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

e-VET National Market Research Project

Initial Target Markets

For VET Online Products and Services in Australia

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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.[1]

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

e-VET National Market Research Project

Initial Target Markets for VET Online Products and Services in Australia

The brief for the e-VET National Market Research Project requires the identification of an initial list of selected priority national markets, to guide the field research for this project. Discussions with the Project Management team clarified that these national markets need to be niche, growth or new market opportunities.

A number of these priority markets will be the focus of the imminent field research component of this project. Attention to the priority markets will help to:

- identify the needs of Australian target markets, taking into account types of products needed, usage, price sensitivities, geographic profiles and decision-making

- inform the development of tools and models to support online delivery of VET products and services.

The concept of target markets will continue to be reviewed during the project, until the project's conclusion in November 2001, resulting in a more extensive discussion of this topic in the final report. As this project is also developing tools and models and identifying organizations that can assist Registered Training Organisations (RTOs) in marketing products and services, it will not provide details about each and every target market for online products and services in Australia. The products of this project – tools and the identified organizations – will assist RTOs to identify other target markets.

The importance of target marketing

It is critical for any organisation marketing VET online products and services to define target markets, as no organisation can compete in or serve all markets. A famous marketing maxim is: *Know your target market and satisfy it.*

Target marketing involves identifying the major market segments, targeting one or more of these segments, and developing products and services and marketing programs suited to each of the segments. The first two steps in target marketing are:

- Market segmentation: identifying and profiling distinct groups who might want certain products or services

- Market targeting: selecting one or more market segments to focus efforts on.

The following discussion makes a start on these two steps, by identifying market segments and profiling some broad target markets for VET online products and services.

Two companion documents produced for this project, the *Summary of Existing Market Research into VET Online Products and Services in Australia* and the *Scan of the Literature on Market Research into VET Online Products and Services in Australia* show that there is only a small amount of data on market segments for VET online learning products and services within Australia.

The following sections of this document summarise the existing data available on two broad segments, individual VET learners and corporations.

Market segments among individual VET learners

Different market researchers have approached market segments of individual VET learners in different ways.

NSW's ten market segments

SmartArts Communication (2001) for NSW TAFE identified ten market segments for online learning before undertaking their field surveys in 2001– eight groups of people and two business groups:

1. School leavers

2. Career builders

3. Career changers

4. People returning to work

5. TAFE students

6. Small to medium businesses

7. Medium to large businesses

8. TAFE teachers and advisors

9. Secondary school career advisors

10. Professionals unlikely to attend TAFE.

Unfortunately the findings of the NSW project are not available for public discussion, so the value of the above market segments for VET cannot be explored.

ANTA's social market segments

As a result of extensive social market research, ANTA (2000) identified a range of market segments of VET learners, although the segments were not associated with online learning:

- Passionate learners

- Almost there

- Learn to earn

- Might give it away

- Make it easier

- Learning on hold

- Done with it

- Forget it.

It could be expected that, given their enthusiasm for benefiting from learning, ANTA's 'passionate learners', 'almost there' and 'learn to earn' groups are more likely to embrace additional or unique opportunities offered by online learning than the other five ANTA market segments.

IT training

Day (2000) identified a strong demand from individuals for online IT training in Australia, demonstrated by the demand for the online IT training offered by Cisco, Microsoft and Computer Power.

Mitchell (2000a) found that major opportunities for VET providers of online products are currently in the field of IT training, in areas such as application development tools, application software and system infrastructure software. However, the online teaching of 'soft skills' is expected to start to outweigh the provision IT courses in the near future. 'Soft skills' areas include leadership, management, communication and marketing.

The 'working adult student' segment

The 'working adult student' is identified in Cunningham (2000) and Mitchell (2000a) as a likely target market for VET online products and services in Australia. McCrea (2000) identifies the international trend of a growing number of busy, career-minded adults over 25 years of age who are continuing to study.

Self-directed learners and verbal learners

A number of Australian research projects have focused on the learning preferences of vocational learners, providing important information for marketers of VET online products. Warner et al's (1998) research, conducted in three Australian States, showed that the majority of vocational learners in their sample did not favour self-directed learning, and neither were they well-disposed towards forms of learning that did not include instructor provided structure and guidance.

Smith (2000a, 2000b in Mitchell et al, 2001) showed similar results among Victorian TAFE learners. Smith showed that apprentices prefer learning in structured environments that provide opportunity for direct social interaction with their fellow learners and with their instructors. These learners also exhibited a low preference for learning that is presented through verbal means such as reading or listening. Verbal learners are those who prefer learning through the spoken or written word. The strong preference of the apprentices, as non-verbal learners, was for learning through hands-on experience, demonstrations and practice.

Marketers of VET online products and services need to target self-directed and verbal learners, not non-verbal learners who prefer instructors and demonstrations.

E-learning not just online learning

The *Scan of the Literature* found 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). This finding applies to both individual learners and corporations purchasing training.

Profile of the individual VET learner attracted to online products and services

In summary, the profile of individual VET learners who may be attracted to online products and services, emerging from the Australian market research, consists of the following characteristics:

- Positive about the benefits of learning (ANTA, 2001)
- Requiring IT training (Day, 2000; Mitchell, 2000a)
- Working adult students (Cunningham, 2000)

- Self-directed learners (Warner et al, 1998)

- Verbal learners (Smith, 2000b in Mitchell et al, 2001)

- Not apprentices (Smith, 2000b in Mitchell et al, 2001)

- Learn by accessing online learning, CD ROMs and other technologies (Mitchell, 2000a; TAFE frontiers, 2001).

These profile characteristics are barely sufficient for developing a range of market segments for marketing planning purposes, but they are nonetheless important findings. To identify clear market segments, it would be valuable to have more data about geographic, demographic, psychographic (lifestyle/personality) and behavioural variables. Some of this needed data may be generated by the yet-to-be-released SmartArts/NSW TAFE (2001) market research. The lack of sufficient data about broad segments of individual VET learners interested in online products needs to be addressed by more extensive research, mirroring and extending the research of corporate attitudes conducted by TAFE frontiers (2001). The current project will contribute to the current knowledge base, but will need to be supplemented by other studies.

Segments of the corporate market

Besides segments of individual VET learners, the other likely domain for identifying VET market segments for online products is the corporate arena. For the purposes of this document, corporations are defined very broadly to mean any enterprise, organisation, business or employer, large or small, public or private.

High value employers

Among Australian employers, ANTA's (2000) social marketing research identified three major groups:

- High valuer employers

- Here and now employers

- Not interested employers.

As online learning may provide corporations with competitive advantages through a more highly trained workforce, the 'high value employers' and 'here and now' employer groups would seem to be the better targets for marketing online products, given their desire for achieving corporate, competitive advantages from training.

Organisations currently using or planning to use online learning

The TAFE frontiers (2001) research enables the Australian corporate market to be segmented into two groups:

- those organisations that currently use online learning and/or plan to use it

- those organisations that are not using or do not plan to use online learning.

The TAFE frontiers (2001) report also identifies niche markets as follows:

- The planned rise (in the use of online learning) is steepest in certain sectors, such as health and community services, construction and wholesale trade

- Local government outstrips their public and private sector counterparts in their intention to use the Internet or intranets to deliver learning

- All Federal government respondents either currently or in the next two years will use the Internet to deliver training.

Reports in the Sydney Morning Herald (SMH) in June-July 2001 indicate a growth in the market for online learning for:

- Clients and contractors of recruitment companies (SMH, 12 June 2001)

- companies that embrace e-learning as part of their overall human capital development strategy (SMH, 26 June 2001).

A report in the SMH (26 June 2001) suggested that there are markets for a number of online products and services, including:

- Content generation and provision

- Learning management systems

- Solution integration

- Collaboration systems.

Mitchell (2000a) concurs that while most of the opportunities are in developing 'content', opportunities are arising increasingly in other market segments, particularly in providing services and the technology tools needed to manage online learning.

Profile of corporations attracted to VET online products and services

Based on the above data, the profile of corporations who may be attracted to VET online products and services includes the following characteristics:

- 'high value employers' and 'here and now' employer groups (from ANTA, 2000) that embrace e-learning as part of their overall human capital development strategy (SMH, 26 June 2001)

- organizations that currently use online learning and/or plan to use it (TAFE frontiers, 2001)

- sectors, such as health and community services, construction and wholesale trade; Local government; and Federal government departments (TAFE frontiers, 2001)

- corporations requiring IT training (Day, 2000; Mitchell, 2000a)

- recruitment companies and their contractors or clients (SMH, 12 June 2001)

- corporations requiring soft skills training including leadership, management, communication and marketing (Mitchell, 2000a)

- corporations seeking services and the technology tools needed to manage online learning. (Mitchell, 2000a; SMH, 2001).

This profile of market segments within the corporate sector is more detailed than that of the individual VET learner who might be attracted to online products and services, suggesting that it is a lower risk for VET providers of online products to target the corporate domain.

Additional market segmentation data required on the corporate market

The above market segmentation data about the corporate domain is still less than ideal, for marketing planning purposes. The bases for segmenting the Australian corporate market would normally include data on the following factors:

- Demographic (e.g. Target which industries, what size companies, which geographical areas?)

- Operating variables (e.g. Target heavy users of online training? Medium? Light users?)

- Purchasing approaches (e.g. Target companies seeking good service or high quality or low price?)

- Situation factors (e.g. Target companies with an urgent need? Target large or small orders?)
- Personal characteristics (e.g. Target companies that are risk-takers or risk-avoiders?)

This project does not involve a comprehensive market research study into market segmentation characteristics throughout Australia, so it will provide additional but not exhaustive information on the above factors.

In the recent edition of BRW, John Varnay, from e-cademy, models the use of three segmentation factors in saying that companies need to ask themselves a number of questions about online training:

> Is the company spread over a large geographical area? Is there high staff turnover, which increases the frequency of training? Is the company in an industry that requires updated regulatory training, such as the financial services sector? If you answer yes to any of these three questions, you are a good candidate for e-learning. (BRW, 20 July 2001)

VET marketers will need to ask these three questions and more, to define market opportunities. The tools developed for this project will identify many of these questions.

Initial list of three selected priority markets

Emerging from the review of the existing market data, set out below is an initial list of selected priority markets for VET online products and services, which could be focused on during this project:

1. **Individuals**: working adult students such as IT contractors, who are positive about the benefits of learning, are self-directed and verbal learners, and want to study IT courses, such as application development tools, application software and system infrastructure software, using online learning together with other technology-based delivery modes.

2. **Enterprises:** who value training to meet business needs and currently use or plan to use online learning as part of a package of e-learning strategies, in industries such as health and community services, construction, wholesale trade or financial services, who may be spread over a large geographical area, have a high staff turnover or require regulatory training or who require services and the technology tools needed to manage online learning.

3. **Government agencies:** same profile as 'Enterprises'.

   It is proposed that the field research for this project, related to identifying tools and models to promote the growth of online products, will focus the above three market segments, enabling a much more detailed analysis of these three markets in the final project report.

Conclusion

The market research data currently publicly available in Australia on VET online products and services is insufficient to identify target markets among individual VET learners but there is more, if incomplete, data available to target corporations. In developing tools and models to support the growth of online products and services in the Australian marketplace, this current e-VET project will add, incrementally, to the current market segmentation data. The final report will contain a detailed profile of three selected Australian market segments, but not of all target markets available.

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