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AUSTRALIAN ***FLEXIBLE LEARNING*** FRAMEWORK

Managed by the Flexible Learning Advisory Group on behalf of all States and Territories in conjunction with ANTA

e-VET National Market Research Project

Summary of Existing Market Research

24 July 2001

Australian National Training Authority

An initiative within the *Australian Flexible Learning Framework for the National Vocational Education and Training System 2000 – 2004*.

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Forward

Background

In August 1999, the Australian National Training Authority Chief Executive Officers (ANTA CEOs) endorsed the *Australian Flexible Learning Framework for the National Vocation Education and Training System 2000 - 2004 (AFL Framework)*. The AFL Framework has been developed by the Flexible Learning Advisory Group (FLAG) and represents a strategic plan for the five- year National Project allocation for flexible learning. It is designed to support both accelerated take-up of flexible learning modes and to position Australian Vocational Education and Training (VET) as a world leader in applying new technologies to vocational education products and services.

The AFL Framework is supported by an annual implementation plan, and the plan for 2001, *Strategy 2001*, was endorsed by the ANTA CEOs in October 2000. It identifies specific initiatives and allocates resources within each of the five Goals identified in the *Framework*.

Role of the Flexible Learning Advisory Group

In broad terms, FLAG is a strategically-focused group of senior VET personnel advising ANTA CEOs, the ANTA Board, the Department of Education Training and Youth Affairs (DETYA) the Australian Information and Communication Technology Education Committee (AICTEC - formerly known as the EdNA Reference Committee), on national issues relating to the directions and priorities for flexible learning in VET, with particular reference to online technologies.11

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[1] The New Economy Index, Progressive Policy Institute, URL: www.dicppi.org

e-VET National Market Research Project

Summary of Existing Market Research into VET Online Products and Services in Australia

This brief report was prepared in July 2001 by John Mitchell and Sarah Wood from John Mitchell and Associates for the e-VET National Market Research Project. In summarising existing market research into VET online products and services, the report provides a general overview of the features of and trends in the Australian marketplace.

This summary draws on findings reported in a companion document, the *Scan of the Literature on Market Research into VET Online Products and Services.*

Another brief report, *Target Markets for VET Online Products and Services,* provides a list of selected priority national markets for VET online products and services.

Summary findings

The *Scan of the Literature on Market Research into VET Online Products and Services* produced mixed messages. On the one hand, the Scan highlights the incomplete nature of the existing market research and that much more research is needed. On the other hand, the available data shows that although the market is complex, there are opportunities for appropriately targeted products and services that respond to key areas of market demand (see for instance, TAFE frontiers, 2001; Day, 2000). The following table summarises the strengths and weaknesses of existing market research on VET online products and services in Australia.

Table 1: Summary of the strengths and weaknesses of the market research for VET online products and services in Australia

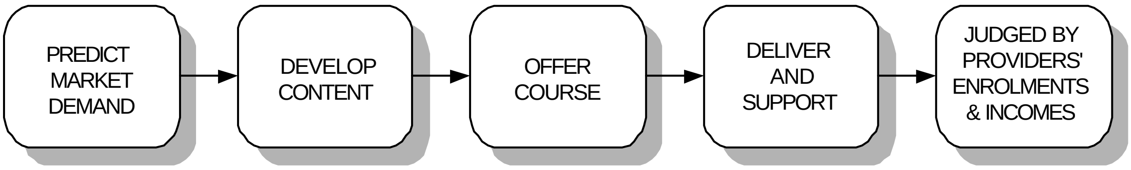
Issue	Comments
Strengths of the market research?	• Quantitative study of 1,200 (response rate 18.9%) organisations' attitudes to online learning (TAFE frontiers, 2001) • Quantitative study of 339 people from 10 market segments for online learning (SmartArts Communications, 2001 for TAFE NSW). • Qualitative and quantitative survey responses from 105 Australian VET providers of online products and services (Day, 2000) • Qualitative studies of online students' learning styles and support needs (e.g. Brennan, 2001) and flexible learning students' needs (Misko, 2000) • Qualitative studies of appropriate pedagogy for online learning (e.g Harper et al, 2000; Brennan, 2001)
Weaknesses of the market research?	• Few quantitative studies of customers besides studies by TAFE frontiers (2001) and SmartArts Communication (2001; not available yet). • Few studies of specific industry-based market segments, except, for instance, a study of 100 prospective online learning students conducted by the OnFX Consortium of Print and Graphic Arts TAFE Institutes in 1999

Despite the predominance of 'strengths' in the table above, the weaknesses outweigh the strengths: the lack of extensive and targeted market research of the Australian market is a major weakness in the field of online products and services. The current e-VET National Market Research project will address some of this need for more data, but more needs to be done by other studies.

Market trend: emergence of demand-driven model

The research shows that to stimulate the market for VET online products and services, a demand-driven approach to the market is required (Mitchell, 2000c; IDP, 2001). The research indicates that currently the most common approach to marketing online learning, in the public sector, is based on a supply driven model that targets mass markets of individuals (Day, 2000). Diagram 1 provides a simple summary of the supply-driven approach to online learning.

Diagram 1: A supply-driven approach to mass-market online learning



As VET organizations are discovering, the demand for mass-market online products and services is low, amongst individual Australian learners (Day, 2000).

However, the research suggests that there is demand for VET providers to develop customised e-learning solutions (defined below) for some Australian enterprises (TAFE frontiers, 2001) and for target segments of learners, such as the 'working adult student' (Mitchell, 2000c). In a business environment characterised by increasing global competition, rapid technological change and the need for a skilled workforce, research by TAFE frontiers (2001) suggests that some Australian enterprises will seek comprehensive training solutions – which may or may not include online learning, depending on the context – that will increase their productivity, performance and competitive advantage.

Diagram 2 depicts the main steps in a customer-centric, demand-driven approach to e- learning, as supported by the literature (e.g. Harper et al, 2000; Mitchell et al, 2001; Brennan, 2001).

Diagram 2: A demand-driven approach to providing customised, niche-market e-learning solutions to business

The challenge is for VET sector organisations to develop a demand-driven approach to the provision of e-learning products and services that meets business needs (Mitchell, 2000c; IDP, 2001). To be successful, VET providers require a range of skills including skills in consultation with industry and in designing appropriate pedagogy and support systems (Harper et al, 2000; Brennan, 2001).

Market trend: growth of corporate interest

A key trend in the Australian market is the growth of interest in online products and services among corporations. In 2000, 30% of organisations surveyed by TAFE frontiers (2001) were using the Intranet and 14.6% were using the Internet to deliver learning. TAFE frontiers found that the number of organisations planning to use the Internet or Intranets to deliver learning is set to more than double over the next three years (p. 26).

Corporations in Australia want training that is customised to their business needs (TAFE frontiers, 2000). McCrea et al (2000) believe that corporations in the Western world are being driven to e-learning by the transition to a knowledge-based economy and by a range of other factors such as:

- Increasingly competitive global business environments
- Rapid technological change
- The migration towards value chain integration
- Lack of skilled personnel
- Rapid increase in information technology vendor certification programs.

The TAFE frontiers report (2001) identifies a number of trends relating to the planned use, by Australian organisations, of online learning in the future:

- Organisations planning to use online learning in the future seek customised online learning products and services rather than generic online products
- More organisations are likely to look to external rather than internal training providers for the delivery of online learning
- An overall increase is expected to be seen in the use of online learning supported by other processes such as classroom training and mentoring
- Many organisations do not know where they would go to obtain assistance in developing online learning services or packages
- Those who identified their source of assistance were far less likely to nominate TAFE or other educational providers as sources of assistance. (p. 39)

The above findings about corporate interest in online training are confirmed by anecdotal evidence in recent media reports. Newspaper reports in the Sydney Morning Herald (SMH, 5 June, 12 June, 26 June, 3 July, 2001) note that:

- A recent survey of 51 companies across Australia by Monster Learning showed that those companies that have started training online predict that about half of all their training will be delivered online, driven by reduced costs of training using e-learning, improved access and equity, knowledge management, customer satisfaction and enhanced company revenue (SMH, 5 June 2001)
- E-learning providers such as NETg and SelfCert (using SmartForce materials) are providing training for contractors listed with IT recruitment companies. The IT recruiters are subsequently recommending e-learning to companies who hire from the IT recruiters. (SMH, 12 June, 2001)
- Companies that embrace e-learning as part of their overall human capital development strategy, not as an isolated training intervention, will benefit most from e-learning (SMH, 26 June 2001).
- ‘Where many companies fall short is by not supporting people in training. E-learning is a new way of learning and students need support. As more companies recognise this, the benefits of e-learning will become more pronounced’. (Con Kittos, CEO, Angus Knight, in SMH, 3 July 2001)

A report in the BRW magazine (July 20, 2001), referring to the activities of three large corporations, Qantas, IBM and ANZ bank, claimed that ‘the use of online training, known as e-learning, is spreading rapidly’.

Market research finding: students need support

Much of the market research (see Harper et al, 2000; Day, 2000, Warner et al, 1998, Brennan, 2001) indicates that learners participating in online courses will increasingly require considerable support and guidance from training providers supplying online products and services. Misko (2000) identifies the following forms of support and guidance, believing them to be essential to the success of student participation in any form of learning:

- The need for supportive instructional activities
- Clear instructional materials
- Opportunities to discuss problems or issues with teachers and peers
- Availability of teacher support
- Timely feedback
- Practical examples
- Enough time and willingness to practise skills and meet requirements.

Similarly, Brennan (2001) believes that a number of preconditions are necessary if the main goal of improved learning outcomes for students/users in an online environment is to be achieved. The preconditions include:

- acknowledge and take into account differences in student/user backgrounds in every phase of the design and delivery of online materials and support
- catering for the differences in learning styles and preferences of students/users
- preparing teachers/trainers to use new technologies flexibly and beyond minimum levels of competence
- seek to explicitly enhance information literacy skills
- focus on the communicative and interactive dimensions of the new environments
- not expecting technology to solve all the hard problems.

Market trend: preference for e-learning and flexible delivery

Market research indicates that while some organisations will increasingly seek out e-learning solutions, there is much less demand for online learning amongst individual learners in Australia than from corporations. However, a proportion of Australian VET learners are attracted to flexible delivery to satisfy their learning needs. Misko (2000) found that some students choose flexible delivery because it fits with their busy lifestyles and it is more convenient than traditional forms of learning.

A major theme noticeable in the *Scan of the Literature*, is that, instead of focusing solely on the provision of online learning, the market is responding more favourably to the concept of e-learning, denoting technology-based learning and including online delivery and CD-ROM and other technologies, supplemented by face-to-face support as appropriate (Mitchell, 2000a; TAFE frontiers, 2001).

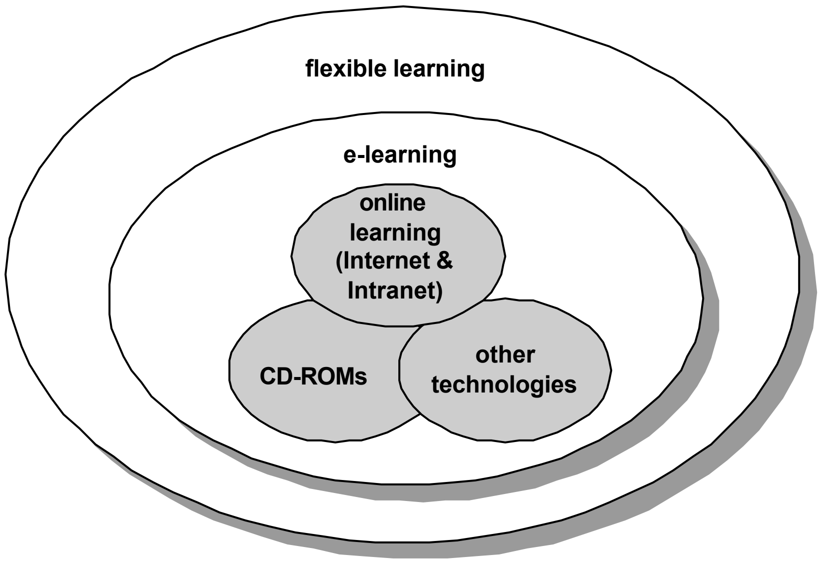
In the USA, market analysts are beginning to refer more to e-learning rather than online learning. E-learning can be briefly described as technology-based learning, including the use of the web and other technology such as CD ROM and videoconferencing. Hambrecht (1999) provides the following brief definitions of terms to distinguish between e-learning, online learning and e-training.

Table 1: Definitions of key terms by Hambrecht (1999)

Term	Brief definition
e-learning	Technology-based learning
online learning	Web-based learning
e-training	Corporate e-learning

Research discussed in the *Scan of the Literature* suggests that online learning has a stronger future if it is tucked inside an e-learning framework (offering a variety of technologies) and nested within a broader flexible learning framework (offering a variety of support mechanisms).

Diagram 1: The relationship between flexible learning, e-learning and online learning, as viewed increasingly by the market



Market trend: high profile of commercial providers

Recent media reports highlight the growing profile of new, commercial providers of online learning products and services in Australia. For instance, the following providers are listed in article in the Sydney Morning Herald, 26 June 2001:

Content generators – Authorware, Macromedia, Director, Flash and Dreamweaver

Content providers – Smartforce, NETg, SkillSoft

Learning management systems – Southrock, Techworks, SABA, Docent, WebCT, Blackboard

Solution providers and integrators – Knowledge Path, Accenture, PWC, KPMG, Angus Knight

Collaboration systems – Interwise and Centra.

The absence of TAFE from this list fits with the TAFE frontiers (2001) finding that TAFE was seen as the least likely source of assistance to companies seeking assistance in developing online learning. On the other hand, as the TAFE frontiers (2001) report suggests, there are numerous market opportunities if TAFE providers can reverse this negative perception.

Final comment

This brief summary of the market research into VET online products and services noted that the lack of adequate national research data outweighed the strengths of the current market research available. However, the available data does show some clear trends:; the emergence of a demand-driven model; the growth of corporate interest in online learning; the growing preference for e-learning over online learning; the identification of student support needs for online learning; and the rising profile of commercial providers of online products and services.

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