

Ambient Insight Regional Report

The 2013-2018 Latin America Digital English Language Learning Market

All Roads Lead to Mobile: Exponential Growth in Mobile App Expenditures in the Consumer Segments and Large-Scale English Initiatives in the Schools Drive the Market



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Published: April 2014

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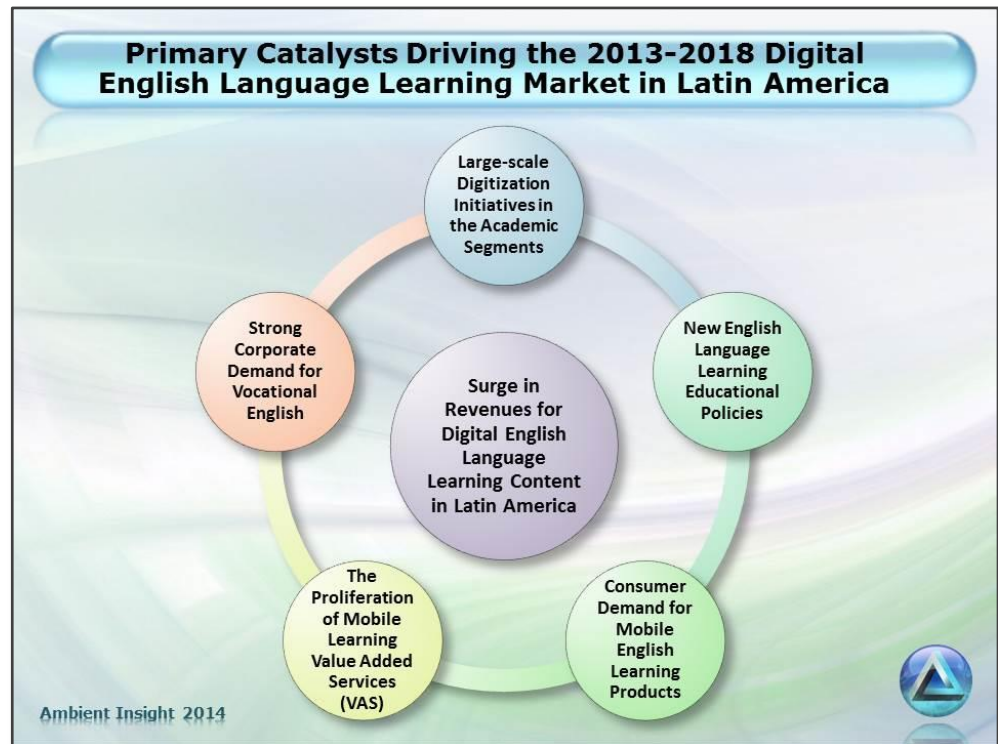
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Abstract

The five-year compound annual growth rate (CAGR) for digital English language learning products in Latin America is 13.8% and revenues will reach \$260.9 million by 2018, up from the \$136.2 million reached in 2013.

Revenue forecasts in this report are broken out for fifteen countries in Latin America: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, the Dominican Republic, Ecuador, Guatemala, Mexico, Panama, Paraguay, Peru, Uruguay, and Venezuela. Throughout the forecast period, Brazil will be the largest buying country, followed by Mexico.

Figure 1 - Primary Catalysts in the 2013-2018 Digital English Language Learning Market in Latin America



The substantial growth in revenues for digital English language learning products in Latin America over the forecast period is due to several convergent catalysts including:

- Large-scale digitization initiatives in the academic segments
- New government educational policies designed to increase English proficiency
- Consumer demand for digital language learning products, particularly mobile products
- The proliferation of Mobile Learning value added services (VAS)
- Strong demand for specialized forms of English (like aviation and business English) in the corporate segment.

Over 80 suppliers operating in Latin America are cited in this report to help international suppliers identify local partners, distributors, and resellers.

There are very large digitization initiatives underway in the PreK-12 school systems across Latin America. Some programs are being implemented at the municipal or state levels and some are being implemented countrywide by the federal government. Under the auspices of the Ceibal program, Uruguay provides free laptops (and more recently tablets) to every child attending public school. The devices are preloaded with digital content that maps to Uruguay's official curriculum, including digital English language learning content.

Between 2008 and 2013, Uruguay had distributed over one million computing devices to students and became ***the first country in the world to reach a one-to-one student-to-computer ratio.***

Most of the countries analyzed in this report have recently changed their education policies to bolster English proficiency in the academic segments. Some countries are introducing English earlier and some are increasing the number of hours per week students get English instruction.

English language learning policies are brand new in some countries. English has only recently been introduced in Bolivian schools. This report identifies the English language learning policies for each country.

Many of the newer English language learning policies mandate the use of digital formats, often on a large scale.

- The Uruguay government announced their Ceibal en Inglés program in 2012, which funds live digital English lessons that are streamed to public schools via web conferencing technology. Ceibal en Inglés announced a partnership with the British Council in early 2013 to provide instructors for the live online classes. The goal is to have 4,800 online classes a week reaching 90% (495,000) of the students in Uruguay by 2015.
- Guayaquil is Ecuador's largest city, and in late 2013, the city government launched the More English project in the city's schools. "More English is a project designed to strengthen the teaching of the language and is making use of the technologies and tools provided by the More Technology program. More than 120,000 students in 125 of Guayaquil's public schools are taking advantage of this education program."

Smartphone and tablet adoption in Latin America is growing very fast and mobile educational apps and edugames are in high demand in the consumer segments. The app store ecosystems are quite new in some countries and represent a brand new distribution channel for suppliers.

New direct billing arrangements with the telecoms have resulted in a spike in purchases in the major app stores. Customers get charged for the apps on their monthly phone bill and do not have to use credit cards.

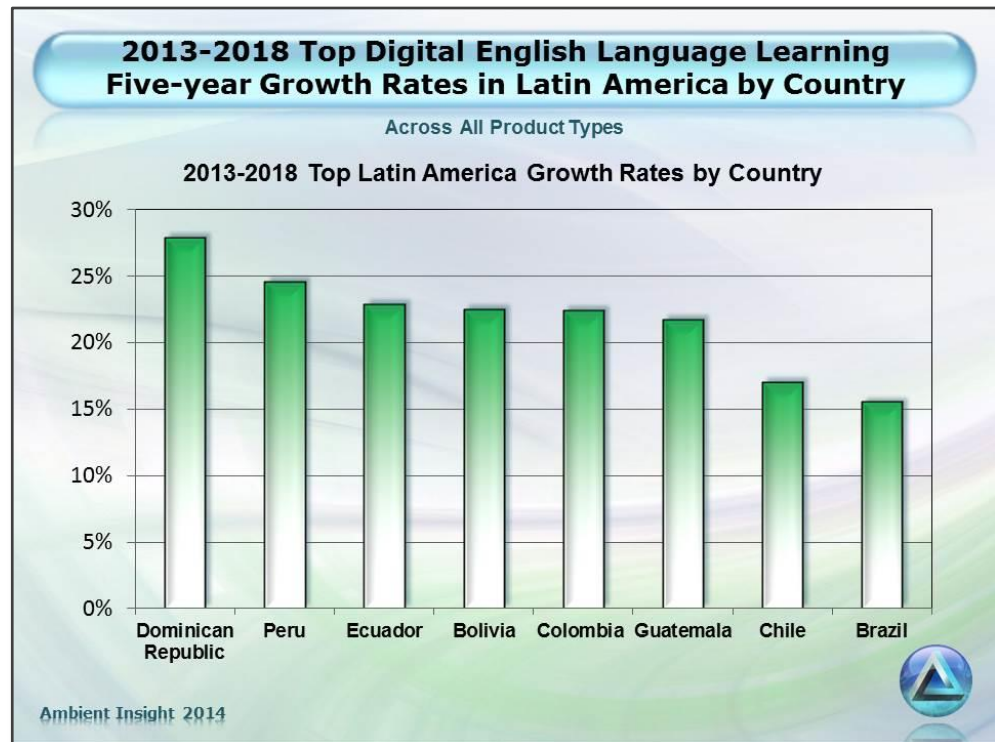
By the end of 2013, Samsung, Nokia, Microsoft, Sony, BlackBerry, and Google had direct billing agreements with mobile network operators (MNOs) in various countries in Latin America.

Mobile English language learning apps are among the top-ten bestselling educational apps in the app stores **in all fifteen of the countries analyzed in this report**. However, the type of English in the app is different in each country. Bestsellers in some countries are edugames designed for young children. In other countries, test prep apps for standardized English exams or business English apps dominate.

Mobile Learning value added services (VAS) are relatively new in Latin America. Almost all of them are for English language learning. The first Mobile Learning VAS in Latin America was launched by the MNO Movistar in Venezuela in 2008 with English content from Kantoo. Mobile Learning VAS products launched in Chile and Uruguay in 2009.

By the end of 2013, there were 34 commercial Mobile Learning VAS products on the market across Latin America; 13 of them were in Brazil. The MNOs are the major Mobile Learning VAS suppliers and they depend on third-party content for their services. Kantoo and Urban Planet Mobile are major digital English language learning suppliers to the MNOs in the region.

Figure 2 - 2013-2018 Top Digital English Language Learning Five-year Growth Rates in Latin America by Country



Not all of the Mobile Learning VAS suppliers in Latin America are MNOs. Wizard Education (now owned by Pearson) is one of the largest private language school chains in Brazil. In early 2012, they launched an SMS-

based English language learning service that costs subscribers the equivalent of 15 cents a day.

The country in Latin America with the highest growth rate for digital English language learning products is the Dominican Republic, followed by Peru, Ecuador, and Bolivia. ***Revenues for digital English language learning products will more than double over the forecast period in eight of the fifteen countries analyzed in this report.***

This report draws distinctions between short-term spikes in demand, (like Brazil's efforts to train tourism and public safety professionals in advance of the 2014 FIFA World Cup and the 2016 Olympics,) and catalysts that drive long-term revenues.

What You Will Find in This Report

There are two sections in this report: a demand-side analysis and a supply-side analysis. The demand-side analysis provides suppliers with five-year revenue forecasts across all buying segments combined.

Because Brazil generates the highest revenues for digital English language learning products, a detailed breakout of spending by six vertical buying segments is included in the Brazil section of this report.

The supply-side section provides a breakout of the expenditures for five learning technology types for all of Latin America combined and a detailed breakout for Brazil.

Who Are the Buyers?

Buying behavior is different in each country. In general, the two major digital English language learning buyers in Latin America are consumers and academic institutions. This is not true for every country in Latin America, but a common pattern in most countries.

The consumer segments have high growth rates for digital English language learning products across all countries in Latin America. State and municipal governments have the second-highest growth rates.

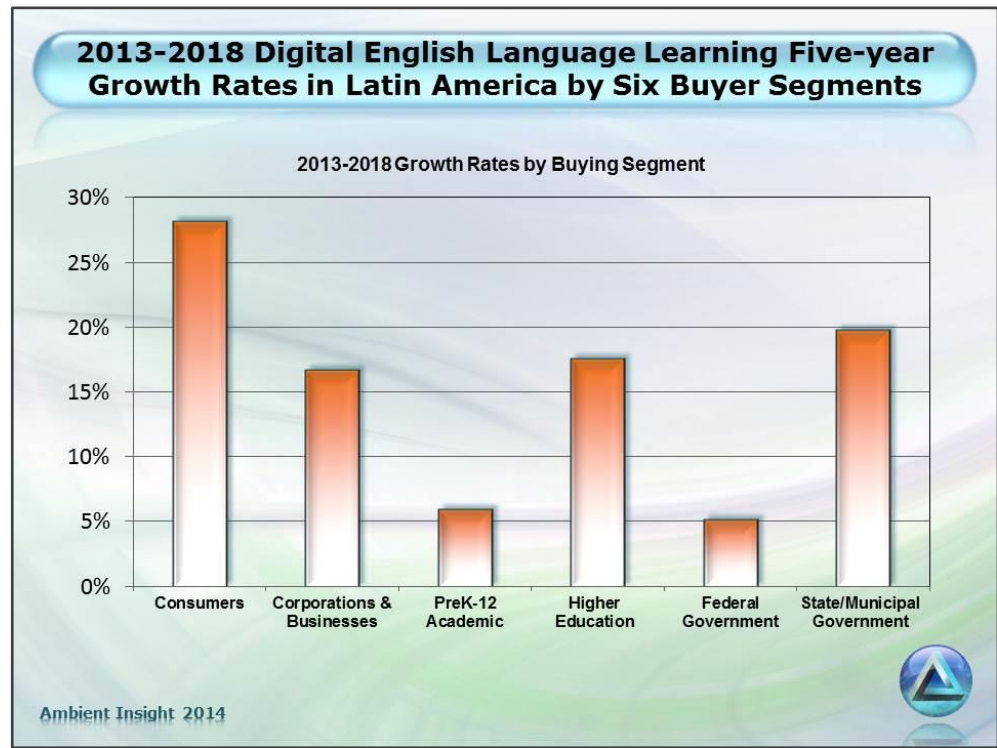
Many countries have centralized educational systems run by government agencies, which are the primary buyers of academic content. Mexico is a good example. There are over 25 million PreK-12 students in Mexico and the Ministry of Education licenses products directly from suppliers.

In one of the largest deals made with the Mexican Ministry of Education, Little Bridge World and Chango Maniaco announced in January 2012 that the government would deploy Little Bridge's English language learning

software **to all secondary students in Mexico's state secondary schools.**

State and municipal ministries in other countries are the buyers and the supply chain can be complex. In Ecuador, the states operate 70% of the public schools and the municipalities manage another 10%. Private schools make up the remaining 20%.

Figure 3 - 2013-2018 Digital English Language Learning Five-year Growth Rates in Latin America by Six Buyer Segments



Every country in Latin America has a mix of private and public institutions and this this report identifies that ratio for suppliers.

This report identifies the countries with government-run centralized education ministries that buy learning technology products directly from suppliers. It also identifies the major suppliers doing business with the education ministries. Both offer points of entry for suppliers trying to enter those markets.

The entities that administrate the schools in the academic segments differ across the region. In some countries, the academic segments are dominated by for-profit private institutions.

For example, there are 2,377 tertiary institutions in Brazil and 88% are private institutions. In other countries, like Uruguay, public schools are the most common type of academic institution; 81% of PreK-12 students in Uruguay attend public schools.

There are 3.3 million PreK-12 students in Chile and over half attend private schools. The government provides vouchers for all students and parents can choose either public or private schools.

Federal, state, and municipal governments buy digital English language learning products that are used in their vocational education and citizen outreach programs. Several governments subsidize national digital English language initiatives. For example:

- Sólo Inglés (Just English) is a site developed by the British Council and subsidized by the Argentina Ministry of Education. Sólo Inglés launched in September 2013 and provides free English language learning content designed for "children, adolescents, and adults." The site has a dedicated portal for young children called Aprender Inglés Niños populated mostly with game-based English language learning content.
- In April 2013, the government of Costa Rica launched their online English language learning platforms called Cyberlab Kids and Cyberlab Teens. Cyberlab Kids is designed for young children and Cyberlab Teens is designed for students in secondary schools.

Government agencies buy products for employees and public safety personnel. The agencies also buy digital English language learning in preparation for international sporting events.

Federal, state, and municipal government agencies in Brazil are funding large-scale English language learning initiatives in preparation for the 2014 FIFA World Cup (to be held in June 2014) and the Summer Olympic Games in 2016.

The English training in Brazil is being provided to event personnel, employees in the tourism and hospitality industries, retail employees, and public safety personnel. Most of the training is being provided in classrooms, but the government has selected "official" online suppliers for these programs.

In March 2014, Education First (EF) announced that the government of Brazil had designated them as the "official supplier of language training services for the Rio 2016 Olympic and Paralympic Games."

EF will deliver English language training to "110,000 Rio 2016 staff as well as to over 900,000 candidates for the Olympic volunteer program, contractors, and school children in Brazil. In total, more than 1,000,000 people will be trained, **making this the world's largest language training program in progress.**"

Suppliers that compete in Latin America need to understand the various domestic language ecosystems in order to target specific buyers, particularly consumers.

Except for Brazil, where Portuguese is the official language, Spanish is the official language in most of the other countries in Latin America.

English is the official language of Guyana, Dominica, and Belize. Dutch is the official language of Suriname and French is the official language of French Guiana.

That does not mean Spanish is the only language spoken in any particular country. There are many indigenous languages spoken in Latin America. For example:

- Only 60% of Guatemala's population speaks fluent Spanish; the remaining 40% speak indigenous (Mayan-derivatives) languages. Even though Spanish is the official language of Guatemala, the government recognizes 23 indigenous languages as well.
- There are dozens of indigenous languages spoken in Bolivia. The 2009 Bolivian constitution named 37 official languages in Bolivia: Spanish and 36 indigenous languages. Although Spanish is the language of instruction in Bolivian public schools, Spanish essentially functions as the second language of the indigenous population, which comprises half the population.
- Spanish is the official language of Venezuela; the government also recognizes over 30 indigenous languages.
- The official languages of Paraguay are Guarani and Spanish. Paraguay is often referred to as the only true bilingual country in Latin America with 92% of the population fluent in Spanish and 98% fluent in Guarani, an indigenous language; 73% of the population can speak both languages. Both languages are taught in every public school. In the areas of Paraguay that border Brazil, Portuguese is also widely spoken.

Consumers and academic institutions are not the only buyers of digital English language learning products in Latin America. Corporations and government agencies are strong buyers of so-called vocational English variants, which include several types of specialized English, also known as vocational English.

What Are They Buying?

The current digital English language learning revenues in Latin America are concentrated in five learning technology product types:

- Self-paced eLearning (courseware)
- Collaboration-based Learning (live online classes and online tutoring)
- Digital Reference-ware (eTextbooks, audio, video)
- Mobile Learning apps and edugames
- Mobile Learning value added services (VAS)

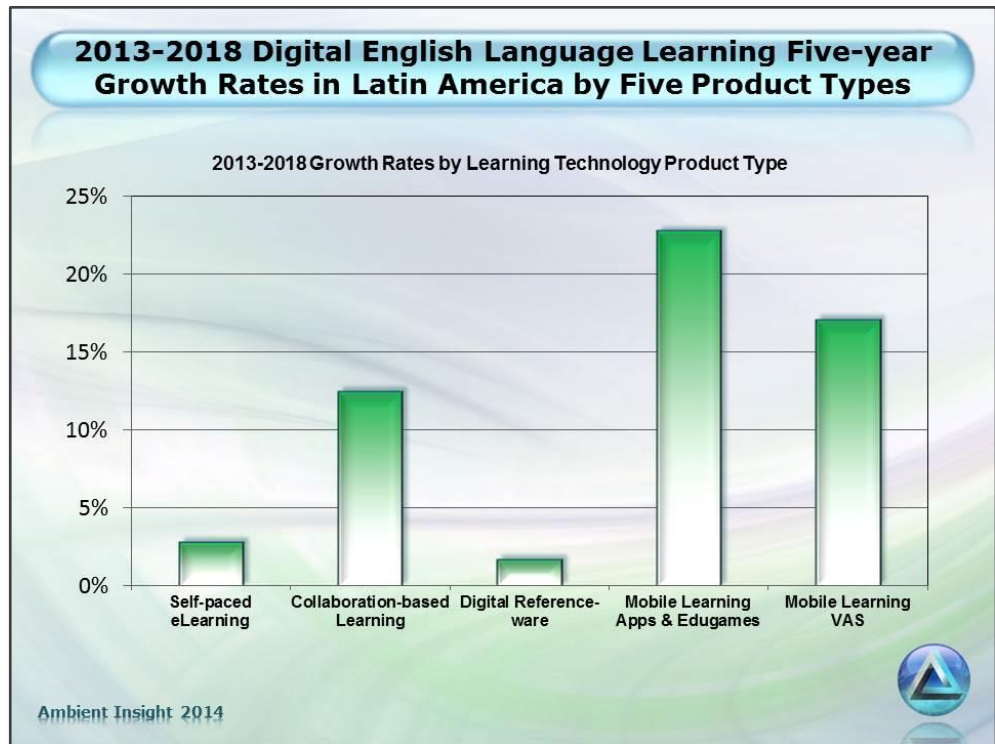
Five-year revenue forecasts for these five learning technology types are included in the supply-side section of this report. Mobile digital English language learning products will generate the highest revenues for suppliers throughout the forecast period.

The two types of Mobile Learning products have the highest growth rates; Mobile Learning apps and edugames have a growth rate of 22.8% and Mobile Learning VAS products have a growth rate of 17.1%. Revenues for each of these mobile products types will more than double over the forecast period.

Mobile digital English learning apps consistently rank in the top-ten bestselling apps in the app stores across Latin America. For example, as of March 2014, the top selling education app in Apple's app store in Argentina is an English language learning app from Voxy. Babbel's English learning app was ranked at number nine. Five of the top twenty best-selling educational apps in the Windows Store in Argentina were English language learning apps in March 2014.

Figure 4 - 2013-2018 Digital English Language Learning Five-year Growth Rates in Latin America by Five Product Types

Products designed for preparing for English teacher certification exams are not included in the forecasts in this report.



Self-paced and reference-based products have the lowest growth rates at 2.8% and 1.7%, respectively, although the revenues are still relatively high for these products.

The growth rates for self-paced and reference-based products in the consumers segments are being dampened by the demand for mobile products. The growth rates for self-paced and reference-based English language products in the PreK-12 segments across Latin America are still strong.

The growth rate for live online English language learning is a healthy 12.5% and revenues will nearly double over the forecast period. There is a

strong demand for live online English classes in the corporate segments in many countries in Latin America, particularly for specialized forms of English like aviation, hospitality, and business English.

Collaboration-based English language learning products are popular in all the buying segments in many countries in Latin America. The prices for collaboration-based products are significantly higher than the other product types and often out of reach for consumers.

There are several types of digital vocational English products that are selling well across Latin America including aviation, business, hospitality, finance, law, medical, transportation, travel, tourism, technology, and engineering. A very specialized form of vocational English is Oil and Gas English.

BridgeBrazil launched an online Oil and Gas English course in April 2013 in Brazil. The course is unique in that it occurs in a virtual reality environment that simulates a working oilrig.

Definitions of the learning technology products tracked by Ambient Insight are provided in Ambient Insight's 2014 Learning Technology Research Taxonomy.

Related Research

Buyers of this report may also benefit by the following Ambient Insight market research:

- [The 2012-2017 Latin America Mobile Learning Market](#)
- [The 2013-2018 Latin America Self-paced eLearning Market](#)

Ambient Insight provides a detailed description of our Evidence-based Research Methodology and definitions of the learning technology products in:

- [Ambient Insight's 2014 Learning Technology Research Taxonomy](#)



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