



Tutors in demand from pressured parents

More than 25% of British families now employ private tutors and new online business models are set to spur further market growth, a study has found.

Liz Heron reports

Private tutoring in the UK is a robust and evolving market that offers strong growth prospects and is attracting increasing interest among investors, a survey by CIL Management Consultants has found.

The nationwide survey of 800 parents found that 27% of British families now make use of private tutoring services, with the annual spend averaging £900 to £1,000 per child and tutorial class uptake averaging two hours per week.

UK Private Tuition: Opportunities in the Market for Supplementary Education analysed the spending habits of parents in the survey to produce an estimate of nationwide expenditure on tutorial services at £2 billion per year, excluding private music lessons and sports coaching.

The study identified a trend among middle-class parents towards sending their child to a local state school and supplementing the education with a regime of private tutorials. More than half of the parents in the survey said they intend to increase their use of tutoring in future. The trend is being driven by inflation-busting growth in UK independent school fees, which now outstrip the spending power of many middle-class families, CIL argues.

Over the past year, independent school fees have risen by 3.4% – the lowest annual increase since 1994 – to average £17,000 per year, according to the Independent Schools Council’s annual census. The official Consumer Price Index measure of inflation for the same period was 2.5%.

CIL associate director Agnes Pusca, who co-authored the report, says “a whole tranche of middle-class parents” who went to independent school themselves and want the same for their children, now cannot afford this option.

“It is very much the sense that, if you don’t invest in tutoring and the other children in the class are tutored, you are put increasingly at a disadvantage,” she says. “A lot of parents are feeling that pressure.

“They will be looking at a combination of things that will



make it better for their children. A lot of parents are using the state school system but almost gaming the system and using tutoring to supplement. We were surprised about how early that process starts.”

The report gives a breakdown of the respondents who make use of tutoring services by the age at which their children first attended sessions. Among state school pupils, 21% first receive tutoring between the age of five and seven, during Key Stage 1 of the National Curriculum, and 27% start receiving sessions at age 10 to 11, during Key Stage 2, the study found. For independent school pupils, 29% start receiving tutorial sessions at age eight to nine, 21% at age 10 to 11 and 17% at age 11 to 14.

“As the bulk of tutoring happens around GCSE and A-level, this implies that some children receive tutoring support over several years,” the report states. Citing the survey findings that 21% of children are tutored for more than a year, and



10% for more than two years, it also notes that children do not typically receive tutoring all year round, with demand higher during holiday periods and in the lead up to exams.

The most popular subjects among respondents who used tutoring services were maths, with 71% of pupils receiving tuition in the subject, English with 50% doing so, and the sciences with 34%.

The UK tutoring market remains highly fragmented - in contrast to its US, German and Singaporean counterparts - because 56% of tutorial sessions take place in the child's home and 70% of tutors are sourced by word-of-mouth, the study found.

"Where agencies are involved in the sourcing and placement of tutors that visit the child at home, disintermediation [reduction in the use of intermediaries between producers and consumers] remains a common problem in the market," the report states. "This means that tutors end up transacting directly with families outside of the agencies' terms, which reduces the lifetime customer value to the agency.

"These market features have historically made it difficult for a tutoring business with an agency model to scale, and barriers to becoming a category winner have been relatively high. This has put off potential investors, who would be instrumental in providing the means to build businesses of scale."

However, new tutoring business models are emerging in the UK that use proprietary technology, intellectual property, employed staff or a centre-based approach, which greatly reduce the incidence of disintermediation, according to the report.

New brands that have succeeded in scaling up their offerings include online live tutoring app MyTutor, high-end

tutoring business Keystone Tutors, shopping mall tutorial centre business Explore Learning and specialist secondary level and university tutorial service The Profs.

Online players in particular are beginning to transform the sector in the direction of scale and a more formalised approach, which is likely to be of greater interest to investors, CIL argues. While only 5% of parents in the survey said they expect to shift their spending on tutoring

to online services, CIL predicts that demand for online tutoring is likely to grow substantially as the generation of digital natives born during and after the 1990s become parents themselves.

"We think that is why the market is going to be so much more interesting to investors in future, because you are taking the tutor out of the home, which means there is much less disintermediation," says Pusca.

"Let's say I'm a parent of a 10-year-old child looking for a tutor to get them ready for exams coming up. Do I look at the local notice board or do I look at a lot of online notice boards? There may be only one maths tutor near you and they may not be very good.

"But with MyTutor you can get someone anywhere in the world. You

can record it and there is more security because you are not inviting a stranger into your home. As soon as you have a generational change among the parents, which is happening now, they will be much more interested in doing this.

"From all the work we've done and the conversations we've had, we are confident that the market is going to consolidate quite substantially. Players such as MyTutor and Tutopia are going to take a greater share from the much more informal end of the market." ■

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