the correlation with the existing business model patterns that are applied today in other economic sectors.

10.1 Opportunities and trends

Traditional language schools have a business model based on three value propositions and three customer segments. The resulting form of the language school offer correlates with the market structure as perceived by language schools today. As a rule, courses for the public and students are unified, while courses for companies are largely adapted to the requirements of individual corporate clients (see the following table).

Tab. 118 Limits of the current business model of language schools

Offer of language schools	Strategy	Customer segments
Courses for the public	Standardization	Adults
Courses for students	Standardization	Students
Corporate courses	Customized / specialization	Firms

Source: own research (2021)

A comparison of the requirements and needs of customers with the offer of language schools revealed hidden opportunities for innovation of the current business model:

- **Change market perception:** There are two significant shifts which are the transition from children to adults and corporate customers and from a unified market to a customized market (application of mass customization, i.e. offering individualized courses at the price of regular courses). As part of the change in the perception of the market, it is necessary to re-evaluate the original market segmentation and start focusing on the growth parts of the market, which are the adult market and the market of corporate clients.

- **Changing teaching methods:** A trend related to the direct teaching method and learning through play. This means that it is necessary to replace classical courses with conversation-oriented teaching. In other words, allow clients to learn by speaking, not by memorizing vocabulary and grammar. At the same time, the trend is to introduce game elements into teaching as a basic learning tool.
- **Change the content focus of lessons**: Transition from developing language skills to developing a person. The main motive of language school clients is self-development and getting to know other course participants. It follows that the content focus of the teaching should be much more focused on personal development and the possibility of getting to know other participants of the given course.
- **Change the spatio-temporal perspective of teaching:** Transition from a formal school environment to an informal environment. Stop perceiving language education through the prism of a classic school and start creating conditions for informal education, where the learning process has a purely personal and unique character. Allowing clients to study abroad (emphasizing the need for knowledge of a foreign language) and creating a home environment. Online teaching, or a hybrid form of teaching, can be one of the ways to remove the main barrier to learning on the part of language school clients.
- **Changing the core business of the language school:** A shift away from language education providers to educational platform creators. Redefining the core business can lead to the transition from a provider of language education to an intermediary of education and monetising the knowledge of those who can teach a foreign language (without access to the market). In the information age, the model of platforms that make it easier to connect different users and make it easier for them to interact with each other is increasingly gaining ground. Language schools can create educational platforms that connect students (who need to learn a foreign language) with foreign language teachers (who know a foreign language but often have limited access to the market).

10.2 Case studies of digital innovators in the language education sector

These studies reflect a trend related to the digitalization of today's business world. Digitization also has a significant impact on the field of language education. According to Statista, the e-learning market worldwide is expected to surpass 243 billion U.S. dollars by 2022. The number of e-learning mobile apps approaches 600 000 to-date, in summary, 275 210 on App Store and 308 438 on Google Play.

Case 1: Duolingo

DuoLingo has over 200 million users worldwide. It is the market leader in the field of language e-learning. The business model of this company is built on three keys assumptions, which are (1) teach for free, (2) teach fun and (3) teach effectively. These assumptions are reflected in the unique value proposition:

1. **Free to learn** (high-quality language education)
2. **Online** (anything-with-internet access)
3. **Easy to use** (gamified approach)
4. **Additional services** (Translation services for sponsors)

By contrast with competitors (such as Coursera), the company has not gone back on its promise to deliver basic content free of charge. DuoLingo's economic model includes:

- Ads and in-app purchases. Users can pay to increase the number of lessons per day (1 lesson per day for free), to save streaks, or to take a test.
- Certificate Exam. A new paid service that came out of the partnership with Uber allows Uber drivers to take a Duolingo Certificate Exam if they want to qualify for UberEnglish – a service that allows for an English-speaking driver request. And that is a good start for language certification partnerships.
- Document translation crowdsourcing. There's an innovative tactic DuoLingo utilises. The company crowdsources pieces of translation done by its students and sells them to companies like CNN and BuzzFeed. The learners do it for free as part of learning experience the clients get it way cheaper than with regular translators. Ain't it neat! MIT thinks so.

The following image illustrates the business model of this company.

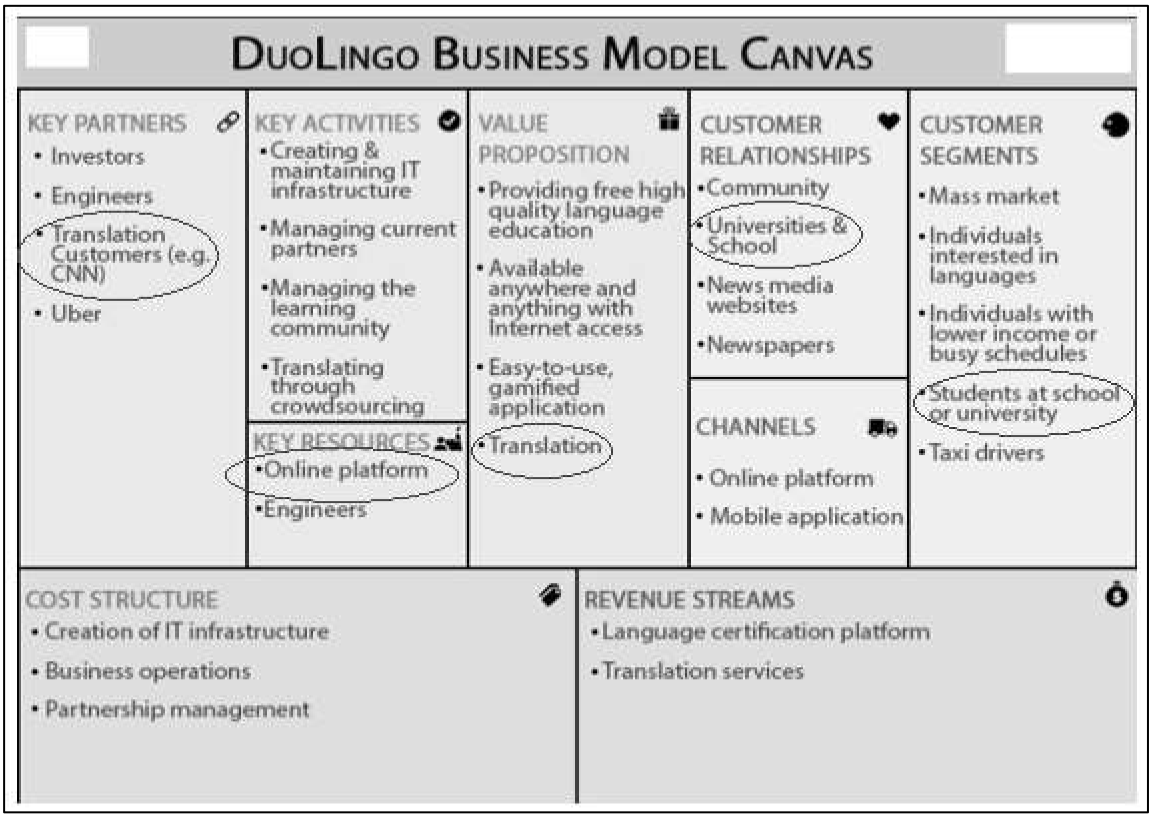

Fig. 41 DuoLingo BM

Source: Own according to www.codetiburon.com (2021)

The mentioned model is built on the digitization trend, which corresponds to a free offer, access to the course only online and a key resource in the form of an online platform connecting different users of this platform. The business model based on the platform is also characterised by the fact that selected customer segments simultaneously become key partners of the company. In this case, customers (using quality language education offers) can participate in translations at the same time.

Case 2: Coursera

It is a massive open online course provider that provides high-quality courses for free. Coursera works with universities and other organizations to offer online courses, certifications, and degrees in a variety of subjects. Coursera partners with more than 200 leading universities and companies to bring flexible, affordable, job-relevant online learning to individuals and organizations worldwide.

The unique value proposition of this company has this distinctive feature which is **free university language courses** (to give free access to world-class university courses).

The economic model has evolved from free to freemium. It has several revenue streams:

- **Monthly subscription**. It drives the most revenue for e-learning apps. A 7-day free trial leads to subscribe for a course at ~$39-79 per month. You're also incentivized to accomplish a course faster if you want to cut costs.
- **One-time purchases**. Three 'paid' features include specializations, professional certificate, and degrees.
- **Specializations**. These are 'course bundles' of 4-9 related courses on a one-time payment or subscription. The Capstone Project at the end of specialization allows for real problem-solving with a partnering company.
- **Professional certificate**. The certificate is comparable with those awarded on campus. The payment is higher ($15-25K for a course bundle).
- **Degrees.** Partnering with the University of Illinois and HEC Paris resulted in 4 master's degree offers (admission required).
- **Premium services** (Signature track). Signature Track 'securely links coursework to real identity' via a verified certificate. This option (at ~$30-100) proved to be very popular, with the current monthly revenue of $1M.
- **Course sponsorship.** There's an incentive for course producers, too. Brands can sponsor the production of a course created by a top university. They, in turn, benefit from the access to top talent. Though little is said about the effort, it seems fairly lucrative.

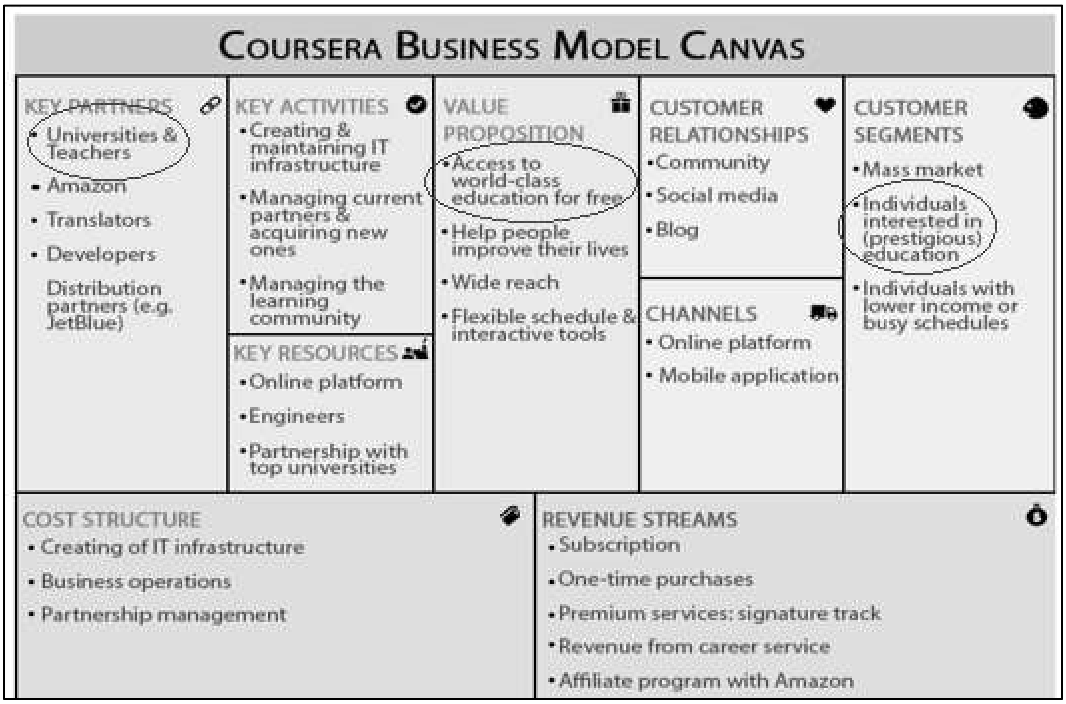

Fig. 42 Coursera BM

Source: Own according to www.codetiburon.com (2021)

The business model of this company is also based on an online platform. However, compared to DuoLingo, Coursera is focused on providing prestigious language education through a university network. The essence of this business model is to make prestigious education available online, while the basic offer is free with the option of purchasing additional services. This application model is a freemium model.

10.3 Innovation of the business model of language schools

The previous two chapters described the opportunities and challenges to innovation of the business model of language schools. The very proposal of the innovative business model of language schools reflects the identified changes in the market environment of language education and at the same time considers the findings we have reached after two years of researching the market of language schools and operational specifics that have an impact on the activities of language schools in various EU countries.

We capture important shifts in the business model in the following table. We will then project these changes into the business model, which will be created using the Canvas concept.

Tab. 119 Changes in the business model of language schools

Category	Current business model of language schools	Innovative business model of language schools
Customers	Public Children and youth Business clients	Individuals Business clients Lectures Universities and other educational institutions
Value proposition	Course for public Course for students Course for firms	Language education (only) Language in the context of personal development Monetization of lecturers' knowledge
Key competencies	School infrastructure Brand of School	Educational platform
Economic model	Course fee	Medation fee

Source: own research (2021)

The previous table captured the most significant changes in the business model of language schools, which we evaluated after two years of research as desirable due to the development of the market, technology, and society. The new form of the business model of language schools is illustrated in the following figure. It is evident that there is a significant deviation in the concept of the school as a traditional educational institution, which ensures the teaching of a foreign language in the given place and time. The language school is now profiled as an institution that mediates language education to clients through a platform that connects language school clients with teachers and trainers who can teach not only a foreign language but also personal development.

Fig. 43 Innovation of business model of language schools

Source: own research (2021)

The change in the definition of the role of the language school as the creator of the educational platform also responds to significant technological trends related to the onset of digitalization in non-formal education (see case studies presented in chapter 10.2). E-learning and the covid period have led to the acceleration of online learning, which has also hastened the gradual transition of language schools from providers of language education to content creators and mediators of vocational education.

The idea related to changing the core business of language schools is captured in the following image. If we transform language schools into institutions creating a knowledge platform, then new market opportunities open up. Currently, typical customers of language schools were students, the public and corporate clients. The following customer segments can now be part of the market:

1. Individuals (students, public)

2. Business clients (language + personal development + leadership)

3. Lecturers (teachers, trainers, coaches)

4. Educational institutions (for example, universities, secondary vocational schools etc.)

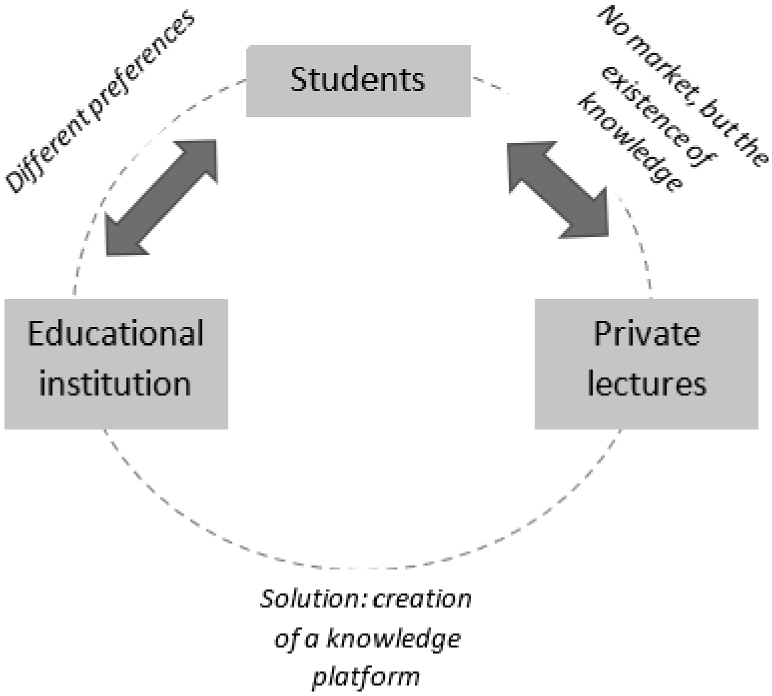

Fig. 44 Interconnection of different users with an educational platform
Source: own research (2021)

With regard to findings from the functioning of the current non-formal education market, language schools can play a pivotal role in transforming the formal education sector. As it emerged from the questionnaire survey, the clients of language schools appreciate the informal education that is common at language schools. The innovative business model of language schools is based on four different value propositions:

1. To teach individuals to communicate in a foreign language (only language education),
2. To teach individuals in companies the language in the context of personal development,
3. Monetize lecturers' knowledge,
4. Monetize the courses of educational institutions.

The link between individual customer segments and value propositions is summarized in the following table. Each segment gets a different type of value, and at the same time, the power of the platform grows with the number of new clients.

Tab. 120 Connection between the customer and value proposition in business model innovation of language schools

Costumer	Value proposition
Individuals	Foreign language development (only)
Business clients	Foreign language in the context of personal development
Lectures	Opening up new markets
Educational institutions	Market visibility of their courses

Source: own research (2021)

In many ways, the innovation of the business model of language schools is similar to successful business models that have established themselves in the field of e-learning applications and online learning platforms. The uniqueness of this proposal lies in the fact that it offers a hybrid form of teaching (personal + online), which is based on providing a suitable course to a specific customer segment. The economic model of the innovative business model, therefore, calculates not only course fees but also intermediary fees (ie the fee for entering the knowledge platform, which will range from 15-30 % of the unit price of the course).

A more detailed look at the logic of the model designed in this way shows affinity with the open-ended business model. The magic of the proposed model lies in the fact that it is possible to mediate not only innovations but also knowledge, provided that a suitable infrastructure (network, platform) is created for this, which can connect content creators with their consumers in one place. The innovative business model of language schools can monetize the knowledge not only of individuals (lecturers) but also of institutions (universities) under the premise of creating a functional knowledge platform that will be strongly connected to selected market segments.

CONCLUSION

The main objective of this monograph was to create an innovative business model for language schools. Within the framework of this goal, we proceeded to several connected researches, which we expected would help us verify some of our assumptions regarding the language school market, language school clients and, last but not least, the business model of language schools. There were a total of sixteen of these assumptions, while each assumption was part of a given research question. The verification of our assumptions should help us better understand the current business models of language schools and reveal hidden opportunities for its innovation.

The first exploratory research was focused on analysing the offer of language schools in the Czech Republic. We found that language schools offer a total of 21 products. The most a significant finding from this research was that the majority of schools do not apply a diversification strategy, that is, the breadth of the offer of most of the examined schools is below 11 products out of a total of 21. At the same time, we found that the range of the offer depends on the size of the market in which the given school located. The second and third research was focused on the clients of language schools and the business model of language schools. In this context, we discovered a fundamental difference between what language school clients want and what language schools offer. We found a match in the viewpoint of the producer and consumer of services in the language education sector in only two of the seven investigated areas, namely in the content definition of teaching and the approach to teaching. The survey showed that language schools define the market too narrowly in terms of key customer segments, while the key customer segment was identified as children and youth (the student segment), while the research of language school clients revealed the key segment to be adults (working individuals). At the same time, we found out from the market analysis that the most lucrative part of the market is not individuals but corporate clientele. The analysis of customers resulted in some interesting findings that can be used for possible innovation of the business model of language schools. First of all, a major barrier for language school clients is lack of time (a space-time barrier that can be removed with online learning). Second, students expect a conversation from learning a foreign language, not learning in the form of classical courses. Thirdly, clients expect the development of themselves and get to know other participants from learning a foreign language. Fourth, the clients of language schools learn a foreign language to learn to communicate in a foreign language and be able to travel without problems.

Findings from the conducted research led to the proposal of a new business model for language schools, the core lies in creating a platform that connects language school clients with foreign language teachers. The role of language schools is based on creating a knowledge platform that makes the market accessible to educational institutions and lecturers and connects them with clients who want to learn a foreign language or a foreign language with the possibility of personal development. The proposed innovation redefines the role of language schools from course creators to creators of an educational network that connects formal and informal education and facilitates mutual interaction for all interested parties. Compared to the original model of language schools, there is a fundamental change in the understanding of language school clients. These are now simultaneously customers and key partners of the model and co-creators of the taught content. The mentioned changes correspond with the onset of the Facebook generation and reflect significant changes brought to the language education market by digital innovators led by companies such as DuoLingo or Coursera.

It is evident that each language school should retain its uniqueness and seek its own path to success in today's difficult market conditions. In this publication, we tried to capture some important trends that affect the language education market, describe the contours of the current business model and propose possible innovations that could bring about a change in the current business model of language schools. Every innovation can serve as an inspiration to think about whether the initial assumptions of existing business models are still valid or whether some elements of the existing model no longer correspond to the current requirements of the market and the demands of its customers.

We, therefore, believe that this publication has led you to think about your own role in the education process (am I a creator or a passive recipient?), as well as to think about language schools and their role in the education system (are language schools implementers of courses or mediators of language education, in which the client becomes a co-creator of learning content).

SUMMARY

This scientific monograph consists of a total of 10 chapters. The individual parts of this monograph are the result of a research project whose goal was to transform the business model of language schools. Partial results of the project are subsequently presented in individual parts of this book.

The first two chapters describe current findings in the area of the business model of language schools. We see a research gap in the absence of scientific studies that describe the business model of language schools in the context of fundamental market, technological and social changes. The literary research describes in particular, trends in language education. It is also supplemented with the issue of business models and tools that are suitable for examining business models, such as value proposition design.

Chapters three and four define the research objectives of the monograph and the methodology used. A total of 16 research questions and statistical hypotheses were established. The methodology of this work combines qualitative and quantitative research. Qualitative studies are related to the analysis of current knowledge and partly to exploratory research. Quantitative research is based on a questionnaire survey. The thesis publishes the results of two questionnaire surveys, which focused on the analysis of the business model of language schools (Q1) and the preferences of language school clients (Q2). The exploratory research was focused on analyzing the offer of language schools and served to define selected hypotheses and create a questionnaire survey (Q1).

The fifth chapter of this book focused on analysing the language education market in five EU countries. The result of this analysis was a characterization of the market according to size and attractiveness, a competitive analysis (identification of the strongest companies) and a PEST analysis. The analysis showed that the largest language education market is in Poland. The most developed market in terms of the number of competitors and price level is in the Czech Republic. At the same time, the strongest company in the surveyed countries comes from the Czech Republic (Skřivánek, s.r.o.).

The sixth chapter describes the results of the exploratory (primary) research. This research was carried out only in the Czech Republic due to the general definition of the offer of language schools, which subsequently led to the creation of a questionnaire survey and its

distribution to five EU countries. We found that language schools offer a total of 21 products. Language schools do not apply a diversification strategy. Product customization is only common for corporate courses. The range of the assortment depends on the size of the market.

The seventh chapter contains the results of the questionnaire survey. The first part of this chapter describes the results of research focused on the business model of language schools. The second part of this chapter then summarizes the research results focused on language school clients. The data from these questionnaire surveys led to a mutual comparison of the attitudes of producers and consumers of language education services. In general, language schools want to simulate a traditional school environment, while language school clients prefer informal learning.

The eighth chapter deals with verifying established hypotheses and helps us better understand the current business model of language schools. Of the total number of sixteen hypotheses, five initial assumptions were confirmed. The most important of them was the discovery that language schools offer an alternative way of teaching (such as mobility, discussion clubs, and camps).

The ninth chapter is focused on a summary of the results related to the analysis of the business model of language schools. It was found that the viewpoint of the producer and consumer in the language education sector is significantly different. Agreement was found in only 2 of the seven research areas. The current business model of language schools is based on a unified product offer and market segmentation, which consists of three types of customers (children, adults, and companies). Language schools create courses and offer traditional language education.

The tenth chapter presents examples of possible innovations in the language education sector (digital innovators) and describes the new business model of language schools, which reflects shifts in this market environment. A fundamental shift lies in the role of the language school as a producer of language education courses. A new perspective on language schools brings a business model based on a knowledge platform that connects consumers of language education with producers in the form of lecturers, trainers or even other educational institutions. This change in the business model of language schools led to a reevaluation of the value proposition and the market expansion from the perspective of potential customers.

The language school market is made up not only of consumers of services (individuals, companies, and the public) but also of lecturers and educational institutions, which the current business model of language schools does not focus on.

LIMITATIONS OF THE RESEARCH

We are aware of the fact that every research has its limits, and therefore it is necessary to perceive the achieved results with a certain reserve. In the case of our research, this mainly concerns exploratory research, which was carried out only in the Czech Republic on a sample of 80 language schools, and a questionnaire survey focused on language schools. Only 114 language schools participated in this research. In both cases, the conclusions drawn from them are influenced by the low number of subjects that were the subject of our research.

At the same time, we have no study to compare our results with. I also do not have a proven methodology, as the methodology we created was original without any follow-up to previous studies.

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GLOSSARY

Business model: It describes how an organization creates, delivers, and captures value in economic, social, cultural or other contexts. It is a conceptual image of the operational part of the company. Methods of visualization are used for its formal description.

Business model analysis: It involves taking a high-level look at the business as a whole and then focussing on areas which are perceived to indicate significant potential for performance improvement. The starting point is the preparation of a Business Model Canvas which is an internationally recognised tool for developing and evaluating business models.

Business model innovation: It is the art of enhancing advantage and value creation by making simultaneous—and mutually supportive—changes both to an organization's value proposition to customers and to its underlying operating model.

Competition: is an activity involving two or more firms, in which each firm tries to get people to buy its own goods in preference to the other firms' goods.

Comparative analysis: is the process of comparing items to one another and distinguishing their similarities and differences. When a business wants to analyse an idea, problem, theory or question, conducting a comparative analysis allows it to better understand the issue and form strategies in response.

Innovation: It is the practical implementation of ideas that result in the introduction of new goods or services or improvement in offering goods or services

Language courses: an educational course in which a foreign language is taught.

Language education: is about learning and teaching language. If you are interested in languages and language teaching, taking a course in language education may be very rewarding. If you are working as a teacher, you can gain additional qualifications, and we also have a PhD program in language education.

Language learning: Language learning is broadly defined as developing the ability to communicate in the second/foreign language, and in this context includes:

- Language learning for specialists. This includes programmes which not only teach language but also various subject 'content' related to language such as literature, culture, history and politics at BA or MA level.

- Language learning for non-specialists or service languages. This includes language teaching options which are available to all interested students, some of which may have a focus on specific topics or on the enhancement of selected skills (e.g. effective speaking skills).
- Languages for instruction (including the teaching of the language/s of a host university to non-native speakers), where the target language is normally used as the language of instruction.
- Language learning for social purposes. This includes language learning for mobility or where the local language is taught as a foreign language to incoming students. It also relates to language learning for employability, travel (holidays or living abroad) or for heritage/family reasons.
- Language school: is an educational institution where foreign languages are taught. The

  students are of different ages, education, and work experience

Language school: is a school where one studies a foreign language. Classes at a language school are usually geared towards, for example, communicative competence in a foreign language. Language learning in such schools typically supplements formal education or existing knowledge of a foreign language.

Market analysis: It provides information about industries, customers, competitors, and other market variables. You can also determine the relationship between supply and demand for a specific product or service. It is a thorough assessment of a market within a specific industry. You will study the dynamics of your market, such as volume and value, potential customer segments, buying patterns, competition, and other important factors.

Market share: is the percent of total sales in an industry generated by a particular company. Market share is calculated by taking the company's sales over the period and dividing it by the industry's total sales over the same period.

Transformation: is a dramatic change in form or appearance. It is an extreme, radical change.

LIST OF ABBREVIATIONS

AES	Adult Education Survey
BM	Business Model
CNN	Cable News Network
CLT	Communicative Language Teaching
COI	The Cultural Orientations Indicator
CZK	Czech Crown
EFQM	The European Foundation for Quality Management
e.g.	exempli gratia – for example
ELIA	The European Language Industry Association
etc.	et cetera – and so on
EU	European Union
GDP	Gross Domestic Product
HR	Human Resources
i.e.	id est – in other words
ICT	Information and Communications Technology
IHWO	International Network of Language Schools
ILAC	International College
IT	Information Technology
MS	Microsoft
NTF	The National Training Fund
No.	Number
OECD	Organization for Economic Cooperation and Development
PC	Personal computer

PEST Analysis	Political, Economic, Social and Technological Analysis
REAP	Refresh - Enhance - Activate - Perform
SK	Slovak Crown
TBU	Tomas Bata University in Zlín
UK	United Kingdom
USA	United States of America
VAT	Value – Added Tax
VPC	Value proposition Canvas

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Appendix AI: Questionnaire I - Value proposition of language schools

Key Question: What does the language school offer?

Aim: to define selected parts of the business model of language schools

Dear respondents,

We ask you to fill in this questionnaire. The aim of our research is to analyse the business model of language schools. Based on the obtained data, we will idenfity the limits of the current offer of language schools and innovate their business model.

The questionnaire should be completed by the owner, manager, or director of the language school.

We believe that it will take you a maximum of 10-15 minutes to complete the questionnaire. At the same time, it allows you to think about some of the fundamental elements of your business model

With thanks

Research team (Tomas Bata University in Zlín, the Czech Republic)

Part 1 Language school identification

1. What is your legal form of business?

- Freelancer (self-employed)
- Private Limited Company
- Public Limited Company
- Limited partnership
- Partnership
- Non-profit organization

2. How many employees do you have?

- 1-5
- 6-19
- 20-29
- 30 employees and more

3. How many lecturers do you have?

- 1-9
- 10-29
- 30-50
- 51 lecturers and more

4. How long has your language school been on the market?

- 1-5 years
- 6-15 years
- 16-24 years
- 25 years and more

5. Where does your language school come from (school location)?

- Czech Republic
- Slovakia
- Poland
- Latvia
- Croatia

6. In which region (NUTS 2/NUTS3, i.e. region) does your language school operate?

Answer:

7. What is the name of your language school (including the legal form)?

Answer:

Part 2 Beginnings of business

8. What was the impulse for your business?

- Low level of language skills in the population
- Innovation of teaching methods
- Dissatisfaction with current work
- Lucky coincidence
- Lack of money
- The desire to become independent
- Other:

9. Did you evaluate the attractiveness of the market at the beginning of your business?

- Yes
- No

10. What factors did you evaluate?

- Revenues per industry
- Profit per industry
- Profit mrgins (% od the profit from price)
- Key metrict (price per hour, cost per houde, etd.)
- Competitive rivalry
- Other:

11. What key competencies were important at the start of your business?

- Knowledge of a foreign language
- Teacher experience (teaching profession)
- Contacts (partner network/franchise/foreign owned)
- Detailed knowledge of the market
- Capital resources
- Offer differentiation (customization)
- Alternative teaching methods (Callan's method, direct method, Montessori practices, Helen Doron method, etc.)

12. What was the aim of business in your beginnings?

- Language development of clients
- Making money
- Teaching in a different way
- Independence (economic, personal, etc.)
- Higher social status

Part 3 Value map

13. What is the purpose of your business?

- Foreign language education
- Non-formal education
- Retraining (unemployed, teachers)
- Translations /interpretation
- Language audit (including exams, certificates)
- Recruitment
- Consultation (cross-culture, leadership, networking, public speaking etc.)

14. How many foreign languages do you teach?

- 1
- 2-5
- 6 foreign languages and more

15. In which environment do you offer your courses?

- Classroom (school environment)
- Nature (camps, team building, etc.)
- Company (training center of the corporate client)
- Online (MS Teams, Zoom, Skype, etc.)
- Abroad/foreign countries (mobility)
- At home (customer's home)
- Café (restaurant, etc.)
- Park/garden (lesson outside the building)
- Other environments:

16. Which customer segment is key for you (according to sales/number of courses)?

- Children and youth
- University students
- Adults
- Companies

17. Which of these courses do you offer (choose the options below based on specific courses for specific age groups)?

- Courses for children (up to six years)
- Courses for primary school students (7-14)
- Courses for secondary school students (15-18)
- Courses for university students (19-25)
- Courses for adults (18-59)
- Courses for seniors (60 years and older)
- Courses for companies
- Courses without segmentation (a group for all)
- Other:

18. Do you offer any of these specific courses?

- Courses for teachers
- Courses for clerks
- Courses for managers
- Courses for the unemployed (in the records of the Labour Office)
- Courses for mothers (maternity leave)
- Partner/dating courses
- Travel courses
- We do not offer these courses

19. Do you allow your customers to co-create courses?

- Yes
- No

20. Which of the co-creation elements do you offer?

- Time organization of teaching (when)
- Spatial organization of teaching (where)
- Personnel management of teaching (who teaches)
- Teaching intensity (how often)
- Content level of teaching (what)
- Teaching method (how)
- Composition of the study group (with whom)

21. What type of teaching methods do you offer?

- Course (grammar-topic-practice)
- Workshop / seminar (exercises / problem solving)
- Conversations (topics / situation games)
- Private lesson
- Mobility (study abroad)
- Camp/teambuilding
- Discussion forum (club)
- Educational tourism
- Other:

22. What types of courses do you offer (in terms of time)?

- Daily course (every day)
- Weekend course (1-2 blocks)
- Intensive course (block teaching during the week; summer months)
- Weekly course (1 to 2 per week)
- Monthly course (4 to 8 teaching hours)
- Quarterly course (trimester; 12 to 24 teaching hours)
- Semi-annual course (24 to 48 teaching hours)
- Annual course (40 and more lessons)

23. How long does one lesson last?

- 20 minutes
- 30 minutes
- 45 minutes
- 60 minutes

24. How many students can attend your group courses at most?

- 4 or fewer students
- 5-8 students
- 9-12 students
- 13 students and more

25. What do you offer in your courses (content aspect)?

- Foreign language
- Personal development
- Business/management (e.g., Business English)
- Art (e.g., painting, music etc.)
- Informatics
- Vocational subjects according to your own choice
- School-leaving exam preparation
- Tourism/gastronomy
- Current events
- Culture (movies, concerts, etc.)

14. Which of these teaching-materials do you use?

- Textbooks
- Music
- Movies
- Videos (YouTube, etc.)
- Books/articles
- Interactive tools (smart whiteboard, applications, etc.)
- Other:

15. What teaching methods do you apply?

- Traditional method (topic - vocabulary - grammar - conversation)
- Direct method (topic - conversation)
- Learning through play (fun activities, stories, role-playing)
- Interactive method (teaching based on audiovisual tools, e.g., movies, music, weblinks and articles, etc.)
- Other:

Part 4 Economic model

16. How many hours in total did you teach in 2019?

The total number of hours taught in a given year based on a qualified estimate:

17. What is the average price of a lesson per client (in 2019)?

- Up to 3 EUR/h (80 CZ/h)
- 3-5,9 EUR/h (80-160 CZK/h)
- 6-9,9 EUR/h (161-259 CZK/h)
- 10 EUR/h and more (260 CZK/h and more)
- I do not set the average price

18. What is the average salary of a lecturer for one lesson?

- Less than 5 EUR (less than 130 CZK)
- 5,1- 7,5 EUR (131-195 CZK)
- 7,6-10 EUR (196-260 CZK)
- 10,1-15 EUR (262-390 CZK)
- 15,1 EUR and more (391 CZK and more)

19. How much revenue did you earn in 2019?

- Up to 38,500 EUR (up to 1 million CZK)
- 100,001-200,000 EUR (2.6-5.2 million CZK)
- 200,001-400,000 EUR (5.2-10.4 million CZK)
- 400,001-800,000 EUR (10,4-20,8 million CZK)
- 800,001-1000,000 EUR (20,8-26 million CZK)
- 1,000,001 EUR and more (26 million CZK and more)

Appendix AII: Questionnaire II – Customer profile of language schools

Key Question: What does the customer want?

Dear respondents,

We ask you to fill in this questionnaire. The aim of our research is to analyse the customers of language schools. Based on the obtained data, we will specify the customer profile of language schools. Our intention is to better understand your needs, requirements and expectations.

The questionnaire should be completed by student/client of language schools.

We believe that it will take you a maximum of 10-15 minutes to complete the questionnaire. At the same time, we believe that completing the questionnaire will allow you to think about the learning process and the possibilities for more natural learning in the future.

With thanks

Research team (Tomas Bata University in Zlín, the Czech Republic)

Part 1 Respondent Identification

1. What is your gender?

- Female
- Male
- Other / Prefer not to disclose

2. What age group do you belong to?

- 6-14
- 15-18
- 19-24
- 25-44
- 45-59
- 60 or over

3. How many foreign languages have you learnt in your life (formal and non-formal education)?

- One
- Two
- Three
- More

4. How many foreign languages do you speak at level A2 (i.e. to understand and communciate with commonly-used expressions and elementary vocabulary) and above?

- One
- Two
- Three
- More

5. In which country do you study a foreign language (according to language school location)?

- Czech Republic
- Slovakia
- Poland
- Croatia
- Latvia

6. What is the name of the language school you are attending

Answer:

Part 2 Customer Profile

7. What is your current role in life?

- Pupil (primary school)
- Secondary school student
- University student
- Ph.D. student
- Manager/Director
- Operational employee
- Teacher/Academic
- Official (clerk)
- Entrepreneur
- Artist (freelancer)
- Woman on maternity leave
- Senior

8. What is your role in the current foreign language course?

- User (the employer pays for the course)
- User (parents pay course)
- Customer (I pay for the course by myself; self-payer)

9. Why do you study a foreign language?

- o I want to improve (improvement)
- o I want to learn a new foreign language (new skill)
- o I want to refresh my foreign language (repetition)
- o I want to get a certificate (international exam)
- o I want to fulfill the ideas of others (employer, parents, etc.)
- o Other:

10. Which of these foreign languages do you study?

- o English
- o German
- o Spanish
- o French
- o Russian
- o Chinese
- o Other:

1. Which environment best stimulated you to learn a foreign language?

- ▪ Formal school environment (primary school, secondary school, university)
- ▪ Non-formal school environment (language schools)
- ▪ Home environment (self-study)
- ▪ Private environment (tutoring, informal conversation, circle of friends)
- ▪ Nature (relaxation zones, learning in a circle, etc.)
- ▪ Online environment (e-learning; online learning; YouTube)
- ▪ Stay abroad / foreign trip
- ▪ Work environment (tasks, projects, communication with foreign countries)
- ▪ Other:

Part 3 Customer Creation

12. What form of study do you prefer the most?

- ▪ Classical course (grammar-topic-practice)
- ▪ Workshop/seminar (tasks solving)
- ▪ Conversation (discussion/ dialog)
- ▪ Private lesson (individual/group)
- ▪ Mobility (stay abroad)
- ▪ Camp (team-building)

- Discussion forum (club)
- Language tourism

13. What type of course organization do you prefer?

- Full-time study (personal participation)
- Online study (distance participation)
- Digital Academy (online education + full-time workshops)

14. How often do you prefer to learn foreign language?

- Daily course (every day)
- Weekend course (1-2 blocks)
- Intensive course (block teaching during the week; summer months)
- Weekly course (1 to 2 per week)
- Monthly course (4 to 8 teaching hours
- Quarterly course (trimester; 12 to 24 teaching hours)
- Semi-annual course (24 to 48 teaching hours)
- Annual course (40 and more lessons)

15. What length of lessons teaching do you prefer?

- 20 minutes
- 30 minutes
- 45 minutes
- 60 minutes
- 90 minutes
- 120 minutes
- Longer

16. What type of foreign trainer do you prefer?

- Foreign trainer (native speaker)
- Non-native trainer

17. What course content would you be interested in? (in foreign language)

- Foreign language
- Personal development
- Business/management
- Art (e.g., painting, music etc.)
- Informatics
- Vocational subjects according to your own choice
- School-leaving exam preparation
- Tourism/gastronomy
- Current events
- Interactive content (movies, discussion about them, songs, etc.)

18. Will knowledge of a foreign language help you with any of these tasks?

- o Task to communicate (with foreigners)
- o Task to publish (articles, documents, books)
- o Task to finish/graduate (school, university)
- o Task to teach
- o Task to learn (from foreign language sources)
- o Task to get to school/university
- o Task to travel (business/private trips)

19. How would you rate the following factors of expectation that you have for foreign languages?

	Completely irrelevant	Unimportant	Ordinary	Important	Very important
Learning a foreign language					
Studying without stress					
Improving a foreign language					
Meaningful content					
Mentoring					
Development in a foreign language					
Alternative teaching					
Sharing teaching materials					
Meeting new people					
New job/success at work					
Travel without worries					

20. What barriers do you feel when studying a foreign language?

- o Boring/ineffective teaching (traditional school syndrome)
- o Lack of time for self-study
- o Unsatisfactory course time
- o Expensive teaching materials (books, exercise books, etc.)

- Missing intranet/material sharing platform
- Concerns (feeling embarrassed)
- The content of the course does not meet my requirements
- Course price
- Unfriendly trainer
- Unprepared trainer
- Course organization (school location, etc.)
- Impossibility to substitute missed classes

21. What results do you expect from learning foreign languages?

- Meet new people
- Find a new job
- Get to the university
- Get a university degree
- Graduate (passing school-leaving exam)
- Make the world of information accessible
- Share with the world (publishing articles, books, etc.)
- Go to work/school without worries
- Job promotion
- Develop yourself

22. What other activities do you use to improve foreign language learning?

- Movies
- Music
- Youtube videos
- Online games
- Books
- Papers
- Conferences
- Chatting (social networks; discussion forums, etc.)
- Applications (apps) such as Duolingo, EWA, etc.)

23. What teaching methods do you lack in the current study of foreign languages?

- Direct method (teaching based only on communication in a foreign language)
- Learning through play (fun activities, stories, role-playing)
- Discussion / dialogue (teaching based on opinion confrontation / searching for third alternatives)
- Interactive method (teaching based on audiovisual tools, e.g. films, music, weblinks and articles, etc.)

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TRANSFORMATION OF THE BUSINESS MODEL OF LANGUAGE SCHOOLS

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