EAB

EXECUTIVE BRIEFING

New Economics of International Student Recruitment

Facing a Changed Market with Clear-Sighted Leadership

UK universities have long depended on international students as a financial lifeline, yet the model underpinning this success has become unsustainable. Rising costs, policy instability, and fierce global competition have collided with an overreliance on international tuition revenue. The result is a system that delivers record student numbers yet leaves many institutions facing financial gaps. In 2024, the second-highest enrolment year on record, universities still reported budget shortfalls. The Office for Students expects 45% of English institutions to be in deficit in 2025–2026, a stark signal that the current approach is no longer viable.

While much of the current turbulence stems from forces beyond institutional control: shifting visa policy, currency fluctuations, geopolitical tensions, and the unpredictability of global demand, there remains considerable scope to act decisively on the elements within universities' control. Undisciplined discounting and misaligned diversification strategies have driven up acquisition costs, eroding margins and leaving institutions more vulnerable to policy shifts and market volatility. At the same time, student number targets are frequently built on optimistic assumptions without the data-driven insight or scenario planning needed to test them, leaving institutions planning and budgeting for outcomes they cannot realistically achieve. The old playbook of prioritising headcount at any cost is no longer sustainable. The new economics of recruitment demand cost discipline, purposeful diversification, and data-led decision-making.

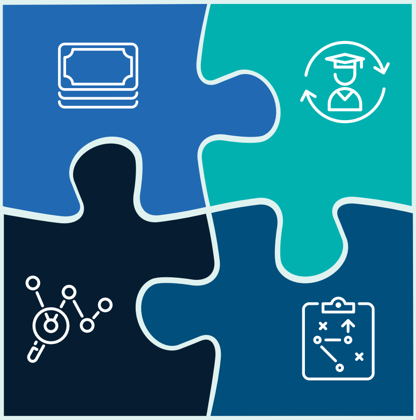
This moment calls for **strong executive oversight**. Executive-level accountability is essential for universities' single most important revenue driver. Without an institution-wide view of headcount and revenue trade-offs, decision-making remains fragmented.

Finance

- Cost of acquisition and delivery data
- University overall financial health

Academic and Student Support

- Student continuation, graduation, employment rates
- Labour market data and employer preferences



Recruitment

- Real-time recruitment data and global trends
- Student and agent behaviour trends

Planning

- Historical university- and sector-wide data
- Predictive modelling capabilities

Recruitment, planning, finance, and academic teams all hold valuable insight, yet they often work from partial data and incentives that pull in different directions. Universities already have the right pieces on the table: strong data, sharp expertise, and committed teams. But strong senior leadership is required to bring those pieces together and turn a fragmented effort into a unified, financially sustainable recruitment strategy.

Focusing on factors within our control

Following the most competitive recruitment cycles the sector has seen, **now is the time to revisit recruitment strategy** and set guardrails to avoid a repeat.

Two major culprits are undermining the financial sustainability of international student recruitment across the sector:

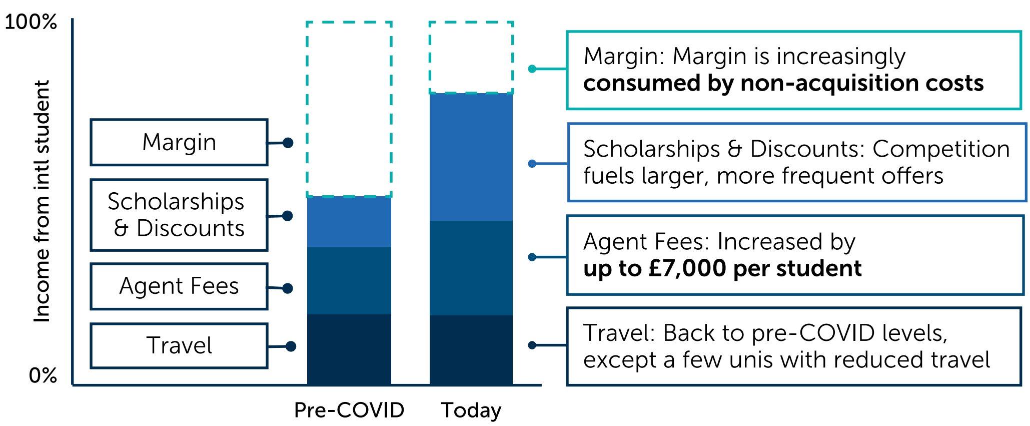
1 | Rising cost of acquisition eats into margin

Before the COVID-19 pandemic, universities typically spent a modest portion of tuition revenue on recruitment activities, such as travel, agent fees, and scholarships, leaving healthy margins to reinvest elsewhere.

Post-COVID, this balance has inverted. Institutions are now spending more and more to recruit, engaging in "scholarship bidding wars" and skyrocketing agents' fees. Margin is also increasingly consumed by non-acquisition costs such as English language support, visa support and UKVI compliance, and likely the forthcoming international student levy.

Institutions Spending More to Recruit but Earning Less per Student

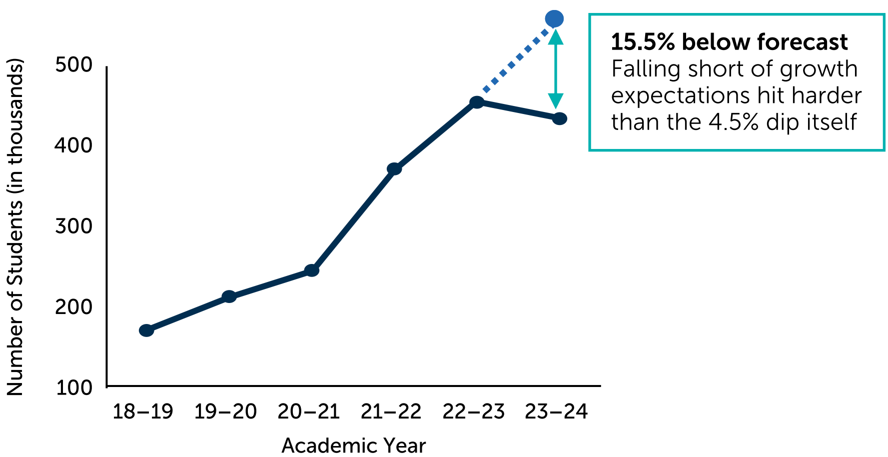
Representative University Spend on International Student Recruitment



2 Optimism bias skews forecasting and planning

Universities tend to overestimate enrolment growth and underestimate volatility in their student numbers planning. The post-pandemic surge in international students created a false sense of stability. Budgets and targets were set on the expectation that last year's demand would continue, but this overconfidence has proved costly. Sector data shows that international tuition fee income in the UK fell 15.5% below forecast in 2023–24. While enrolment dipped by just 4.5%, the gap between expectation and outcome reality had far greater financial repercussions. Overextended budgets and unrealised growth targets left institutions exposed to deficits and reactive cost-cutting.

Gap Between Projected Income and Actual Income over 15.5%



These twin forces have pushed universities into a tenuous position, competing harder for diminishing returns. Consequently, progressive universities are shifting from chasing headcount to a more holistic approach. They track cost of acquisition (COA) and net tuition revenue (NTR), set financial guardrails to control undisciplined spend, and ground growth forecasts in market realities rather than in wishful thinking or financial need alone. The following sections outline how sector leaders can rebuild a sustainable model for international recruitment by addressing the structural drivers behind rising acquisition costs and optimism bias in planning.

SECTION 1

Managing Undisciplined Spend

Institutions are spending themselves into the red to meet student number targets while ignoring how quickly margins are eroding. Leaders cannot steer recruitment sustainably without a clear view of what it costs to bring in a student and what a university earns in return.

To bring that clarity, start by calculating and tracking Cost of Acquisition (COA) and Net Tuition Revenue (NTR) by course and market. Once institutions track these metrics consistently, the data can guide next steps, ensuring recruitment strategies strengthen rather than weaken financial resilience.

With COA and NTR in hand, leaders can:

- Assess which markets to expand, maintain, or exit
- Set maximum thresholds for scholarships, agent fees, and marketing spend
- Monitor year-on-year recruitment costs and ROI to protect margins

But first, leaders need the simple calculations that underpin every strategic decision in recruitment.

The Simple Math Behind Smarter Recruitment

First

Cost of Acquisition =
Scholarships + Agent Commission

Then

Net Tuition Revenue =
(Tuition Fee – Cost of Acquisition)
+ Number of Students

Some staff will argue that COA and NTR are just too hard to calculate or that COA and NTR must capture every cost. Leaders need to cut through that noise and insist on a practical, workable approach rather than waiting for perfect precision. These lessons from Manchester Metropolitan University and Solent University show how institutions are already making COA simple, practical, and usable.

Don’t conflate cost of delivery with acquisition.
Leave complicated teaching and facilities costs out for now.

Beware of false precision.
Empower your staff to make educated guesses when necessary.

Build on existing intel.
Identify existing data sources from Finance, Recruitment, Planning.

The COA & NTR Calculator and accompanying **Decision Companion** give senior leaders a clear, evidence-led view of the real economics of international recruitment. The tool enables institutions to:

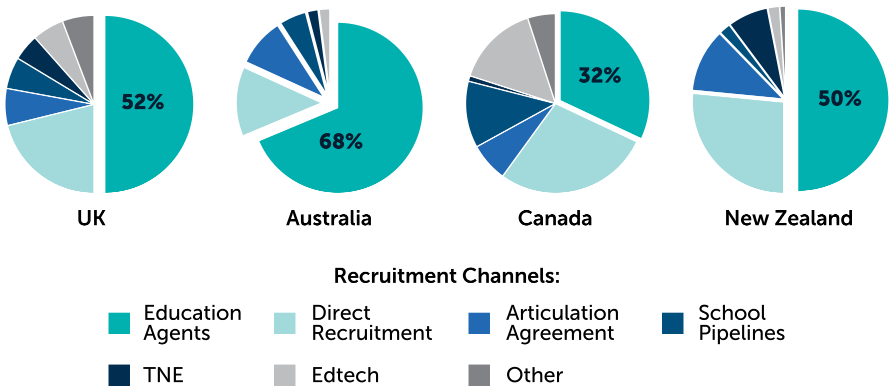
- Compare scholarship and agent spend per course
- Track average agent commission rates by country
- Evaluate overall and per-course COA and NTR
- Test mid-cycle changes (student numbers, agent fees, scholarships)
- Forecast next-cycle COA and NTR in the planning view using projected numbers, fees, and scholarship/discounting per course

To help leaders make sense of the numbers generated by the Calculator, EAB offers an expert-facilitated Understand Your Recruitment Finances workshop that guides senior teams through interpreting the data, testing assumptions, and turning financial insight into actionable recruitment decisions.

Most universities continue to depend heavily on agents to deliver international enrolments, but this one-size-fits-all reliance is eroding margin and limiting diversification. And because agents are one of the highest-cost recruitment channels, overdependence has an outsized impact on the bottom line.

Agents Remain Integral to International Student Recruitment

Percentage of International Students Enrolled by Recruitment Channel, 2024



Agent networks remain valuable partners, yet rising commission costs, inconsistent conversion quality, and the growing influence of agents over recruitment strategies (e.g., recommending more scholarships or lower entry tariffs) have reduced universities' control over their own markets. Diversification is not about abandoning agents altogether; it is about using them more strategically while developing new, lower-cost, higher-control routes to market.

Universities need a more disciplined approach to lead generation, treating recruitment channels as a performance portfolio rather than defaulting to agents in every market. For example, a small, regional U.S. institution, Alpha University[1], developed a "rank and stack" process to assess its recruitment channels by setting lead targets directly tied to enrolment goals and estimating total spend using COA and NTR data. From there, channels are organised into clear tiers:

1) Anonymised

From there, channels are organised into clear tiers:

1. Proven, high-performing direct channels that receive roughly half of the budget (such as agents, paid search, or student search platforms)
2. Productive but variable channels that require active optimisation (such as paid social or alumni lists)
3. New or experimental channels that receive a smaller allocation but help institutions test new opportunities (such as emerging social platforms or short-form video)

Budgets are reviewed and reallocated at the end of each recruitment cycle to prioritise channels with the strongest ROI. This approach avoids defaulting to agents, reduces overreliance on a single high-cost channel, and anchors spending in measurable performance outcomes.

The **recruitment channel diversification playbook** gives teams the tools to build, run, and evaluate a more balanced recruitment channel strategy on their own campus. It includes:

- Case studies from across the sector, including the University of Hull, UWE: Bristol, and the International Trading Institute
- Practical implementation support, including templates, action plans, SWOTs, and checklists

SECTION 2

Grounding Growth in Reality

Sector-wide, universities have overestimated growth and underestimated volatility. Currently, Office for Students forecasts indicate that universities still anticipate a nearly 20% rise in international student enrolments by 2028, despite recent years showing how quickly conditions can change. Yet, most universities still set precise annual recruitment targets, investing significant time trying to predict exact final numbers. This creates a false sense of certainty and leaves institutions exposed when markets shift.

University leaders need to plan for volatility, not stability. That means replacing single forecasts with planning ranges that set clear baseline, target, and stretch scenarios. Ranges give institutions room to manoeuvre because they prepare teams for multiple plausible outcomes, allowing them to act early in weaker cycles and scale responsibly when demand strengthens.

This approach works only with disciplined decision-making processes alongside dynamic scenario planning. If recruitment lags mid-cycle, leaders must have an agreed-upon process that spells out when to pivot, which triggers to monitor for action, and who is accountable for that decision. Without the benefit of having this structure, institutions default to reactive decisions that can increase financial risks and erode control. When combined, dynamic scenario planning and clear decision-making structures reduce mid-year financial shocks and support more confident decisions in a volatile market.

For example, the University of Exeter introduced a formal mid-cycle decision checkpoint process that reins in reactive choices and curbs the 'panic spending' that typically emerges when enrolment forecasts slip. The process forces teams to pause, assess real-time COA and NTR impacts, and redirect effort towards actions with the strongest financial return.

Recruitment Team Alerts SLT to Shortfall

- Regular monitoring of recruitment dashboards prevents surprises
- Monthly committee meetings ensure SLT can propose mitigation tactics quickly

Team Assesses ROI of Additional Spend

- Staff compile COA data and scholarship/ agent commission conversion rates
- Staff model the impact of increased recruitment spend on enrolment and therefore NTR

SLT Weighs Spend Trade-Offs

- SLT assess and rank model results against other strategic priorities before making final decision

Panic Spend

Stronger in-cycle discipline helps universities navigate volatility, but it does not address a second, long-standing habit that undermines financial resilience. Institutions often respond to market dips, uncertainty, or growth targets by creating more programmes.

Many institutions still assume that international growth will come from launching new programmes or entering new markets, giving recruitment teams "more products to sell." Yet, common pitfalls consistently prevent new programmes from delivering growth at the pace or scale anticipated.

For example, programmes are misaligned with student or labour market demand, incur higher-than-anticipated launch and operational costs, or take longer than planned to reach sustainable enrolment.

- Misaligned with student or labour market demand
- Higher than expected new launch costs
- Slower than expected ramp-up and higher operational strain

Instead, university leaders should start by strengthening the value of existing programmes. Improving existing programmes depends on understanding what performs well, what underperforms, and where small, targeted changes could increase competitiveness. Leaders can start by testing their portfolio against these diagnostic questions:

Which **programmes outperform or lag in the market**, and what does that reveal about our competitive position?

Which current **portfolio strengths** could we **amplify or scale** to increase market share and brand distinction?

Where could **strategic investment or redesign of underperforming programmes** enhance competitiveness?

What **resource, expertise, or capacity gaps** must we address to deliver and scale effectively?

Then, launching new programmes to fill identified market gaps becomes the logical next step. New programme launches must be selective and evidence-led, focusing on subjects, markets, or delivery modes that offer strong returns and align closely with institutional strengths and labour market needs. New programmes should be driven by clear signals of emerging or unmet demand, not as a response to growth pressure.

EAB's Market Insights service supports programme-led growth by combining global labour market data with competitor intelligence to help universities:

- Revitalise underperforming programmes
- Prioritise high-potential markets and opportunities
- Defend and strengthen high-performing programmes
- Identify new programme opportunities aligned with skills gaps and employer demand

Market Insights reports provide clear, decision-ready recommendations and highlight risks, opportunities, and market unknowns.

NEW!

The **Global Markets Scan** highlights international markets where labour market skills gaps align with your existing programme strengths. The Global Markets Scan:

- Identifies countries and regions where existing programme strengths align with labour market skills gaps to direct investigation into potential markets
- Outlines visa trends that support assessment of student demand and market feasibility

The report serves as one input that helps universities make more confident, evidence-led decisions about where to grow next.

Regain control in a volatile international recruitment landscape

International recruitment now operates in a landscape defined more by disruption than by steady growth. In this environment, university senior leaders need financial clarity, strong decision-making processes to manage uncertainty, and dynamic future-oriented planning that acknowledges the peaks and troughs of international student recruitment.

Responding to Culprit #1: Managing Undisciplined Spend

- Cost of Acquisition and Net Tuition Revenue Calculation
- Maximum Spend Thresholds
- Market Prioritisation Assessment
- Recruitment Channel Diversification

Responding to Culprit #2: Grounding Growth in Reality

- Surge and Shortfall Scenario Planning
- Mid-Cycle Decision Checkpoints
- Market-Responsive Pricing
- Programme-Led Growth Strategy

Using COA and NTR to understand true return, setting maximum recruitment spend thresholds, assessing market affordability, and diversifying recruitment channels gives institutions a firmer grasp on cost discipline. Combined, these tactics limit reactive spending, clarify where investment yields returns, and create a recruitment model that is more stable, transparent, and better protected against overspending in pursuit of student numbers at the expense of financial sustainability.

Taken together, these eight tactics form a blueprint for resetting institutional international student recruitment strategy. They replace reactive costs with disciplined spending, swap optimism for evidence, and expand the institution's room for manoeuvre. Most importantly, they equip senior leaders with the tools to protect revenue, rebuild resilience, and confidently steer their university through an unpredictable decade ahead.

EAB support aligned to your core recruitment cycle decisions

1

Get Visibility into Undisciplined Spend

- Track and compare recruitment costs by course and market
- Bring greater discipline to targets, scholarships, and agent spend by grounding choices in net tuition revenue

EAB SERVICES

- **Tool:** Cost of Acquisition and Net Tuition Revenue Calculator
- **Expert-Led Workshop:** Contextualise sector-wide trends in competition and global volatility in international recruitment

2

Set Smarter, Sustainable Student Number Targets

- Align student number ambitions with budget reality
- Develop a recruitment plan and decision framework that can adjust to fast-shifting international markets

EAB SERVICES

- **Tool:** Cost-Planning Net Tuition Revenue Models
- **Consultative Call:** Gut-check decisions and trade-offs across numbers targets, net tuition revenue goals, and mission

3

Make Channel, Market, Programme Decisions

- Analyse the ROI of your recruitment channels
- Make principled decisions on where channel investments and marketing efforts will have the greatest impact

EAB SERVICES

- **Playbook:** Recruitment Channel Diversification Toolkit
- **EAB Market Insights:** Global Markets Scan to map high-potential regions where your portfolio strengths match local skills gaps

4

Develop a Market-Responsive Programme Portfolio

- Avoid costly missteps in programme review and new programme launch processes
- Review your course portfolio to identify strengths, gaps, and realistic opportunities for growth

EAB SERVICES

- **Expert-Led Workshop:** Academic Programme Review & New Launch
- **EAB Market Insights:** Market Opportunity Scan to identify priority fields with potential for new course development based on labour market demand

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