

European education market

26 January 2026

Interviewee

Isabella Calderon Hoyos, Partner



Question: What level of fragmentation/consolidation do you see in the education market segments?

Answer:

All of the private, tutoring, professional educations, all of those are highly fragmented, but you have certain clusters of beginning of consolidation in Europe, right, across topics. So, for example, if you look at schools, especially in the UK, you have all of these international schools, premium private schools, and so on. That's not that advanced in countries like Germany or France, where you still have a very strong foothold of the public funding, public education, governmental funding.

That is also the case for universities - but universities is an area where they're a bit more advanced in terms of privatization.

And in terms of adult education, it's very much B2B and B2C. There are some countries, for example, Germany, where you have a big chunk of B2G funding, but the learning experience, the courses and everything is done by private parties.

Question: Who are the main market players/leaders in Europe? Do you have any insights on market share per main players?

Answer:

In the school area, and I'm talking more about the German market now because that's the one that we know quite well. So, in the school and the tutoring for children you have the key players that have been already in private equity hands for a long time, be it Schülerhilfe, Studienkreis, SofaTutor. Now, Studienkreis is part of GoStudent with a bit more DACH focus and trying to internationalize a little bit more. So, there e.g. you have this really, a couple, a handful of players that are in PE hands that are quite significant. So, if you think about Schülerhilfe or Studienkreis, they have like a thousand locations across Germany or across the DACH region.

That's quite massive there. If you look at universities, for example, there is a big chunk of online educations and online universities in Spain, for example. We have been doing a lot of transactions around those, be it Ilerna, Proeduca, which is UNIR, Universidad Alfonso El Sabio, Universidad Europea.

So there are a lot of universities in Spain that caught attention of private equities, one, because they are online, and then you can scale quite easily, and secondly, because the content is in Spanish, and then you can translate that content to the whole South American continent, right, the whole Latin American continent. This is quite interesting, because the people there, their willingness to pay is much higher compared to Europe, where you have a lot of public education. That's a very interesting investment hypothesis for universities, and for private equities investing in universities.

Question: How do companies typically acquire customers – is it primarily through word-of-mouth, or through a lot of marketing efforts?

Answer:

At the beginning it was a lot of, let's say, brand awareness, offline brand awareness, word of mouth, and you had long-term established players.

That has changed drastically over the last 10 years where online has become a key, or in general digital channels have become key in client acquisition, customer acquisition, irrespective if we're talking about the parents or the students themselves.

And we see this also on the more online-driven education experiences: be it an online university or be it B2C or B2B online courses. The online channels are quite important. We have seen some players, smaller players that play the social media game quite well.

And not only social media in terms of Instagram, but especially on YouTube, for example, with tutoring, do-it-yourself kind of videos.

But more and more, and I would say this is in the last 12 months, we have seen the LLMs, so the large language models, being also key channels for making the decision.

Not necessarily about informing yourself about the providers but actually comparing the providers to one another. People trust them as unbiased third party, and so that's why we have seen also that it's becoming more and more important for all of the education players to be present in LLMs. That's one thing, to be spoken about positively on LLMs. And the other thing is to be cited. Providers can actually have links that go through their website, so they can track also how much traffic and how much brand awareness they are getting from LLMs, and this is becoming more and more important.

Question: Do providers pay to get more exposure through LLMs?

Answer:

No, not yet. At some point. This is something that's going to be introduced. For now, there are a lot of factors involved in getting exposure via LLMs. There are factors around, for example, how much content you have on your website - that you have enough content that you're seen as a thought leader, and, and that you have authority on the topic. The second thing is technical stuff, i.e. that you are actually crawlable, so that your blogs, all of your websites are actually accessible to the chat GPTs of this world. And the third thing that LLMs weight actually with a higher weighting is the third-party data. Because obviously you on your own website, you will say that you're the best. But if you have Trustpilot, Trustshops, other websites and forums or comments under the YouTube videos, all of these things are quite important to make sure that you have a positive view on the LLMs.

Question: Can we say that revenue visibility is high in this industry? Do most students typically complete their programmes and thus providers have good sales visibility for the length of programmes?

Answer:

Absolutely, PEs are looking for recurring revenues. But that's, for example, not that easy in the B2C programmes part. Because that's usually a one-off course. You can have maybe a beginner's, an intermediate, an advanced course, but it's usually one time that you go through it.

What is quite interesting is the repeating business is the B2B space. So, corporate trainings; that's an area that is quite attractive for private equities because of the recurring nature of it, but it also has its challenges. So, for example, in the go-to-market, you're acquiring companies as your clients. So, the lead-to-sale time, it's quite long. It could be up to two years. You are not talking to individuals, but you're talking to the HR departments, the purchasing departments, and so on. It's really a more professional buying centre. And you need to build up a lot of credentials and thought leadership to be relevant for the specific partner. Also the expectations in terms of learning experience and in terms of accreditation and in terms of also tracking is quite important because, companies offer learning to their employees many times because of compliance reasons. They need to track that, so it's also the data behind the training. That's quite important for the corporate client. So, as provider, you have, let's say a much more complex offering that you need to offer.

That's why it's usually, in all of the transactions that we're seeing, it's usual that the growth potential area is B2B, and there are a few companies that are already quite strong in B2B, are quite hot in the market, and trading almost like software multiples.

Question: What are deciding factors for clients when choosing providers?

Answer:

For private education (schools, universities) it is the exit opportunities (e.g. getting placement in the best universities and getting the best jobs).

For professional education it is similar, it centres around employability afterwards. Especially in the B2G area, for example, there's a lot of KPIs that are tracked in terms of reintegration rates. So, for example, if you are jobless, how many of my students get reintegrated into the workforce, this type of thing.

This is also quite important in the marketing and brand awareness part. But also, the providers that are more successful in client acquisition already have partnerships with companies in place. So for example, I can tell you: "oh, I have these 10 companies that are looking for people. My trainings are tailored to those companies. So if you do my training, the chance and likelihood to get a job in these 10 companies is much higher."

Hence this is also a smart tool in GoToMarket to make sure that you have a higher conversion rate for your students to do the courses at your place.

Also, an important topic centres around AI. We talk about the LLMs, but I think AI is a much broader topic and we see that has disrupted a little bit the market, especially, you need to think about two things.

So, in your go-to-market, AI is important, right? Being visible in LLMs, using AI tools to scale your go-to-market to produce more content. But also internally, it's quite important to use AI tools for content development, for example, especially for content delivery. This is to make the learning experience as smooth and as easy as possible for the students. And that's also an important purchasing criterion. If you can say, look, you have your teachers, you have your courses, but you also have your personalized avatar agent that helps you learn, you have a chatbot, you have, so all of these things, right, you can ask questions in real time and you get the answers, so that's quite important.

And at OMMAX, we're partnering with one of the big companies, which is an international university from Oakley, and we're implementing a lot of these AI use cases with them.

Question: How is the use of AI impacting the tutoring segment?

Answer:

It really depends a little bit on the end-user, e.g. the type of children. If you think about tutoring in the school age, some of these models are still face-to-face, because children need to, need the teacher to make, like, it's about discipline. But you can use AI for parent acquisition, client acquisition, content development, and also maybe for some additional topics, like for homework reviews and things like that. Ultimately, to become more efficient in your operations, but also for additional tasks for the children. However, as said, there's a certain amount that you cannot automate because you still need the teacher there.

Question: How are the entry barriers in the industry? Are they different per segment?

Answer:

It really depends on the segment. If we think about adult education, it's not very difficult to enter. However, it's difficult to scale. Barriers to entry are low, but barriers to scale are high.

If you think about the— K-12 or even universities, that's much harder. There are some regulations in K-12, even very specific content regulations.

So, the lower you get in age, the higher the regulation is. If you go that further into nurseries, it's even higher.

Question: What factors drive profitability/EBITDA?**Answer:**

Yeah, I think maybe five topics. The first one is capacity utilization. That you get per teacher, per classroom, per whatever the unit that you have, the most out of it. Here sometimes you have also limits in terms of regulation, e.g. that you can have so many people in a cohort and so on, which makes sense, right, to keep the quality of the education high. But capacity is key. You want to bundle as much people as you can into one specific cohort.

One other thing is about retention and lifetime value, so customer lifetime value. You can have, for example, an orientation course, you can have add-ons after the course. There is a lot of universities, but also in the adult education market, there's a lot of players that try to expand the customer lifetime and with that also the customer lifetime value. To get customers earlier in, and later out.

The third has to do with standardization of content and processes. Here's also about that you don't need to reinvent the wheel every time.

The latter goes hand in hand with the fourth point, which would be around hybrid delivery models. You know, so the less physical infrastructure you need, the better, the faster you can scale. Having online classrooms, online chatbots, everything, all the learning experience in the online world, and obviously that's much better.

And, and then I would also add to that the topic of pricing power. That would be the fifth topic, which is clear. That's the way to drive EBITDA. To get more price per unit, per student, but you can do that only with great brand. With a great brand, with a great reputation, with great accreditation. And that is also not so easy to achieve.

Question: What is the average revenue % for marketing expenses in the industry?**Answer:**

In the B2B part, I would say it's not a lot yet. It's also not quite professional yet in most markets. They are just discovering online tools.

In the university space, it's different. There is a lot of spend in marketing because the competition is higher. And they are more mature because they're addressing young people, right, 18 year olds, 20 something year olds, so they need to be more present in digital channels, hence they're more advanced there.

The lower you get also, like, if you think about private schools and so on, it's really low, it's below 10%.

It's 3%, 5%, 7% sometimes. If you go a bit higher, you can have even up to 15% in the older education space.

Question: Do e.g. tutoring and/or vocational training providers outsource their content creation to third parties to improve their margins?

Answer:

No, not really also, because in the context of private equity, you would like to have ownership of the content.

So that would be the USP, you need to differentiate, you need something different yourself and it can not only be the way that you do marketing, because that's replicable.

If you have an IP, IP being you're your own content, that's the way to differentiate yourself a little bit better, even if the content is not the key purchasing criteria for most of the business models.

Question: What growth do you expect going forward? (short-term, mid-term, long-term)

Answer:

In general, I think what you definitely need to say is that the industry is extremely resilient. It's extremely resilient because it's an investment, you want to invest in your future, especially for parents paying for children, it's the last thing that you would cut, so it's a very resilient market, very stable, and most of the segments are growing in, I would say, mid to high single digits.

But there are some buckets that are quite interesting, that are growing double digit, really above 15% every year. These are more the delivery, online delivery, AI enablement, the topics that will teach you how to use AI, will teach you how to code, that will teach all of these more technical, digital topics, and also education for industries where you have a big mismatch in terms of supply and demand, the healthcare industry, for example.

Education in the healthcare industry is growing quite fast because there is a high need for educated trained people. So, people are willing to spend, and also the B2B area, is willing to spend a lot to get the right people to fill out the vacancies.

Question: Are there trends of people switching to private education in Europe?

Answer:

It is an emerging trend that has been happening very, very slowly over the last 10 years. It started with adult education, and then it has been moving downwards towards private universities, and we see now also more willingness to spend also, like, in boarding schools and K-12 for, like, private K-12.

And so that's increasing, but it's nothing that is going to change from one day to another.

Question: What are key market growth drivers in the next 5-10 years?

Answer:

On the positive drivers, it's definitely digitalization and AI. We see that AI use cases are changing the industry positively. Because it enables scalability from the company side, but it also enhances the learning experience from the participant side. So, it's really a win-win.

The other topic that we touched upon was the skill gap in certain professions. This is also something that is driving growth in specific buckets of the market.

And thirdly, I think also the internationalization of education paths. There's a lot of more mobility across countries, across Europe, than it was 20 years ago. And so I think that's also quite interesting to see how we're learning from different geographies to become also, like, within the specific country, even better.

Question: What are challenges/factors that the industry faces that could slow down growth?

Answer:

Depending on the delivery model, but usually you have teacher shortages. So that's usually one of the key bottlenecks.

I would say in some buckets also the regulatory is quite rigid and doesn't enable in a sensible way to get new ideas into the market.

And the final issue would be around the backlash of the narrative, the social narrative against privatization.