

E-Learning Market Update (Jan 11)

Hey e-learning world: China's coming at you

In February 2010 Ambient Insight released their report "The Worldwide Market for Self-paced eLearning Products and Services: 2009-2014 Forecast and Analysis" which looked at the growth of e-learning across the globe.

The key headlines were as follows:

- The global market for e-learning reached \$29.1 billion in 2009 and is forecast to reach \$46.9 billion by 2014
- North America will continue to be the largest market right through to 2014
- In 2009, Western Europe was the 2nd largest market for e-learning in the world, however, by 2014 Asia will surpass Western Europe for 2nd place

The adoption of e-learning as an alternative to traditional face-to-face classroom learning or as part of a blended learning solution has lagged behind in Asia - but this is changing fast. The report authors noted the significant growth taking place in Asia and commented "the compound annual growth rate in Asia is growing by a breathtaking 33.5%."

A report by Market Avenue noted that Chinese companies "have become conscious of the benefit of employee training and the overall business model of corporate e-learning has been improving." They anticipate the market value of China's corporate e-learning will reach RMB 970m (\$146m) in 2011, with an annual growth rate of about 40%."

According to the General Administration of Press and Publication (GAPP) China's digital publishing industry brought in revenues of 79.9 billion yuan (\$11.88 billion) by the end of 2009, up 50 percent from the previous year, exceeding that from traditional publishing for the first time.

Display Search, a global market research and consulting company, forecasts China will overtake the United States as the world's largest e-reader market before 2015 by virtue of the country's large population.

Difference in design

There seems little doubt about the potential for growth in the e-learning market in China but will it take a different form to that in say North America or Western Europe. Alex Raymond of Vast Talent and Li Feng of the University of Massachusetts argue there will be some key differences. For example:

First and foremost they argue Chinese students strongly prefer videos of the instructor as part of the content in their e-learning courses. Many e-learning courses in China have this component and a lot of users expect it as a given. Deland Lin, our CEO of Kineo China thinks this is partially true, but that outside of education and academic markets, the balance is shifting towards other forms of e-learning too.

The second observation that Alex Raymond makes is the significance of testing in e-learning courses in China, especially tests that lead to certification in certain industries. Li Feng agrees that this observation is very true according to what her organization has learned in China. "Chinese students seem to value the certification at the end of the course at least as much as they value the learning process itself. They need some kind of proof to demonstrate that they have acquired the skill/competence." As Alex Raymond puts it, "Training courses and e-learning programs that deliver a certification or formal degree are in much higher demand than voluntary or non-degree based e-

learning.”

They also argue Chinese companies not only want the learning content to be on-demand, but want the reporting system to be sophisticated enough for evaluations of the learning experience and other analyses. China appears to be following the Software as a Service trend according to Raymond with less emphasis on behind the firewall solutions. Our view is that this may take a little longer to materialise in China, with some resistance to third party data management, but the SaaS market is steadily growing.

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