

simpleshow®



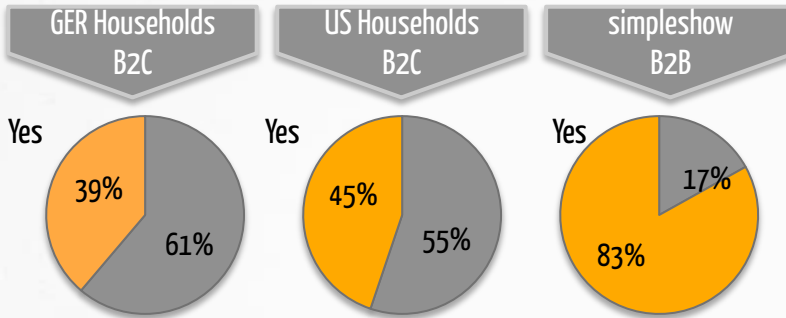
International study on the market for online courses
and its future potential

July 2015

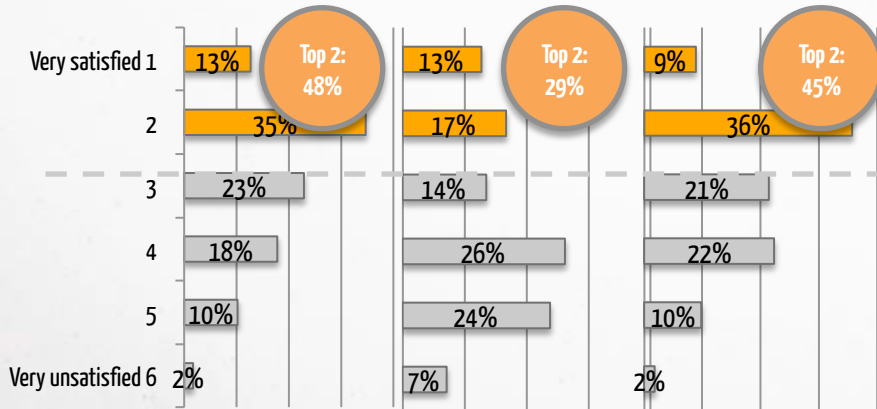
INTERNATIONAL STUDY ON THE MARKET OF ONLINE COURSES AND ITS FUTURE POTENTIALS

- MANAGEMENT SUMMARY (1)

experience across sample groups



Degree of satisfaction with online course*

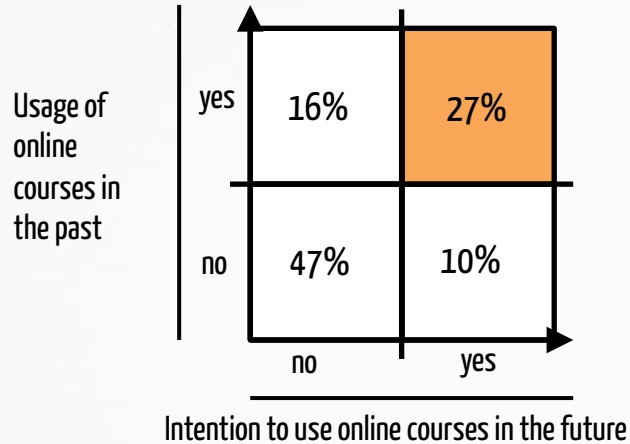


* YouTube learning video, online training, learning app..

- Online survey - representing 3 sample groups (n=1176) - was conducted in July 2015 (B2C in GER and US as well as B2B).
- 45% of respondents in the USA have already used digital learning applications (39% in GER) – business contacts reach 83% and show typical characteristics.
- Online courses cover a broad range of topics. Here, business and professional issues play a dominant role (especially in the B2B-segment). Similarly, the length of the courses show a wide range. B2B respondents use rather short online courses.
- Between 15% (B2B contacts) and 22% (GER) of respondents have paid for the last online course (median significantly higher in the B2C-segments, 90 – 100 US-\$).
- The degree of customer satisfaction with online course reaches 48% (top2) in GER and is significantly lower in the USA (29%). Drivers for customer satisfaction: pictures, video sequences and text pages.

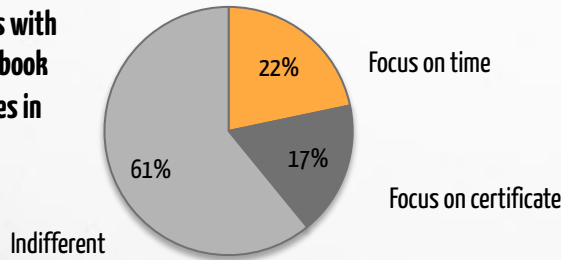
INTERNATIONAL STUDY ON THE MARKET OF ONLINE COURSES AND ITS FUTURE POTENTIALS

- MANAGEMENT SUMMARY (2)



Needs-based segmentation

Respondents with intention to book online courses in the future

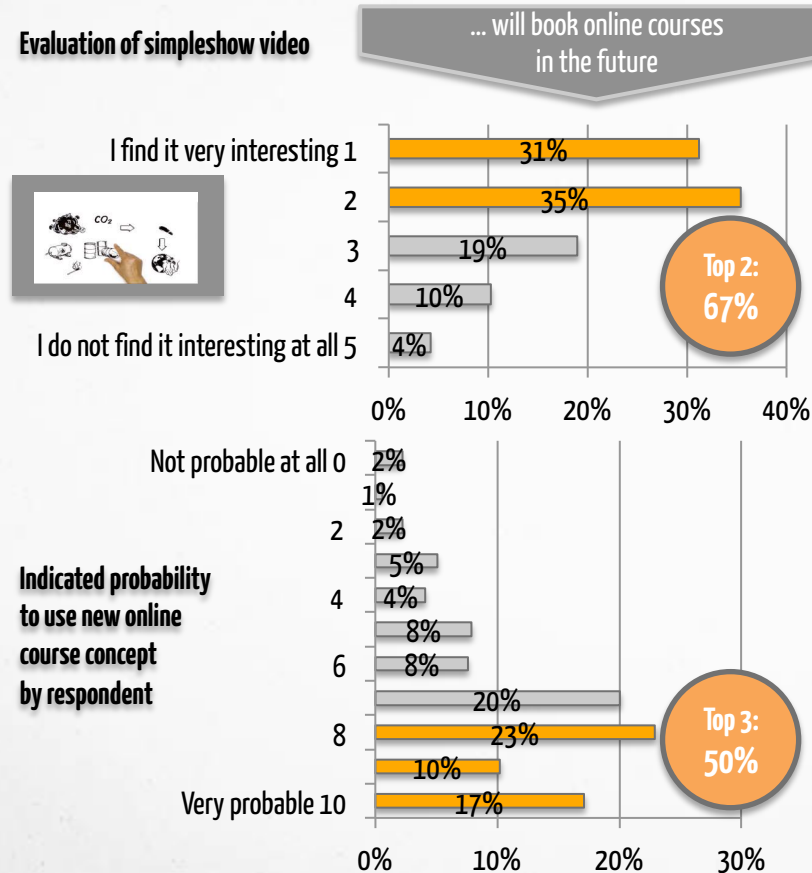


- Most respondents see online courses as a good chance to get further training in interesting subject areas (especially positive evaluation of statements concerning online courses within the B2B-segment).
- Overall, approximately $\frac{1}{4}$ of the respondents have used online courses in the past and indicate usage in the future. Concerning the B2B-segment the share of this target segment is 64%. Typically, those interviewees have a relatively high degree of customer satisfaction (49% top 2), book online courses intensively, > 80% are employed and 58% are willing to pay for online courses.
- Provided key customer needs are met, almost 70% of respondents in Germany and USA (B2C) indicate a willingness to pay (B2B-segment: 96%). Different segments concerning basic needs have to be considered.
- Online courses for languages are strongly preferred in GER – simpleshow contacts clearly rank business issues top.

INTERNATIONAL STUDY ON THE MARKET OF ONLINE COURSES AND ITS FUTURE POTENTIALS

- MANAGEMENT SUMMARY (3)

Evaluation of simpleshow video



- All single performance promises concerning online courses reach a high level of interest among the interviewees.
- Approximately 50% of all respondents in GER and the USA rate the simpleshow video as interesting (% top2). This share increases to 67% in the group of respondents with the general intention to book online courses in the future.
- Concept test: 25% of respondents in GER and 30% of respondents in the US show a high probability to book an online course as presented in the concept test (respondents with intention to book online courses in the future: 50% top3).
- The evaluation of the online course concept is significantly driven by the assessment of the simpleshow video format, which was shown before.
- Contrary to the B2C-groups in GER and the US, the simpleshow contacts group (B2B) is characterized by a higher level of interest, a higher probability to use and a higher willingness to pay for the online course concept.

AGENDA

1. Relevance of online courses and future market development
2. Customer requirements concerning online courses
3. Concept test – innovative online course format

AGENDA

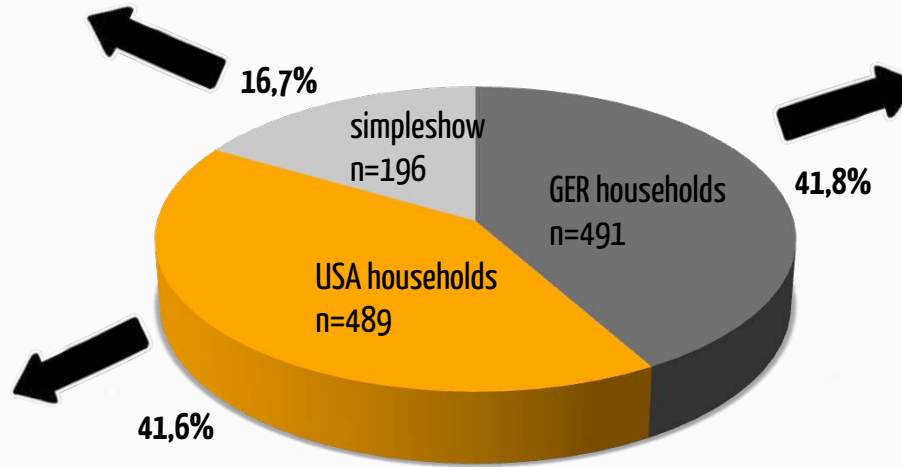
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ONLINE SURVEY REPRESENTING 3 DIFFERENT GROUPS (N=1176), INTERVIEWS WERE CONDUCTED IN JULY 2015

Distribution of sample groups

Representing simpleshow
business contacts;
source: simpleshow
CRM system

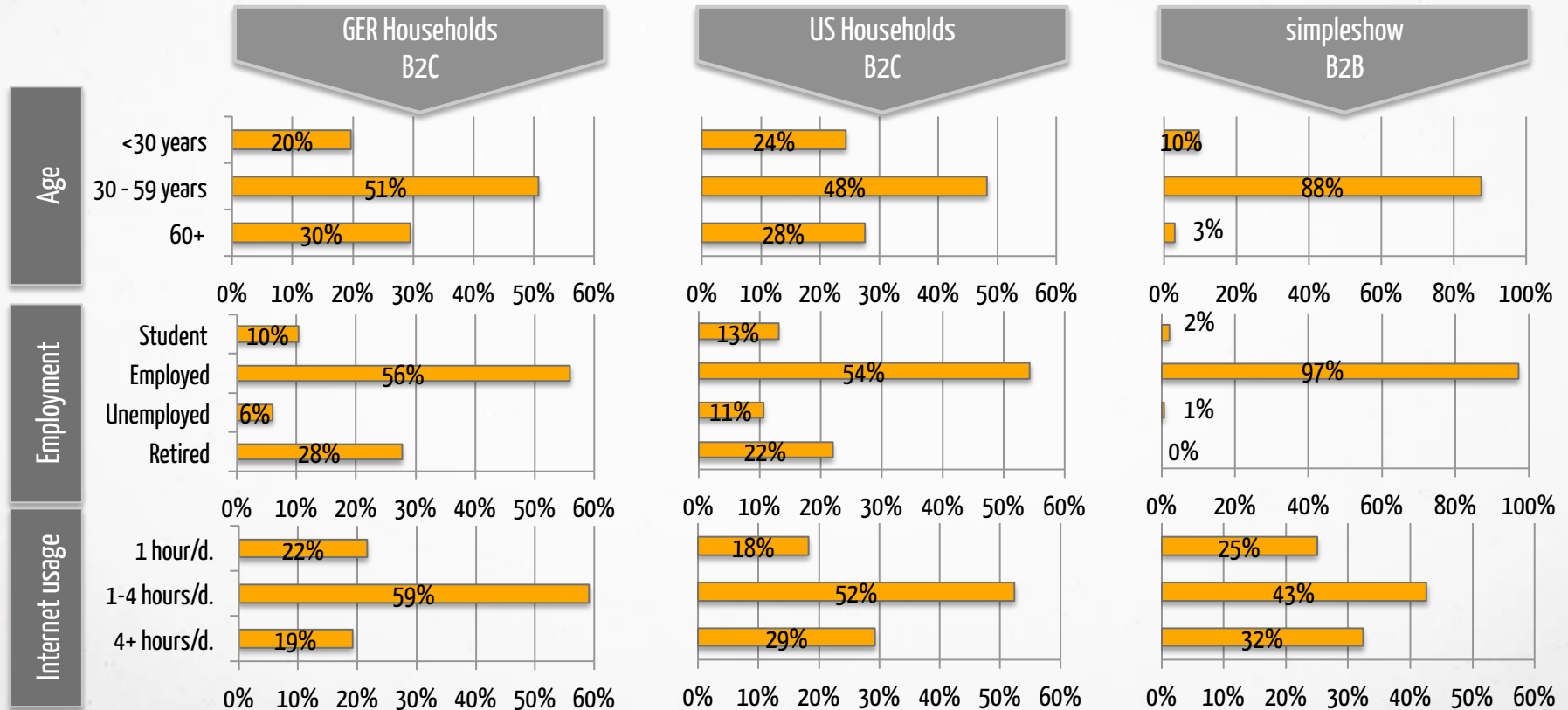
Representing B2C US market
(16+ years); weighted
according to gender, age and
internet usage;
source: online access panel



Representing B2C market
in Germany (16+ years);
weighted according to
gender, age and internet
usage; source: online
access panel

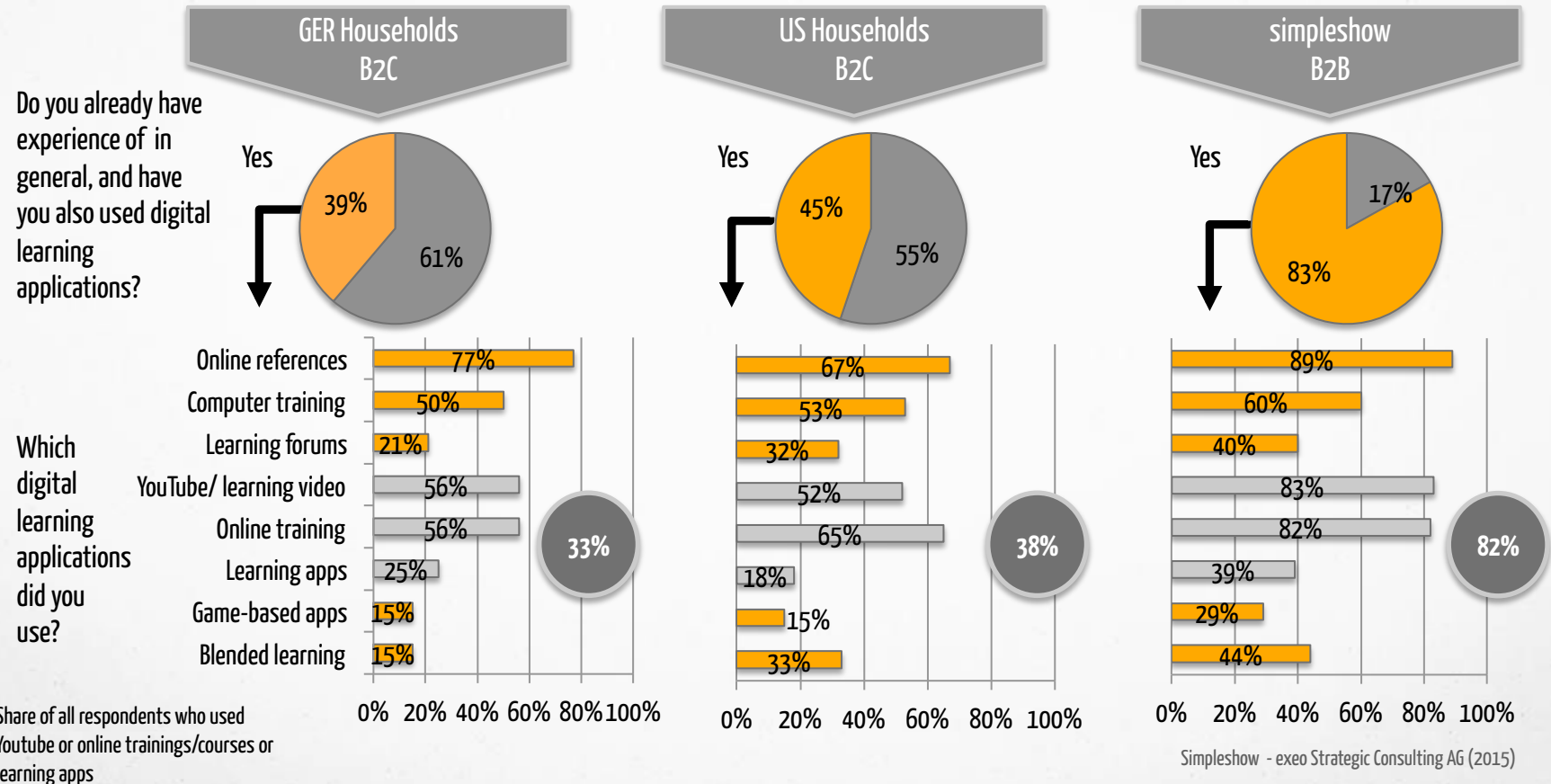
COMPARED WITH B2C SAMPLES FOR GERMANY AND THE US, SIMPLESHOW CONTACTS SHOW SPECIFIC CHARACTERISTICS

Sociodemographic characteristics of sample groups



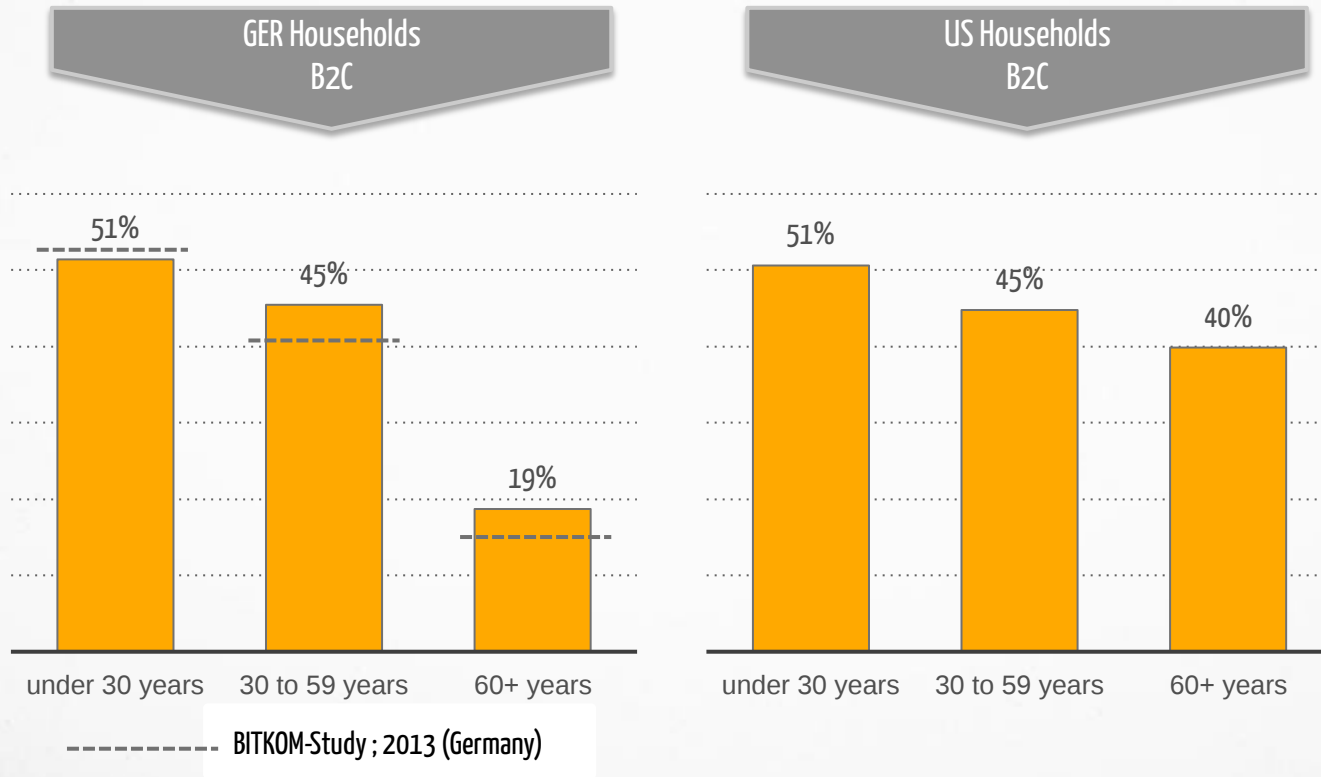
45% OF USA INTERVIEWEES USED DIGITAL LEARNING APPLICATIONS – 65% OF THEM USED ONLINE TRAININGS/COURSES

E-Learning experience across sample groups



EXPERIENCE OF STRONGLY CORRELATED WITH AGE – SHARE OF USERS AMONG SENIORS IN THE US MUCH HIGHER THAN IN GERMANY

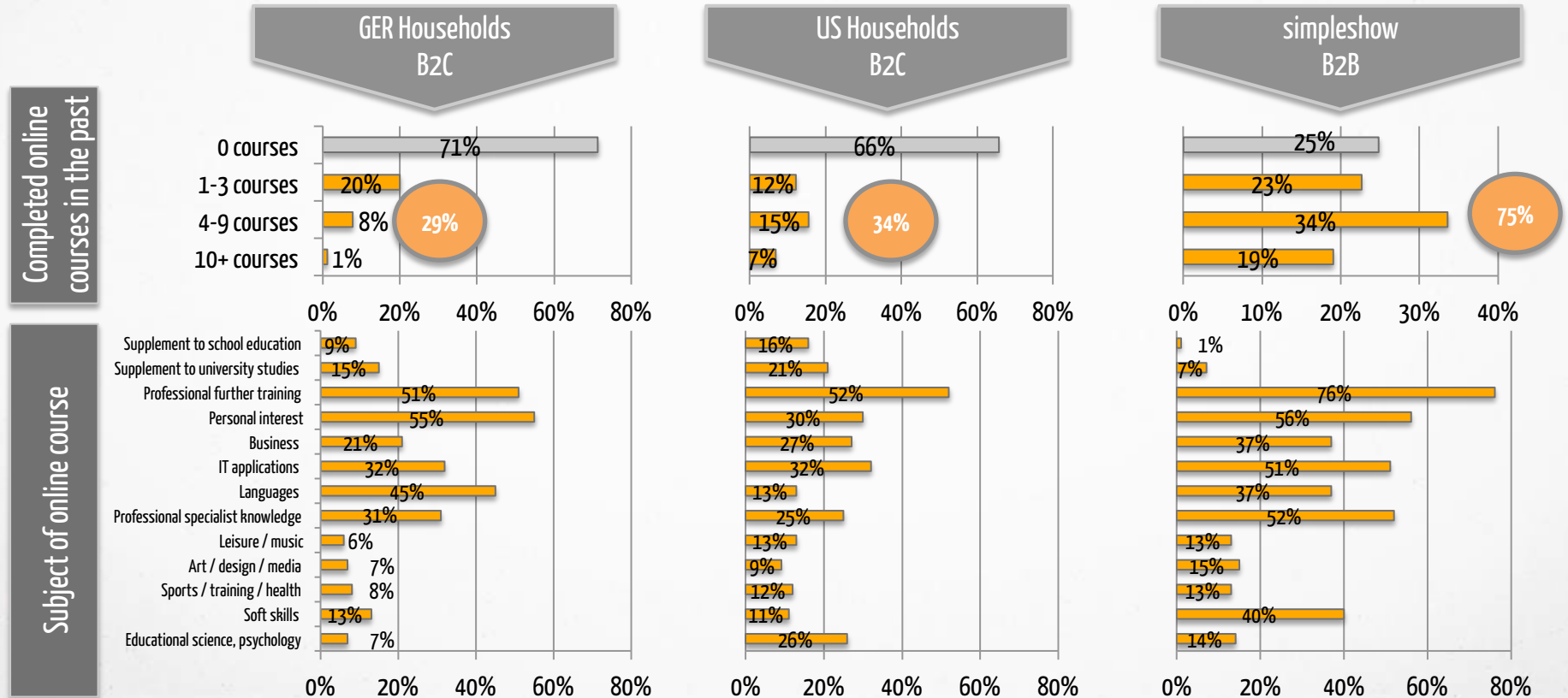
Experience of E-Learning according to country and age¹⁾



1) Do you already have experience of eLearning in general, and have you also used digital learning applications?

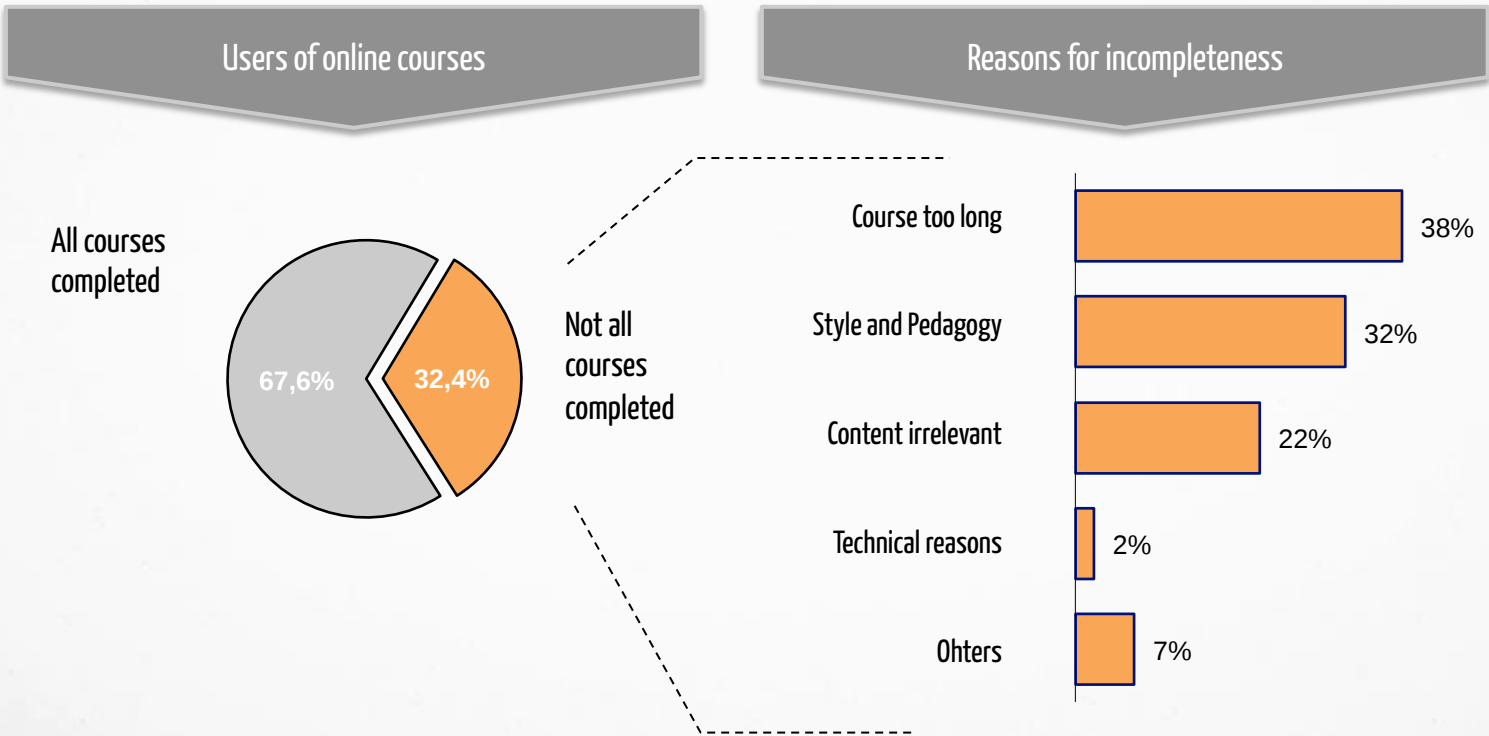
COMPARED WITH HOUSEHOLD SAMPLES FOR GERMANY AND USA, SIMPLESHOW CONTACTS SHOW SPECIFIC CHARACTERISTICS (INTENSIVE USAGE OF ONLINE COURSES, BUSINESS TOPICS)

E-Learning experience and topics across sample groups



ABOUT 1/3 OF ALL USERS OF ONLINE COURSES DID NOT COMPLETE ONE OR MORE ONLINE COURSE – LENGTH (TIME) AND STYLE AND PEDAGOGY ARE MAIN FACTORS

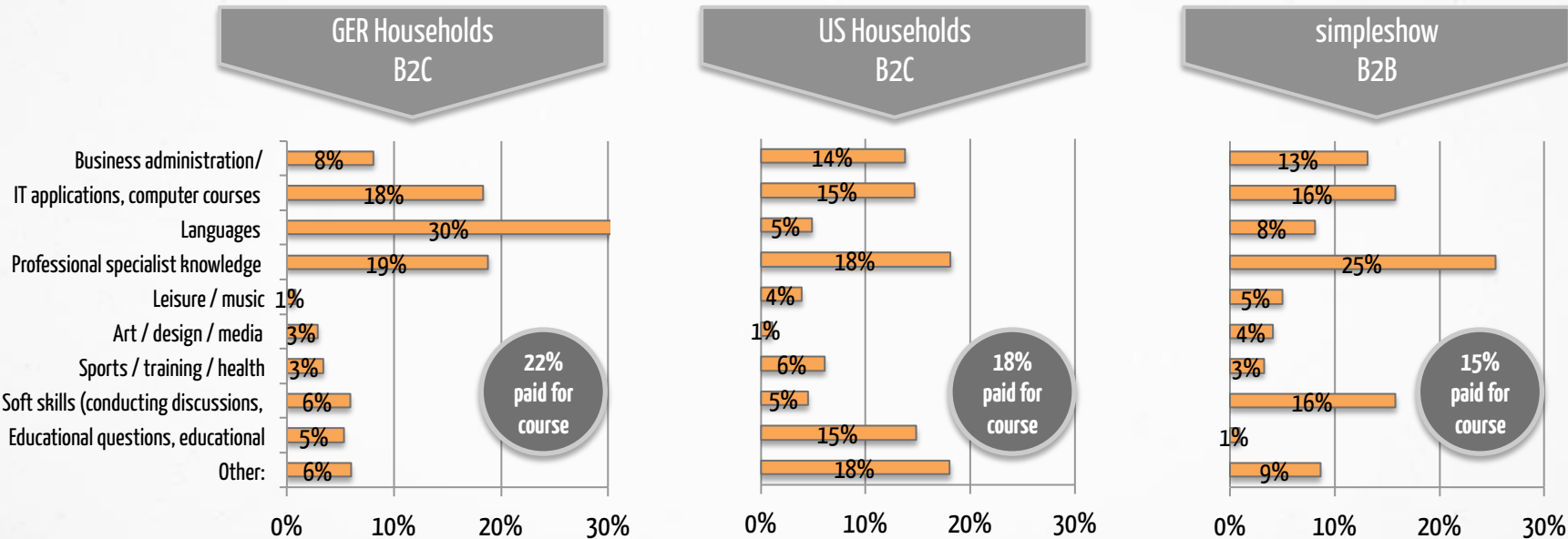
Respondents with incomplete online courses and reasons for incompleteness¹⁾



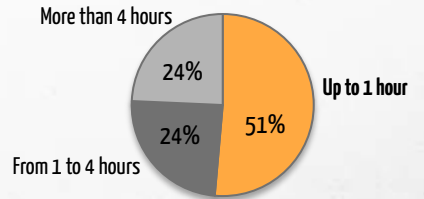
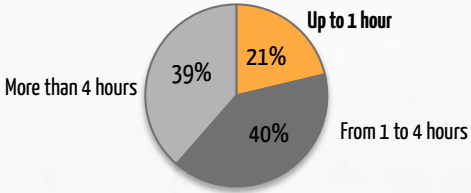
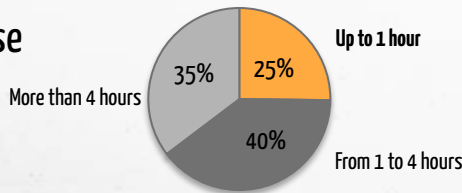
1) How many online courses have you started and completed? And: Why did you not complete the course(s)?

BUSINESS AND PROFESSIONAL ISSUES PLAY A DOMINANT ROLE – LENGTH OF THE COURSE WITH A WIDE RANGE – PARTICULAR FOCUS ON LANGUAGES IN GERMANY

Usage of online courses: last online course – topic and length

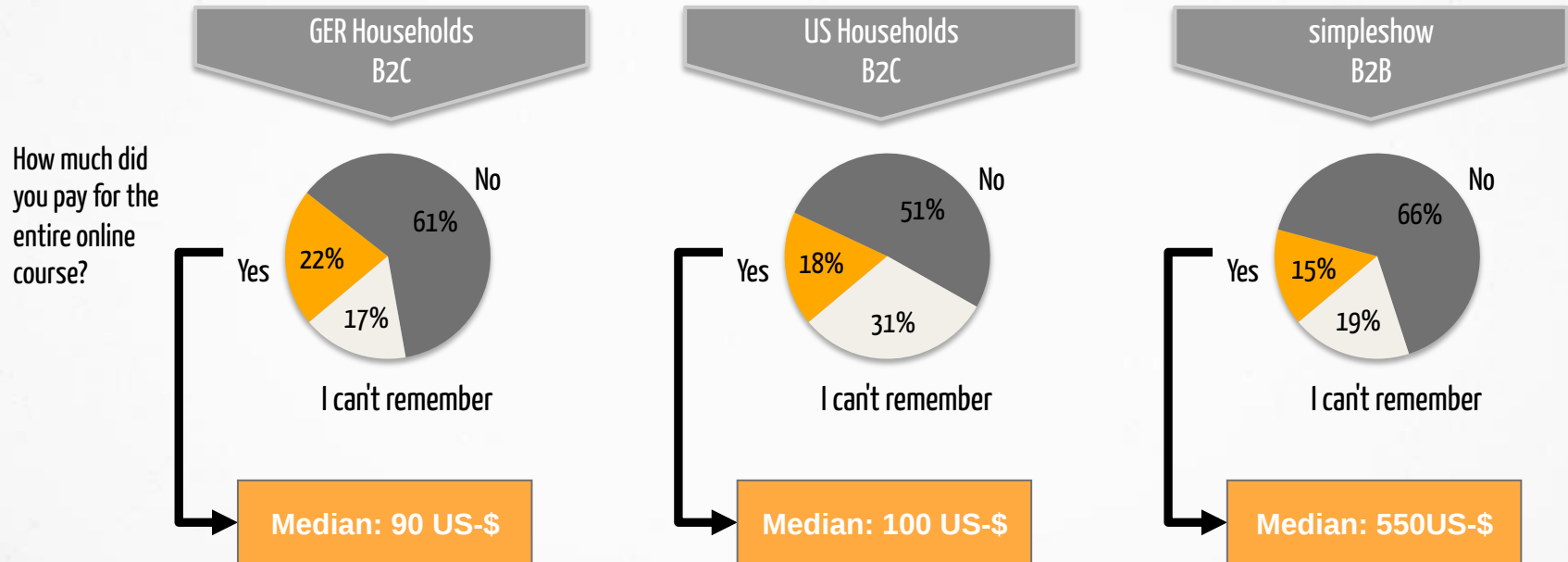


Length of last online course



BETWEEN 15% (B2B CONTACTS) AND 22% OF RESPONDENTS HAVE PAID FOR THE LAST ONLINE COURSE

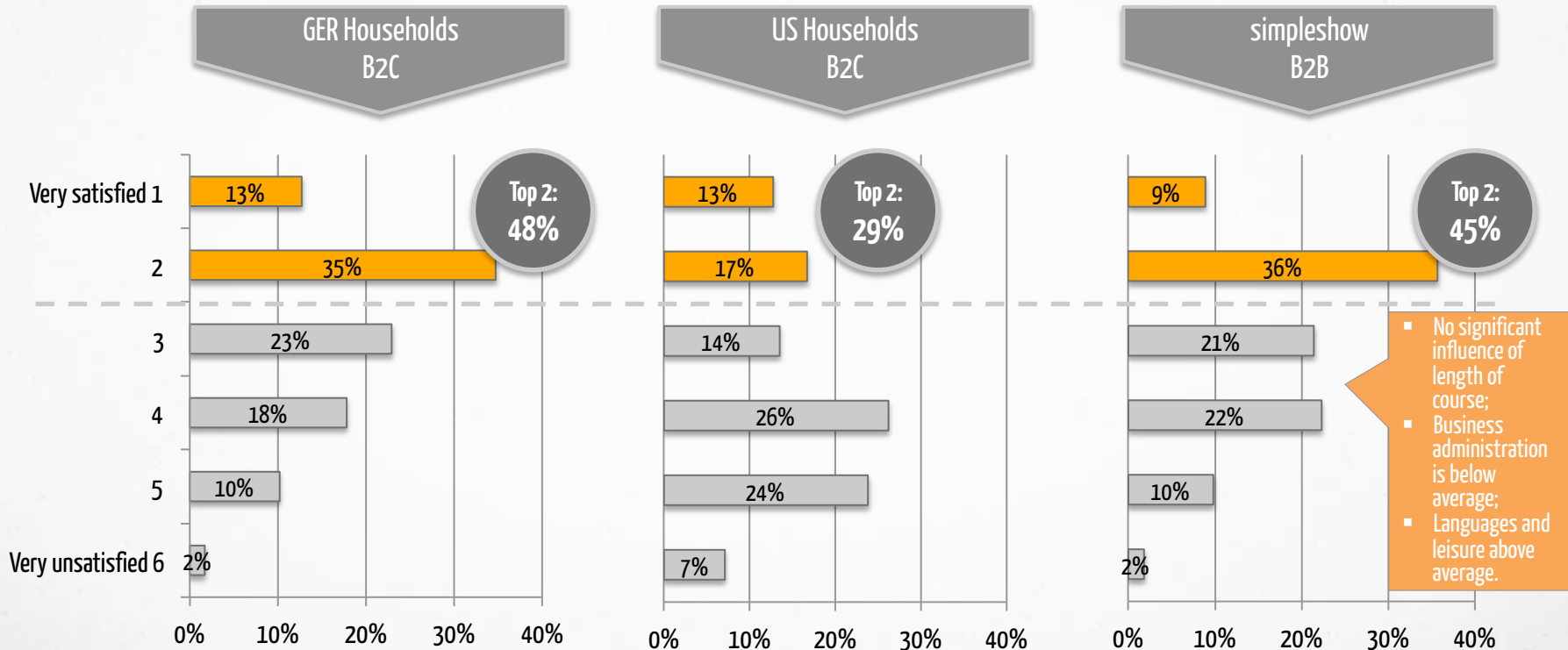
E-Learning: payment for the last online course



Overall, payment for online course is strongly correlated with length of course (30% in the group of 4+ hours vs. 4% in the group of up to 1 hour)

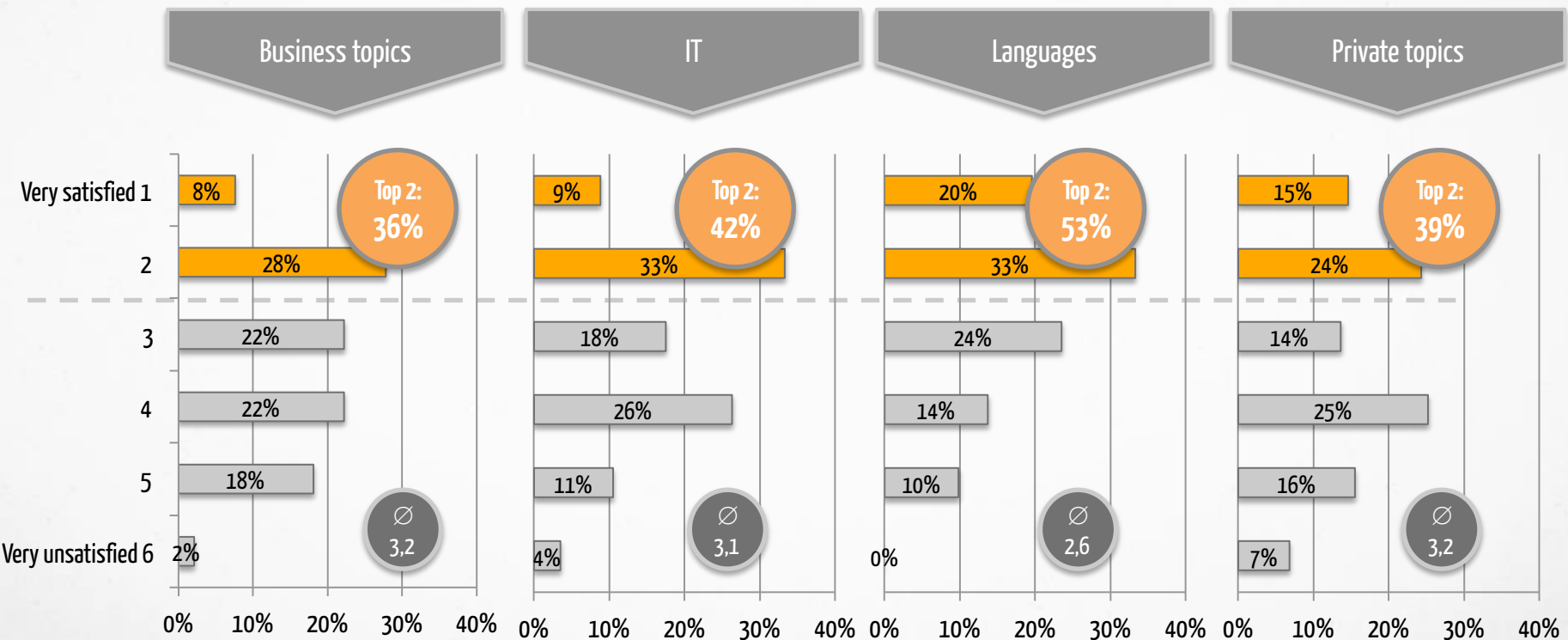
THE DEGREE OF SATISFACTION WITH LAST ONLINE COURSE REACHES 48% (% TOP2) IN GER AND IS SIGNIFICANTLY LOWER IN THE US (29%)

Last online course: how satisfied are you with this online course?



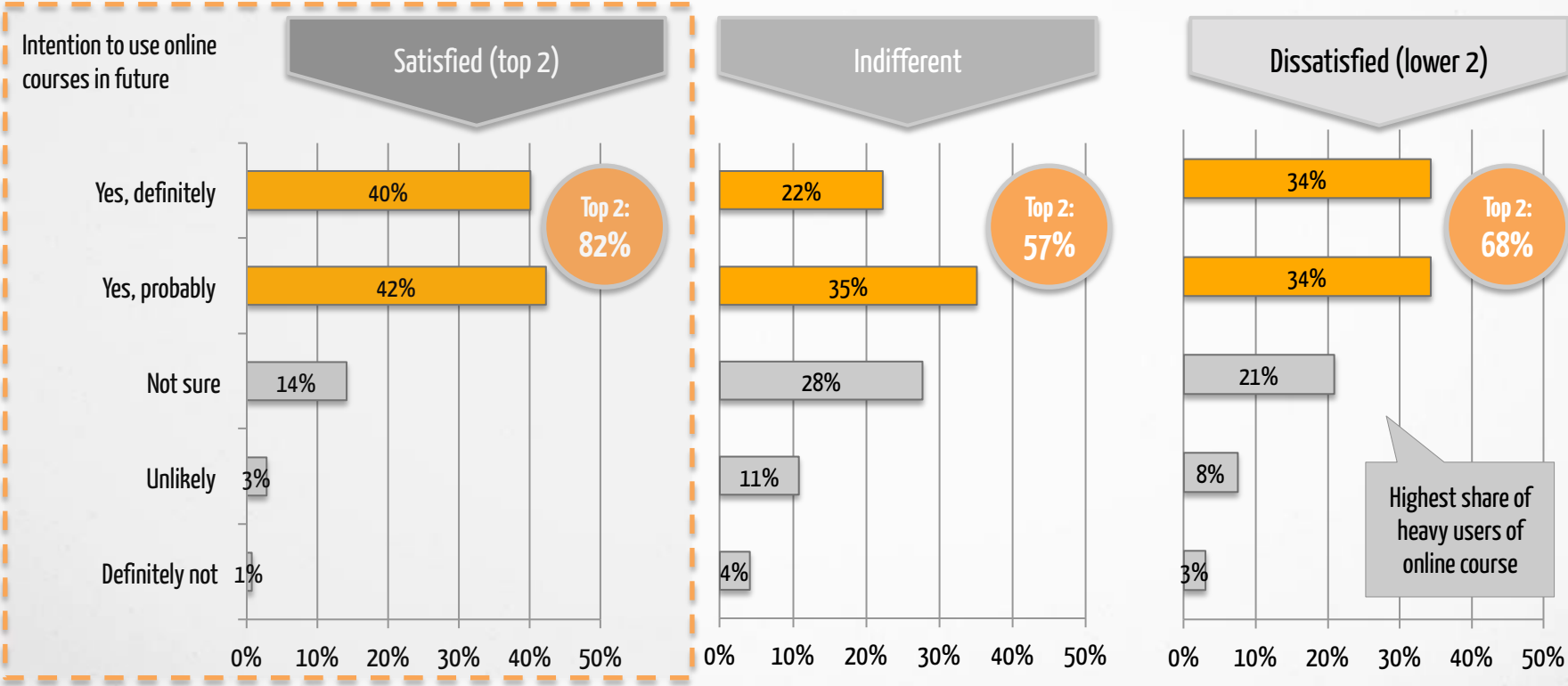
BUSINESS RELATED ONLINE COURSES ARE RATED LOW IN TERMS OF OVERALL CUSTOMER SATISFACTION

Last online course: how satisfied are you with this online course?



A LOW DEGREE OF SATISFACTION ONLY PARTIALLY TRANSLATES INTO A LOWER INTENTION TO USE ONLINE COURSES IN THE FUTURE

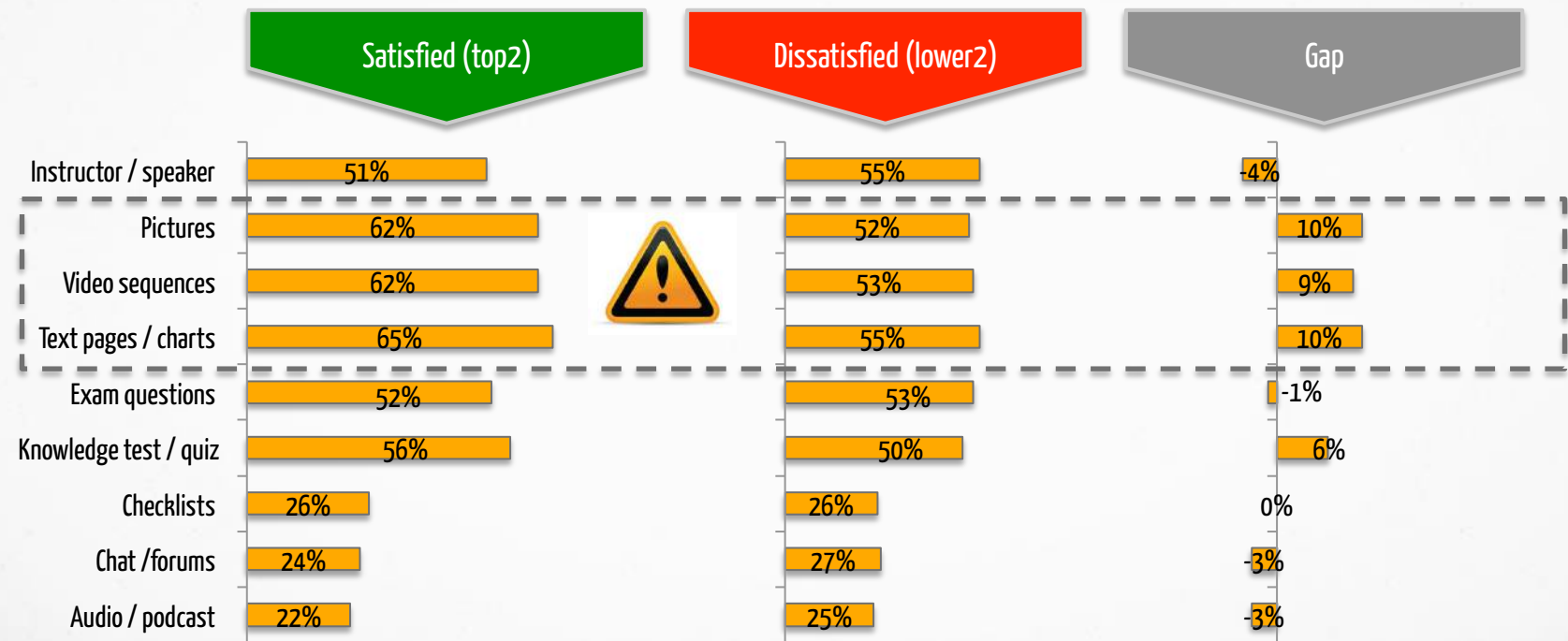
Influence of the degree of satisfaction on future usage of online courses¹⁾



1) Do you intend to do online courses in the next 1–2 years?

DRIVERS FOR CUSTOMER SATISFACTION: PICTURES, VIDEO SEQUENCES AND TEXT PAGES PLAY A CRUCIAL ROLE

Elements / structure of last online course vs. degree of customer satisfaction



1) When you think back to your last online course: How was it structured? What did it contain?

MARKET FOR ONLINE COURSES STRONGLY FRAGMENTED – SIGNIFICANT FUTURE GROWTH EXPECTED

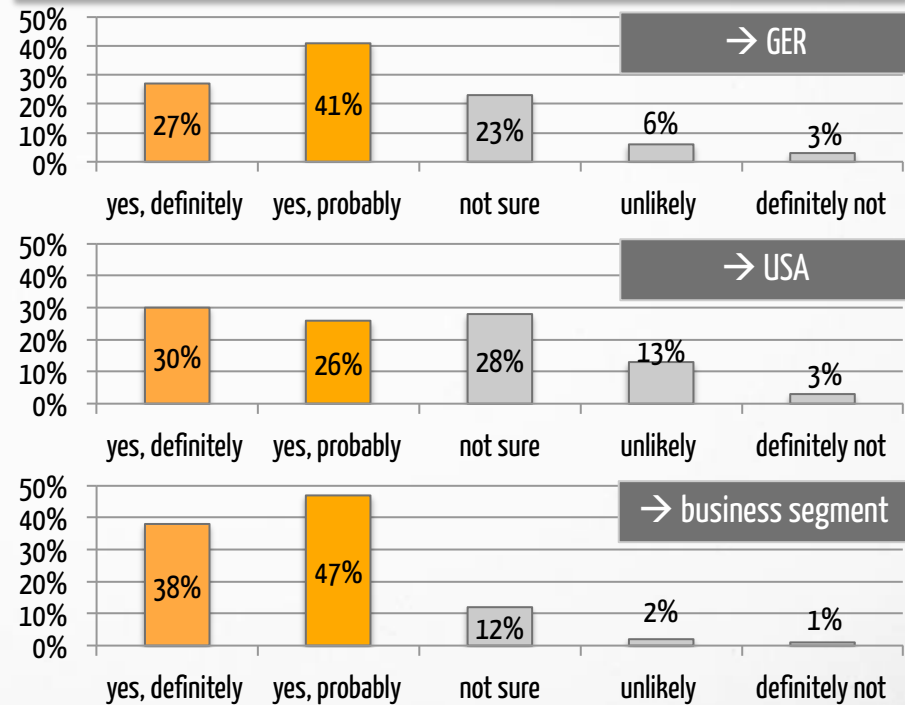
Awareness of online courses portals and future usage of online courses

Awareness of online courses portals ¹⁾

	GER	USA	business segment
udemy	4%	3%	12%
coursera	9%	7%	16%
udacity	5%	3%	12%
iversity	7%	4%	10%
edX	3%	2%	6%
video2brain	13%	2%	22%
khan academy	8%	24%	4%
lynda	4%	6%	16%
skillshare	7%	5%	5%
skillfeed	6%	4%	3%
Fedora	11%	2%	7%
Digital Tutors	15%	4%	1%
Wistia	5%	0%	5%
others	8%	12%	10%
None of the above	55%	54%	54%

¹⁾ Which of the following portals for online courses do you know?

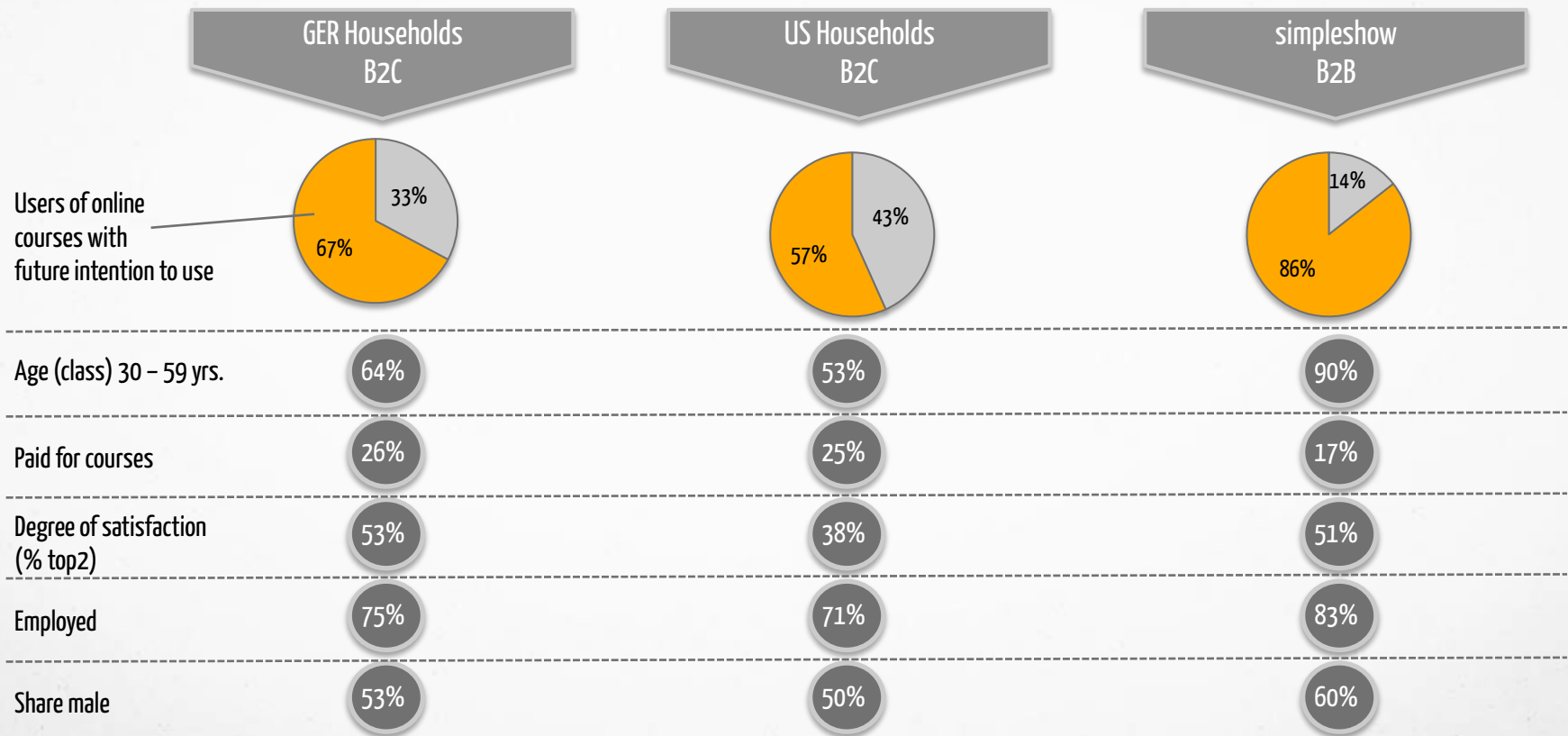
Future usage of online courses ²⁾



²⁾ Do you intend to do online courses in the next 1 – 2 years?

67% (GER) RESPECTIVELY 57% (US) OF RESPONDENTS INTEND TO USE ONLINE COURSES IN THE FUTURE

Profile: users of courses with expected future usage



KEY FINDINGS CHAPTER 1: RELEVANCE OF ONLINE COURSES AND FUTURE MARKET DEVELOPMENT

- 45% of USA interviewees have already used digital learning applications. 65% of them used online trainings/courses in the past. Results for Germany are similar, but on a slightly lower level. In contrast, 83% of B2B respondents (simpleshow contacts) have already used digital learning applications.
- Online courses cover a broad range of topics. Here, business and professional issues play a dominant role (especially in the B2B-segment). Similarly, the length of the courses show a wide range. B2B respondents indicate rather short online courses (51% up to 1 hour).
- Between 15% (B2B-contacts) and 22% (GER) of respondents have paid for the last online course. The median price paid is approximately 90 – 100 US-\$ in the B2C-segments and significantly higher in the B2B-Segment (median 550 US-\$).
- The degree of customer satisfaction with online courses reaches 48%(top2) in GER and is significantly lower in the USA (29%). Therefore, it can be assumed that there is substantial room for improvement in the market.
- Drivers for customer satisfaction: pictures, video sequences and Ttxt pages play a crucial role, since these elements have a much stronger relevance for the group of satisfied users.
- Market for online courses strongly fragmented: Khan academy reaches 24% of awareness (US) . All other online platforms rank low in terms of awareness. Respondents with usage of online courses in the past show a high intention to do online courses in the next 1-2 years.

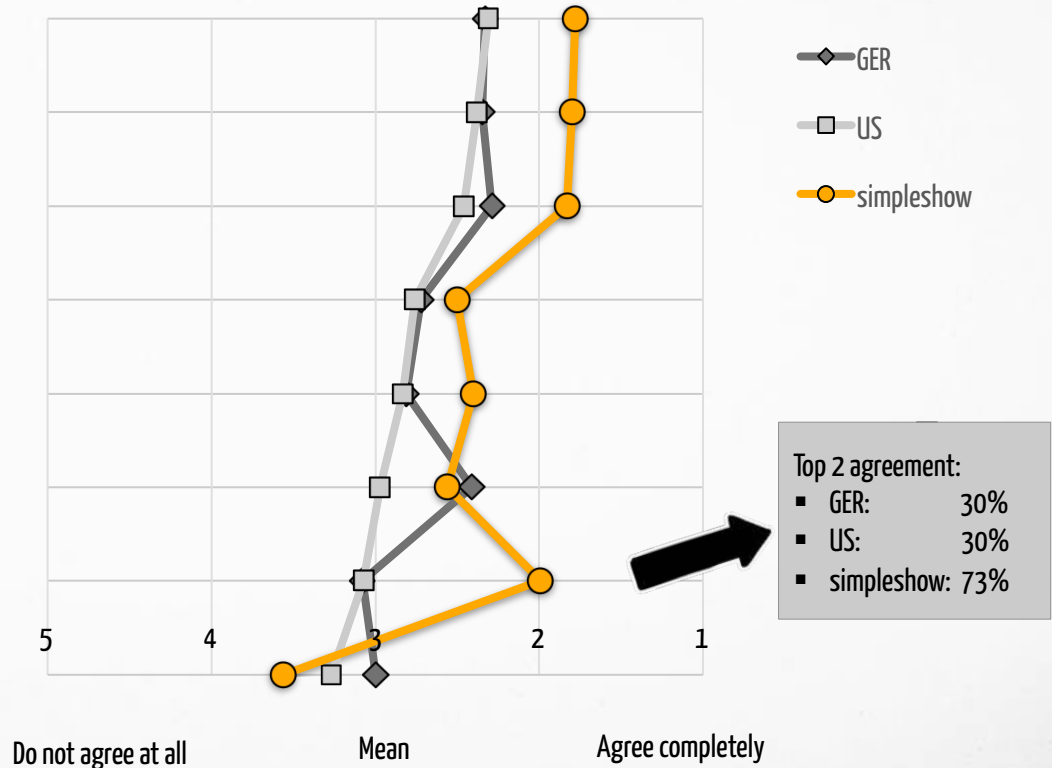
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MOST RESPONDENTS SEE ONLINE COURSES AS A GOOD CHANCE TO GET FURTHER TRAINING IN INTERESTING SUBJECT AREAS

Statement on online courses depending on sample group¹⁾

- Online courses are a good way of getting further training in interesting subject areas
- Online courses enable me to learn at my own speed
- I expect an online course to give me an overview
- With online courses I can learn more quickly than when I am learning at home alone
- I prefer online courses to other forms of learning because it means that I am not tied to one location
- I expect that an online course will pass on deep knowledge
- I will book online courses in the future
- Online courses that cost money are of no interest to me

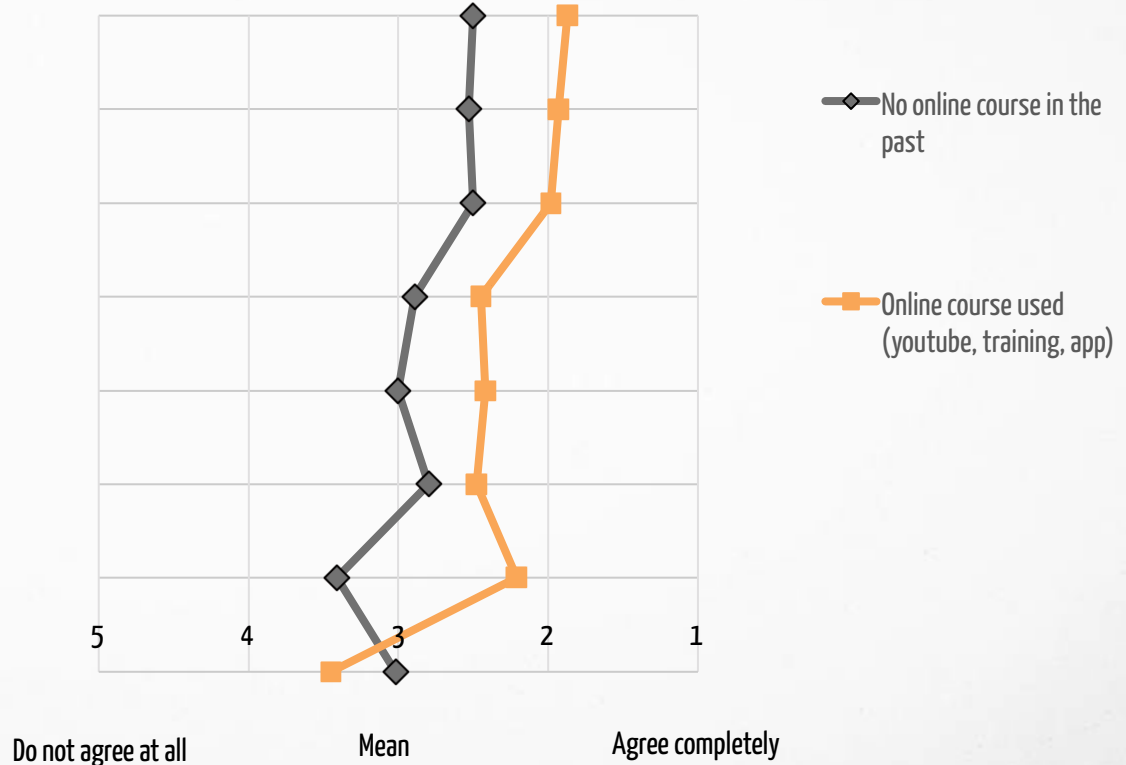


¹⁾ To what extent do you agree with the following statements?

RESPONDENTS WHO ALREADY HAVE EXPERIENCE WITH ONLINE COURSES SHOW A SIGNIFICANTLY BETTER EVALUATION

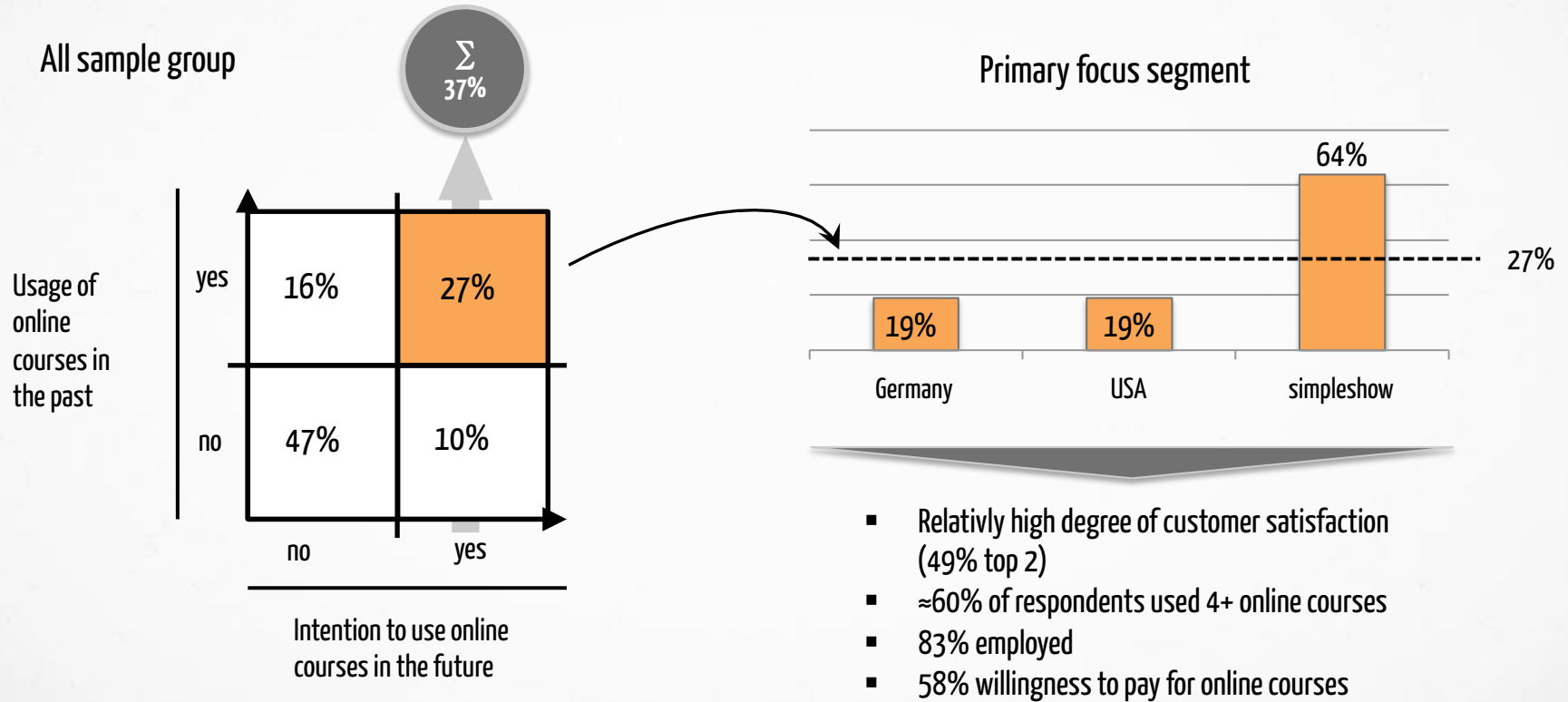
Statement on online courses depending on online course experience¹⁾

- Online courses are a good way of getting further training in interesting subject areas
- Online courses enable me to learn at my own speed
- I expect an online course to give me an overview
- With online courses I can learn more quickly than when I am learning at home alone
- I prefer online courses to other forms of learning because it means that I am not tied to one location
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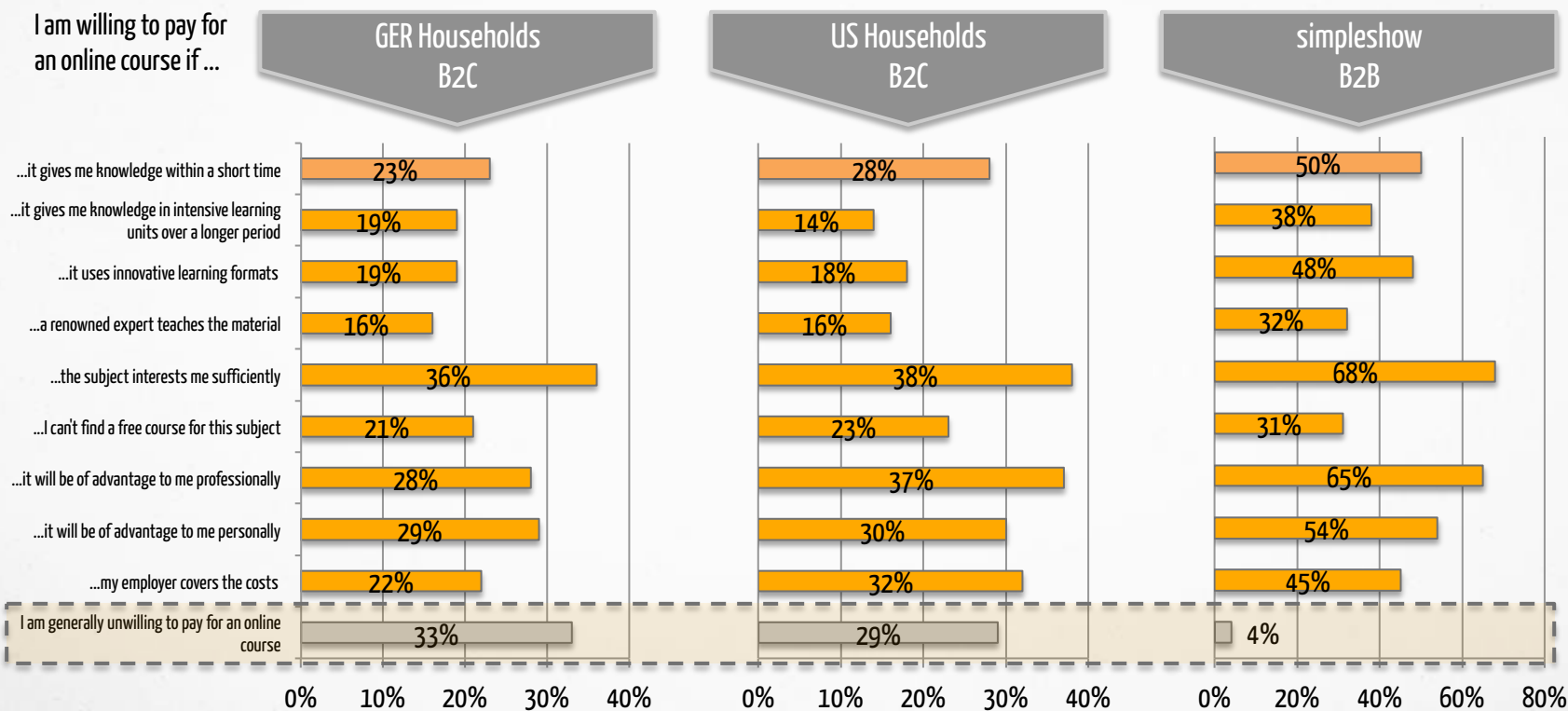
¹⁾ To what extent do you agree with the following statements?

OVERALL, APPROXIMATELY ¼ OF THE RESPONDENTS HAVE USED ONLINE COURSES IN THE PAST AND INDICATE USAGE IN THE FUTURE



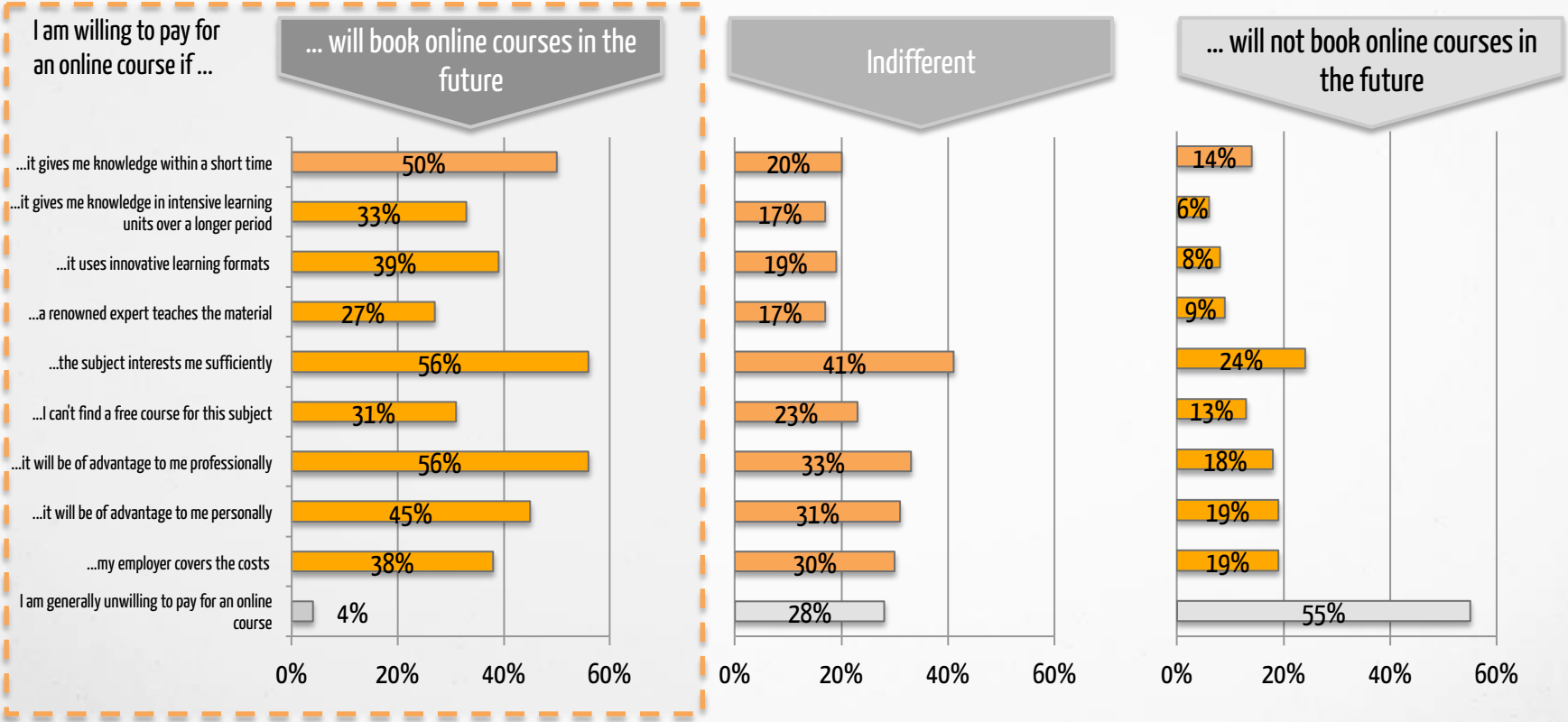
PROVIDED KEY CUSTOMER NEEDS ARE MET, ALMOST 70% OF RESPONDENTS IN GERMANY AND USA (B2C) INDICATE A WILLINGNESS TO PAY

Precondition for willingness to pay for online courses



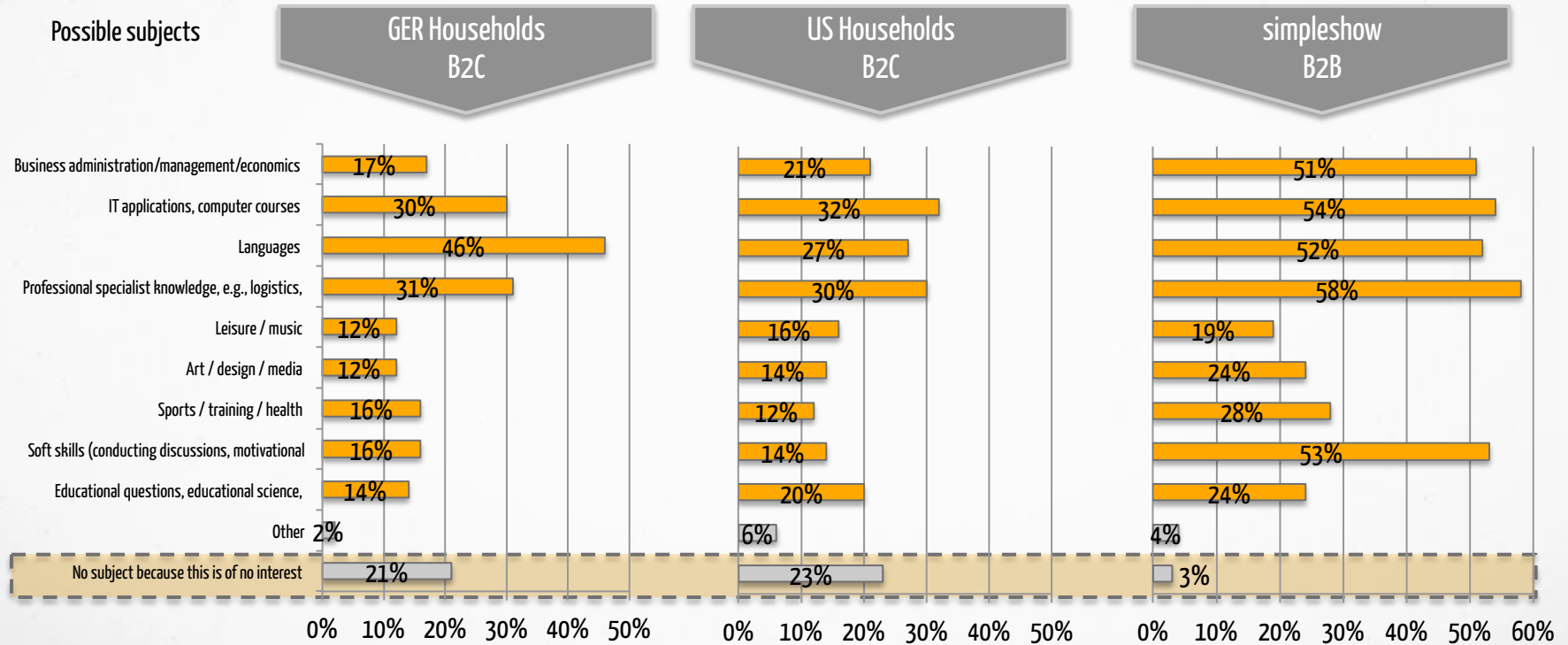
INTERVIEWEES WHO ARE PLANNING TO BOOK ONLINE COURSES IN FUTURE SHOW A PARTICULARLY HIGH WILLINGNESS TO PAY FOR ONLINE COURSES

Willingness to pay for online courses according to intention to book online courses in the future



ONLINE COURSES FOR LANGUAGES ARE STRONGLY PREFERRED IN GERMANY – SIMPLESHOW CONTACTS CLEARLY RANK BUSINESS ISSUES TOP

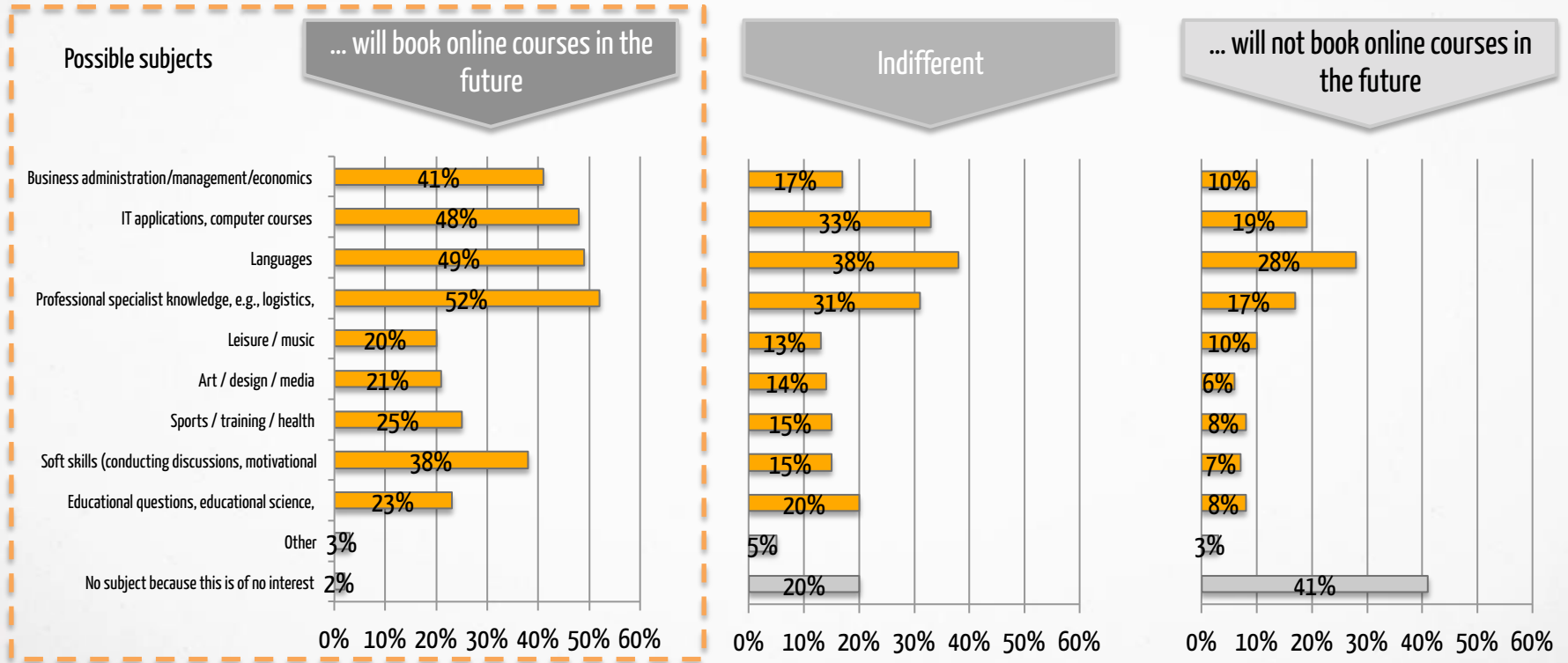
Attractive types of courses from customer's perception¹⁾



¹⁾ When you think of possible subjects for online courses: which courses could be of interest to you personally?

AMONG RESPONDENTS WHO INTEND TO BOOK ONLINE COURSES IN THE FUTURE BUSINESS ISSUES AND LANGUAGES RANK HIGHEST AS POSSIBLE SUBJECTS FOR ONLINE COURSES

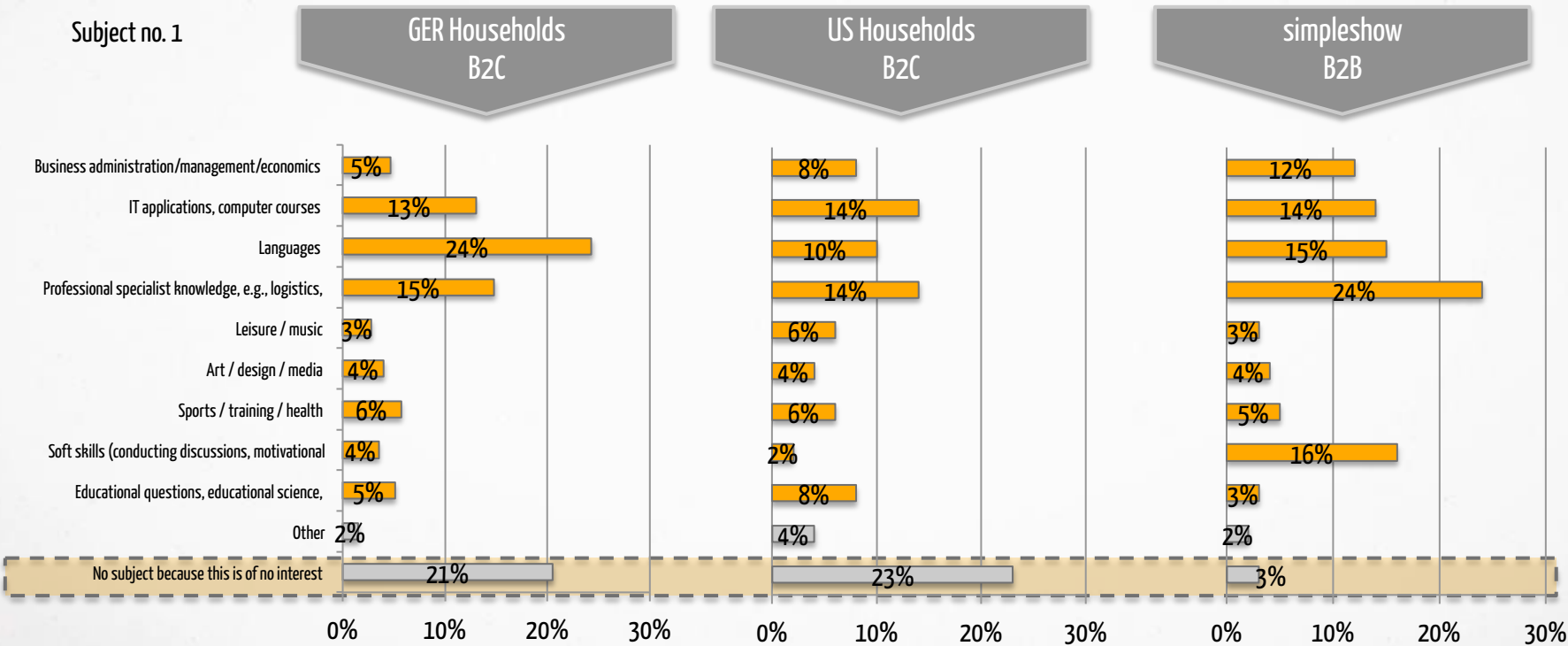
Attractive types of courses from customer's perception¹⁾



¹⁾ When you think of possible subjects for online courses: which courses could be of interest to you personally?

THE PERCEIVED MOST IMPORTANT SUBJECT AREAS SHOW A STRONG VARIATION ACROSS DIFFERENT CUSTOMER SEGMENTS

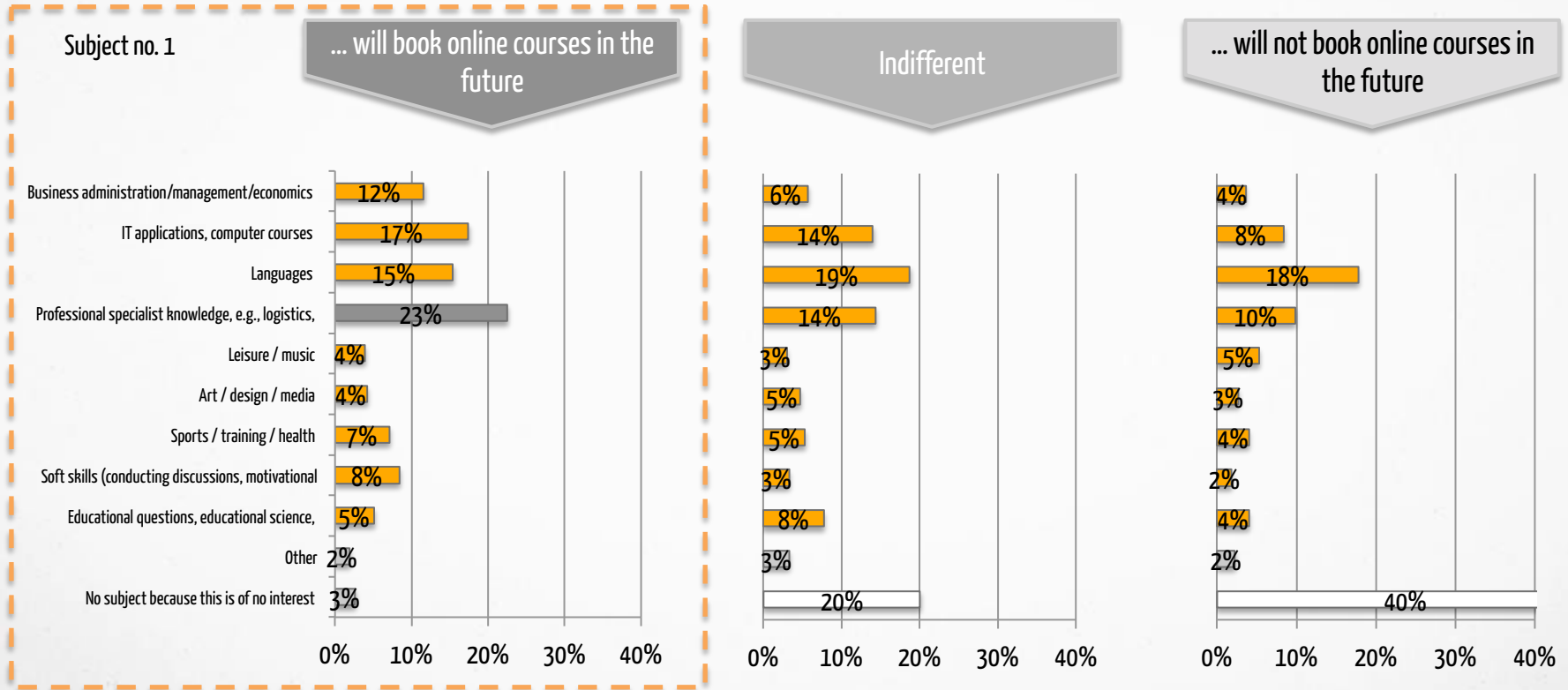
Most important subject area according to sample group¹⁾



¹⁾ Please state the most important subject area for you.

PROFESSIONAL SPECIALIST KNOWLEDGE RANKS AS #1 SUBJECT WITHIN THE GROUP OF RESPONDENTS WITH INTENTION TO BOOK COURSES IN THE FUTURE

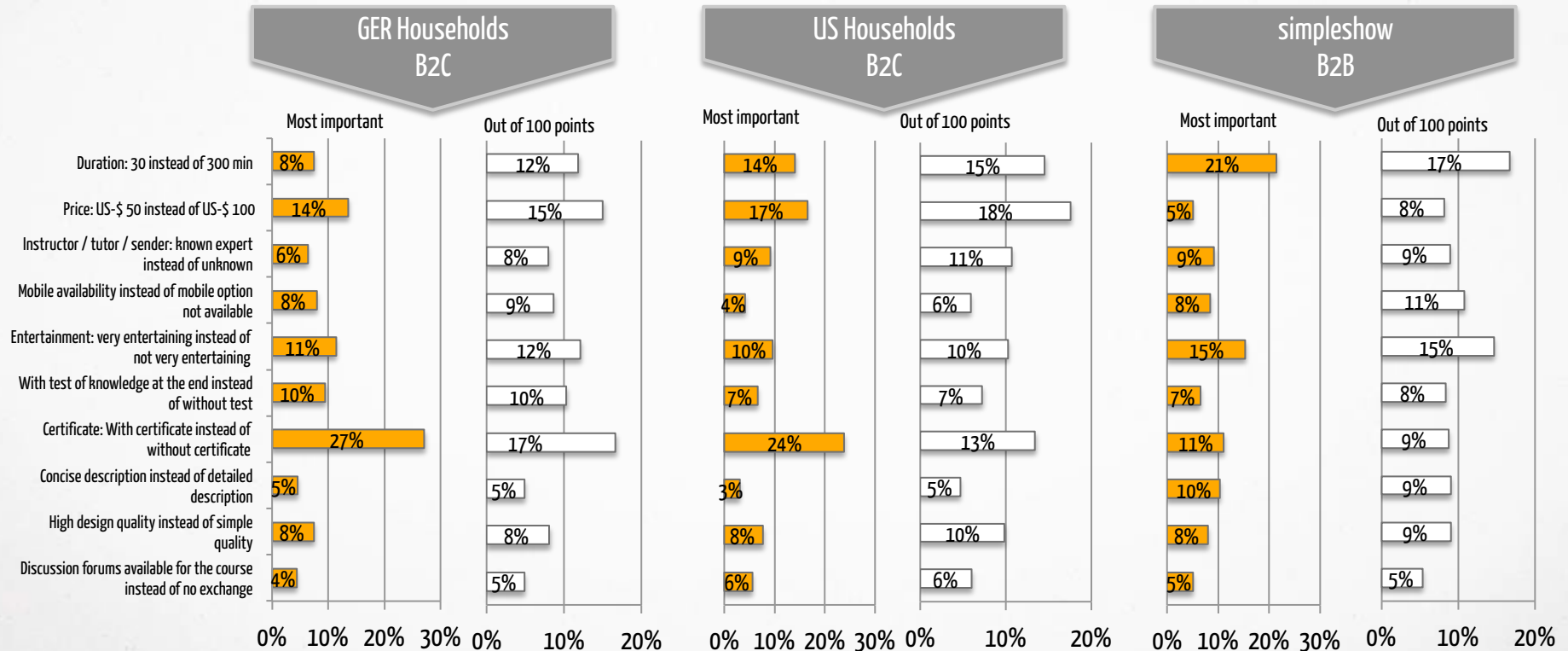
Most important subject area according to intention to book online courses in the future¹⁾



1) Please state the most important subject area for you.

WHILE PROVIDING A CERTIFICATE RANKS NO. 1 AMONG DECISION CRITERIA, OFFERING LOWER PRICES IS A RELEVANT FACTOR IN B2C-SEGMENTS

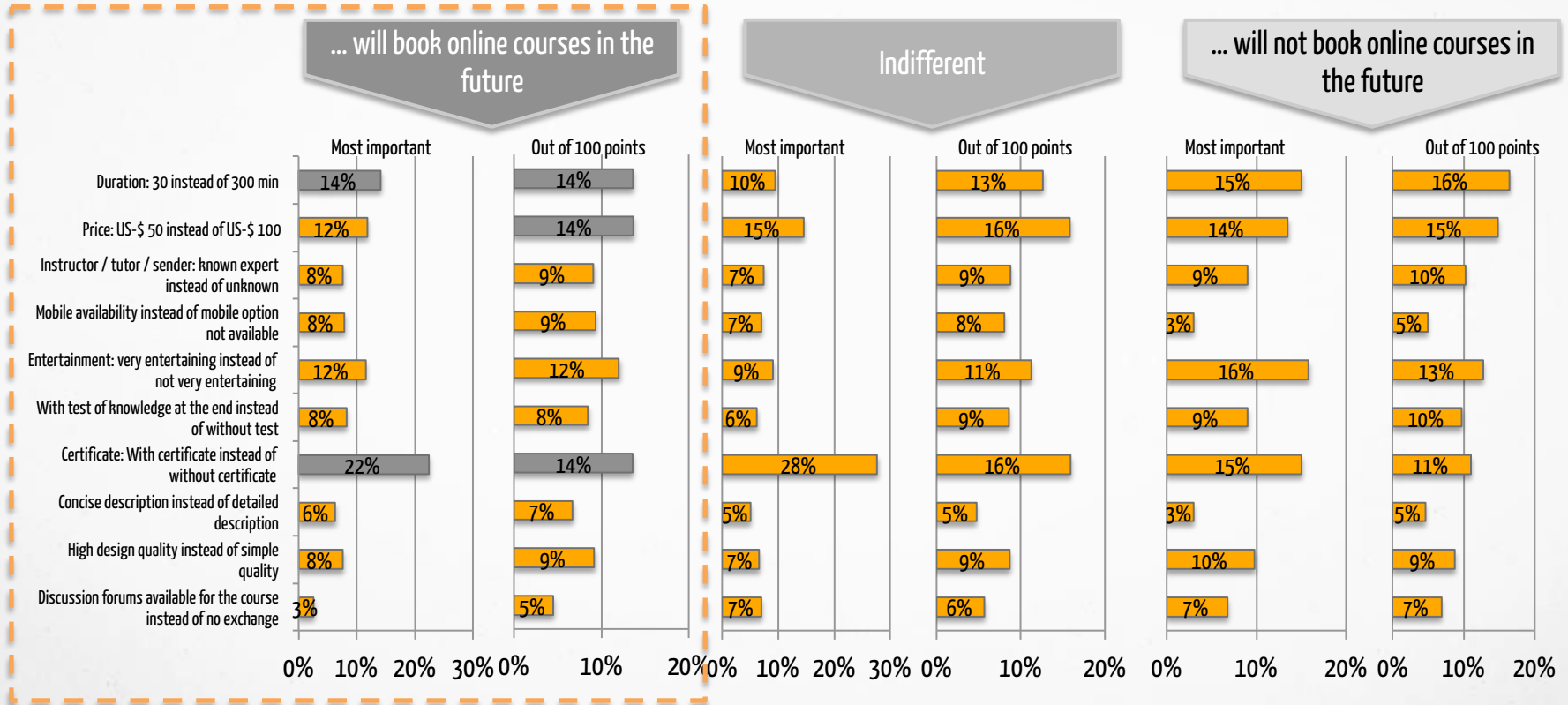
Decision criteria for selecting online courses¹⁾



1) Below we would like to ask you a few questions about the decision-making criteria for selecting online courses in the field of ... Various improvements are shown below. First, please tell us the most important improvement for selecting a course.

DURATION, PRICE AND CERTIFICATE ARE KEY REQUIREMENTS AMONG RESPONDENTS WITH INTENTION TO BOOK ONLINE COURSES

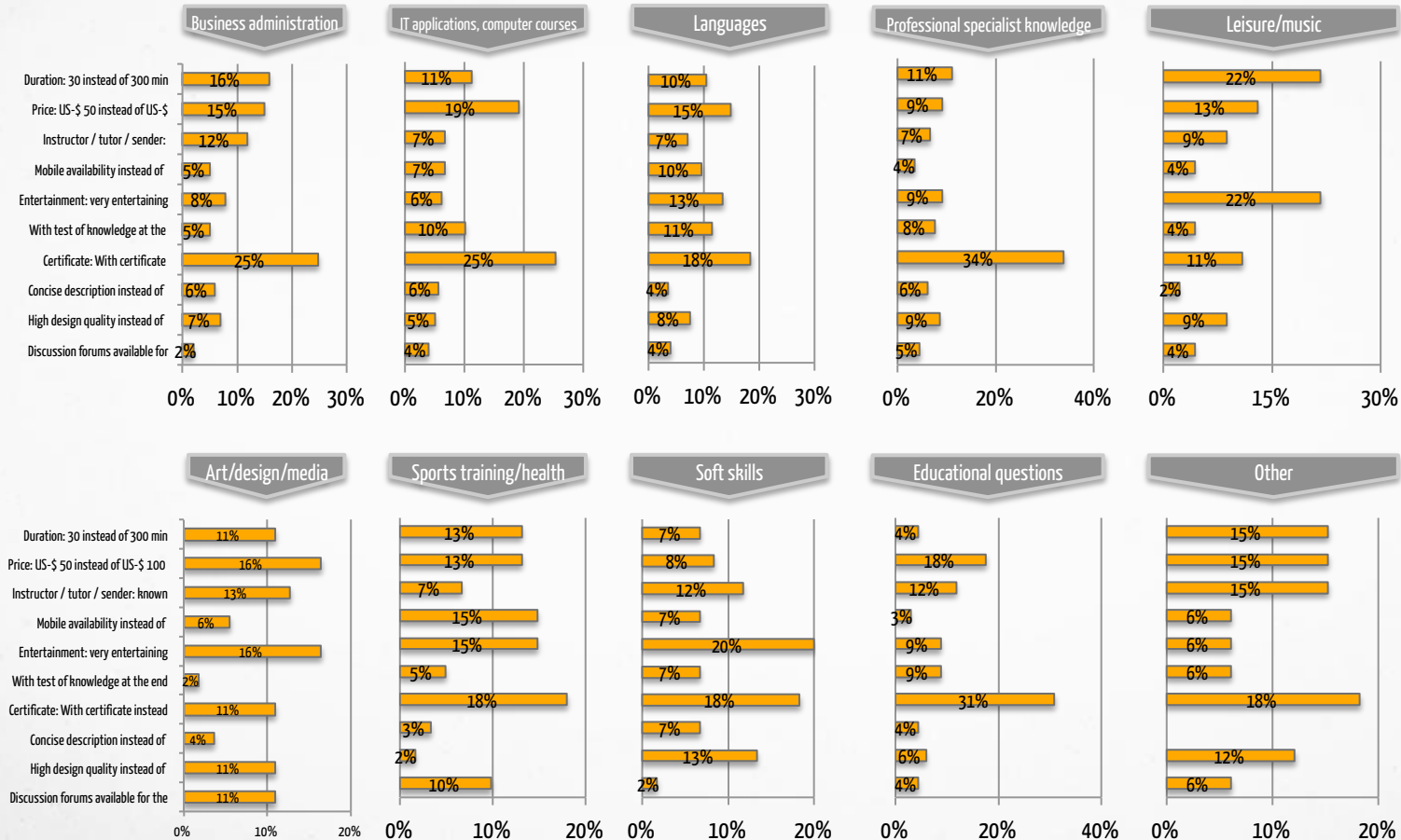
Decision criteria for selecting online courses according to intention to book online courses in future¹⁾



1) Below we would like to ask you a few questions about the decision-making criteria for selecting online courses in the field of ... various improvements are shown below. First, please tell us the most important improvement for selecting a course.

CERTIFICATES PLAY A PARTICULARLY IMPORTANT ROLE FOR ONLINE COURSES WITH BUSINESS TOPICS

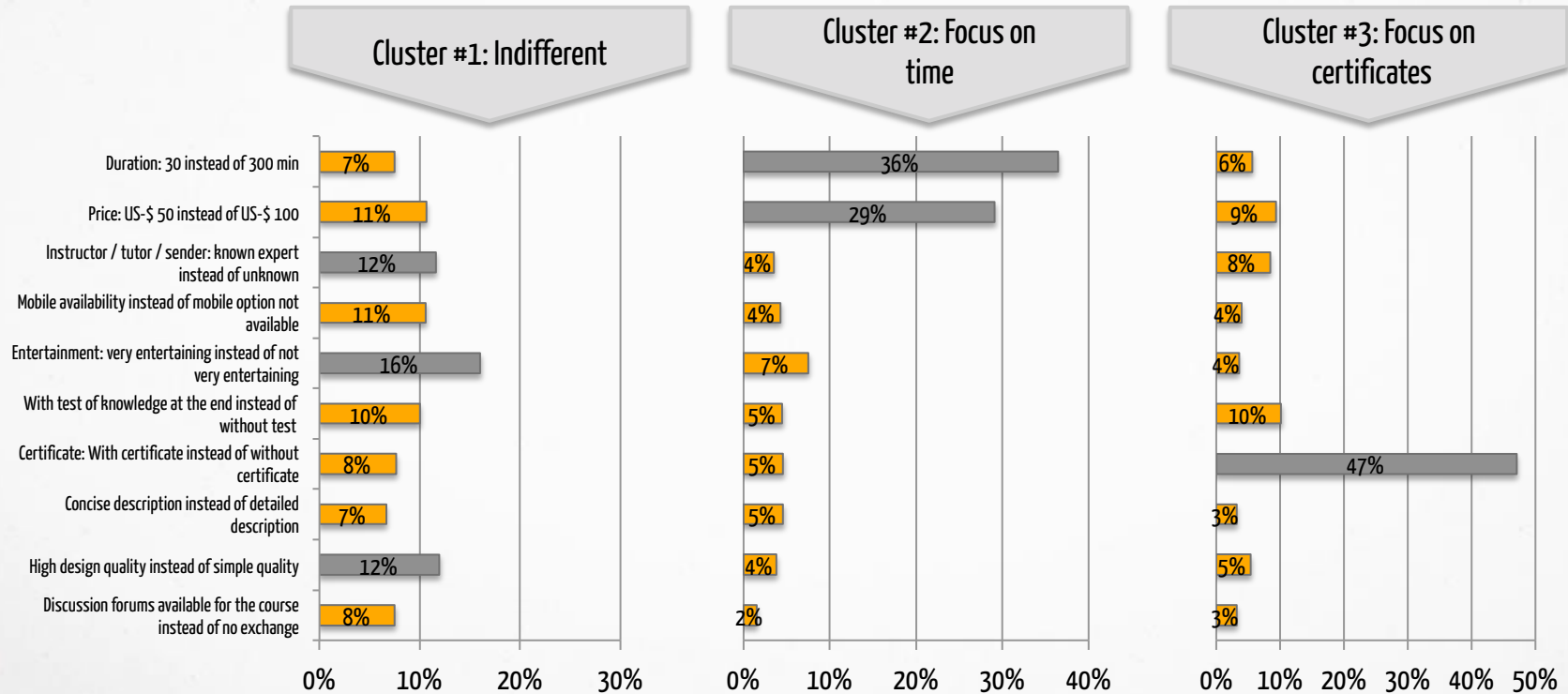
Decision criteria for selecting online courses according to most important subject¹⁾



1) Below we would like to ask you a few questions about the decision-making criteria for selecting online courses in the field of ... various improvements are shown below. First, please tell us the most important improvement for selecting a course.

DUE TO CLASSIFICATION OF RESPONDENTS 3 DIFFERENT CLUSTERS CAN BE IDENTIFIED

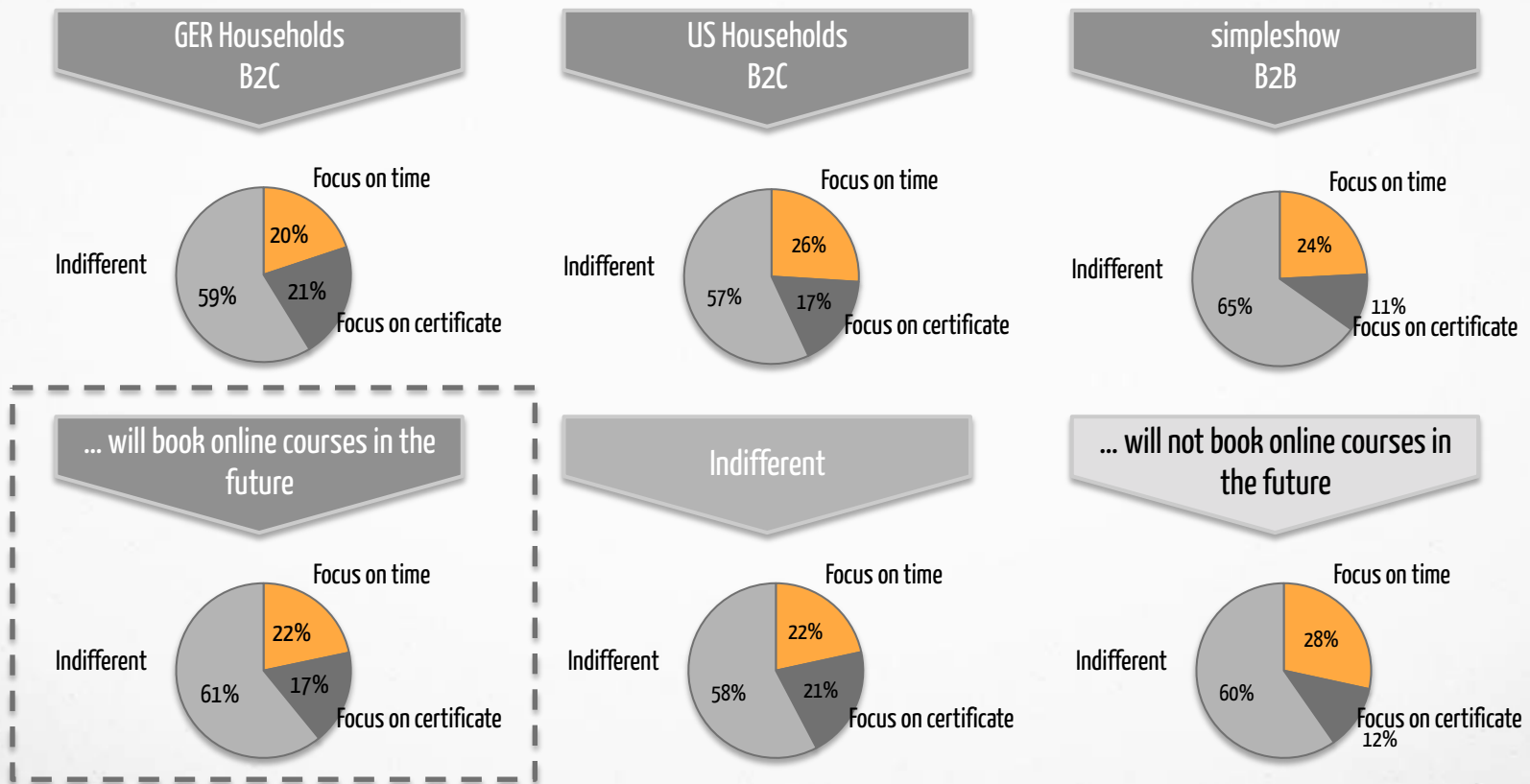
Segmentation of respondents according to basic needs¹⁾



1) Below we would like to ask you a few questions about the decision-making criteria for selecting online courses in the field of various improvements are shown below. First, please tell us the most important improvement for selecting a course.

DISTRIBUTION OF NEEDS BASED ON SEGMENTATION SIMILAR IN ALL RELEVANT TARGET GROUPS

Decision criteria for selecting online courses according to most important subject¹⁾



KEY FINDINGS CHAPTER 2: CUSTOMER REQUIREMENTS CONCERNING ONLINE COURSES

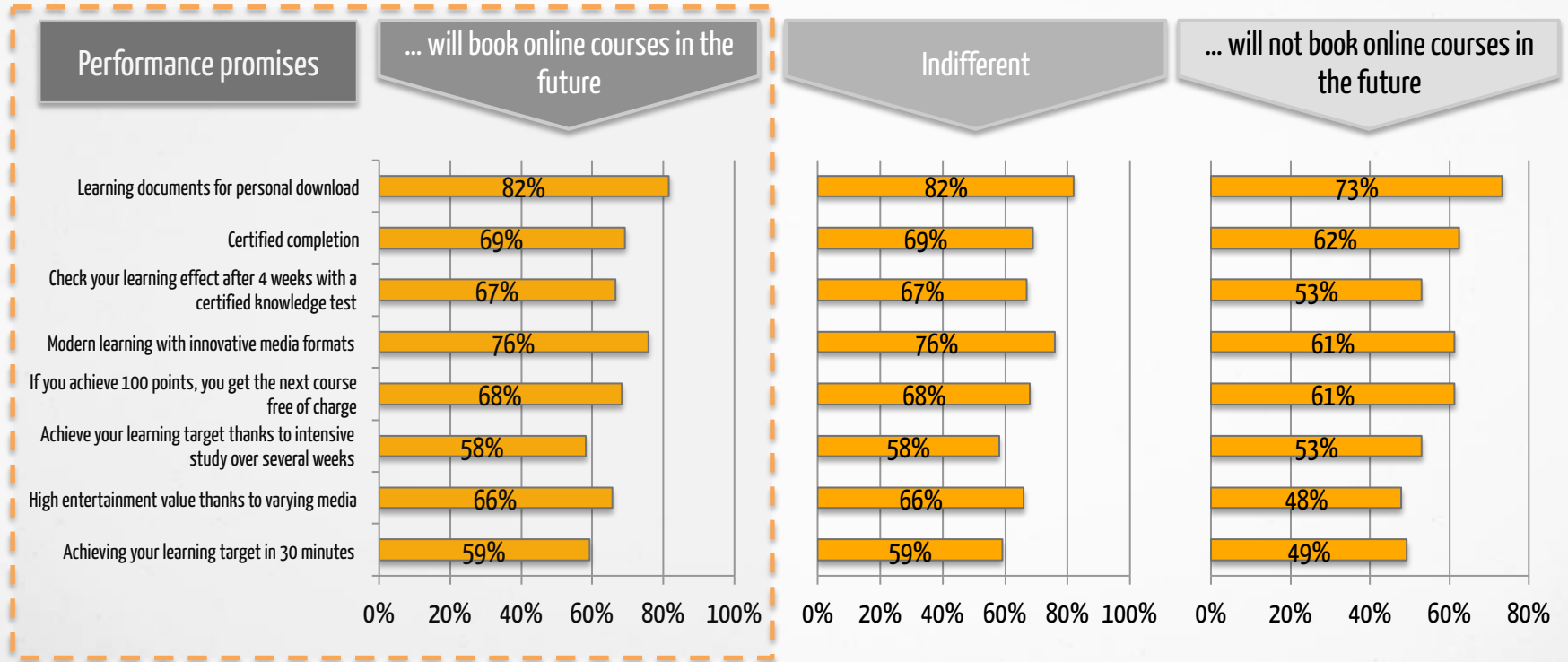
- Most respondents see online courses as a good chance to get further training in interesting subject areas. The evaluation of statements concerning online courses is especially positive within the B2B-segment, and within the group of respondents with usage of online courses in the past.
- Overall, approximately $\frac{1}{4}$ of the respondents have used online courses in the past and indicate usage in the future. Concerning the B2B-segment the share of this target segment is 64%. Typically, those interviewees have a relatively high degree of customer satisfaction (49% top 2), intensively book online courses, > 80% employed and 58% are willing to pay for online courses.
- Provided key customer needs are met, almost 70% of respondents in Germany and USA (B2C) indicate a willingness to pay (B2B-segment: 96%). Interviewees who are already planning to book online courses in the future show a particularly high willingness to pay for online courses.
- Online courses for languages are strongly preferred in Germany – simpleshow contacts clearly rank business issues top.
- While providing a certificate ranks #1 among decision criteria, offering lower prices is a relevant factor in B2C-segments. Due to classification of respondents 3 different clusters can be identified: (1) Indifferent (Focus on a wide range of criteria), (2) focus on time and (3) Focus on certificate.

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3. **Concept test – innovative online course format**

INTERVIEWEES WITH INTENTION TO BOOK ONLINE COURSES IN FUTURE: LEARNING DOCUMENTS AND MODERN LEARNING WITH INNOVATIVE MEDIA FORMATS ARE TOP ISSUES

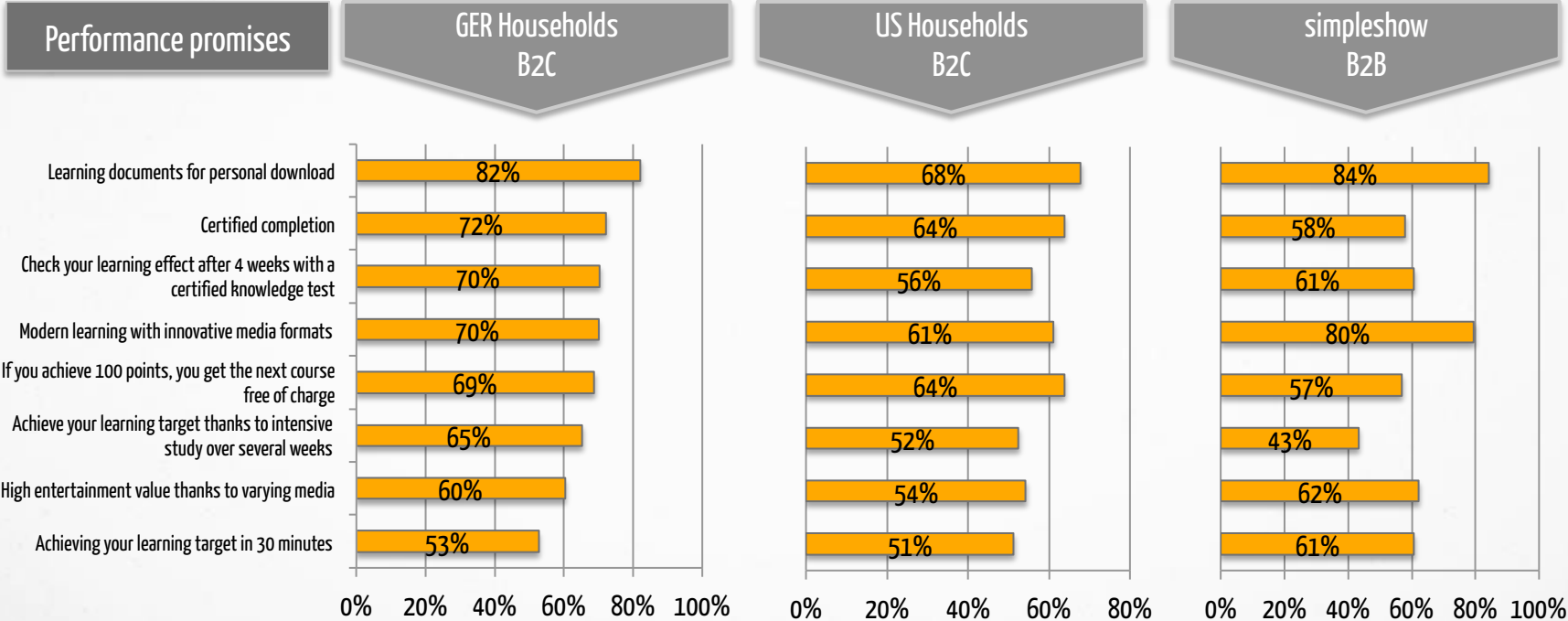
Evaluation of performance promises according to intention to book online course (% top 2)¹⁾



1) How do the following performance promises of an online course appeal to you? Scale from 1 = I find it very interesting to 5 = I do not find it interesting at all.

ALL SINGLE PERFORMANCE PROMISES CONCERNING ONLINE COURSES REACH A HIGH LEVEL OF INTEREST

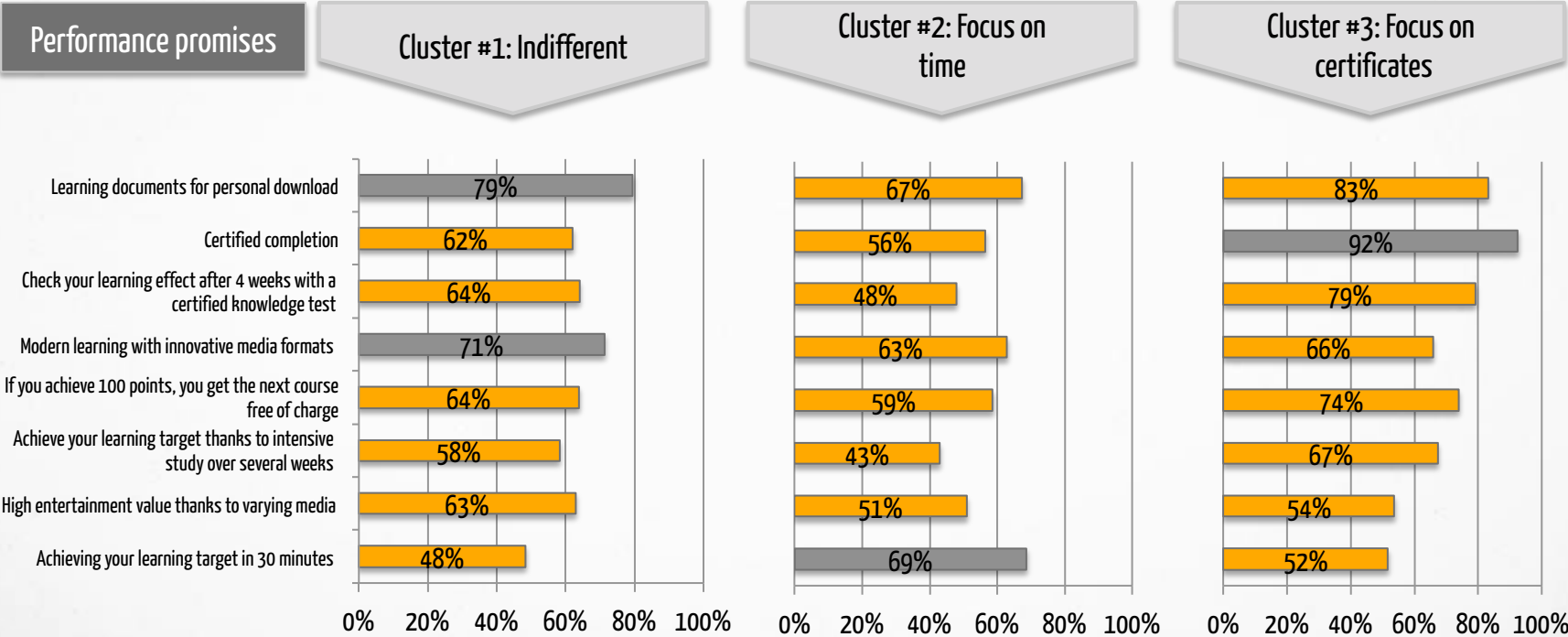
Evaluation of performance promises according to intention to sample group (% top 2)¹⁾



1) How do the following performance promises of an online course appeal to you? Scale from 1 = I find it very interesting to 5 = I do not find it interesting at all.

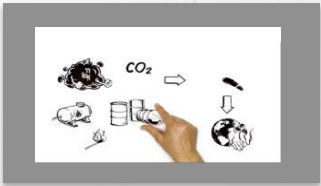
NEEDS-BASED CLUSTERS SHOW CONSISTENT EVALUATION OF PERFORMANCE PROMISES FOR ONLINE COURSES

Evaluation of performance promises according to needs-based cluster¹⁾

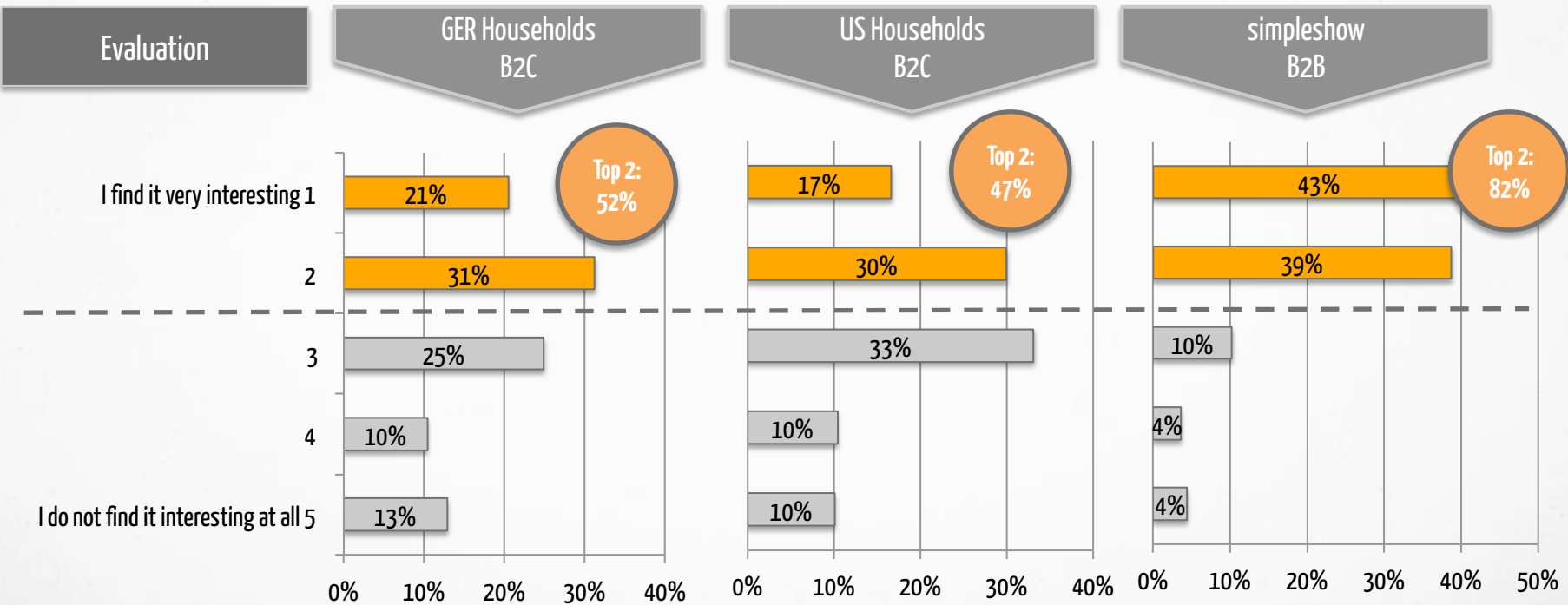


1) How do the following performance promises of an online course appeal to you? Scale from 1 = I find it very interesting to 5 = I do not find it interesting at all.

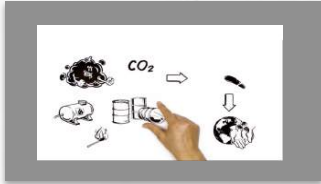
STEP 1 OF THE CONCEPT TEST: APPROXIMATELY 50% OF THE RESPONDENTS IN GERMANY AND USA RATE THE SIMPLESHOW VIDEO FORMAT AS INTERESTING



Evaluation of simpleshow video according to sample group¹⁾

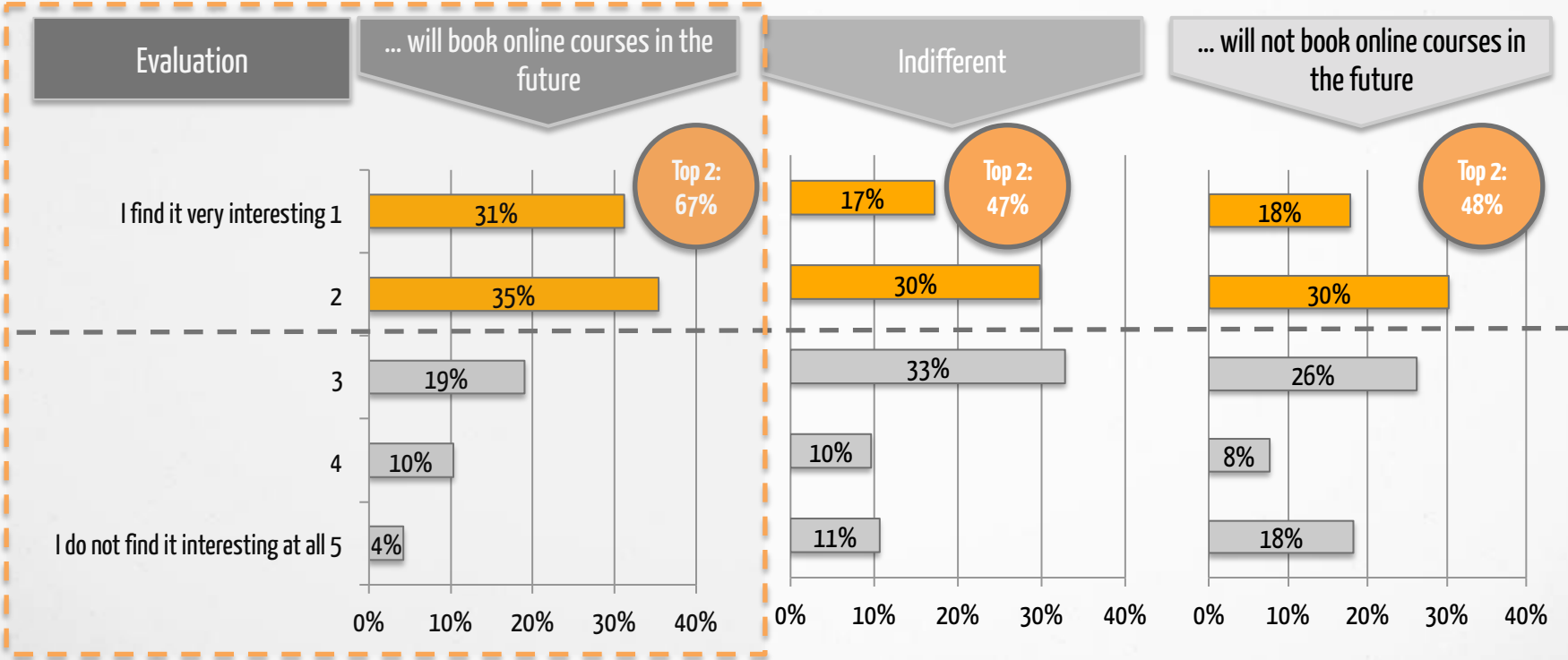


1) To what extent does the way this information is presented appeal to you? Please now watch the following extract from an explanatory video.



2/3 OF RESPONDENTS WITH INTENTION TO BOOK ONLINE COURSES IN FUTURE RATE THE SIMPLESHOW FORMAT AS INTERESTING

Evaluation of simpleshow video according to intention to book online courses in future¹⁾



1) To what extent does the way this information is presented appeal to you? Please now watch the following extract from an explanatory video.

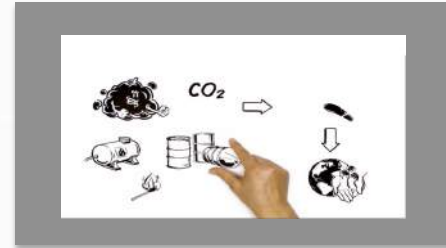
STEP 2 OF THE CONCEPT TEST: EXPLAINING NEW ONLINE COURSE FORMAT

New online course format

Sequence 1: expert explains the most important thing, provides practical tips, personal, charming, motivational



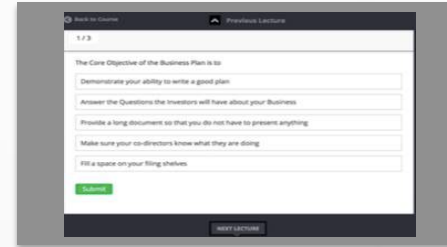
Sequence 2: video in the hand lay-style gives an overview, visualized and simplifies complex issues



Sequence 3: personal worksheet imparts learning priorities



Sequence 4: knowledge test, for example, Multiple Choice checks learning content

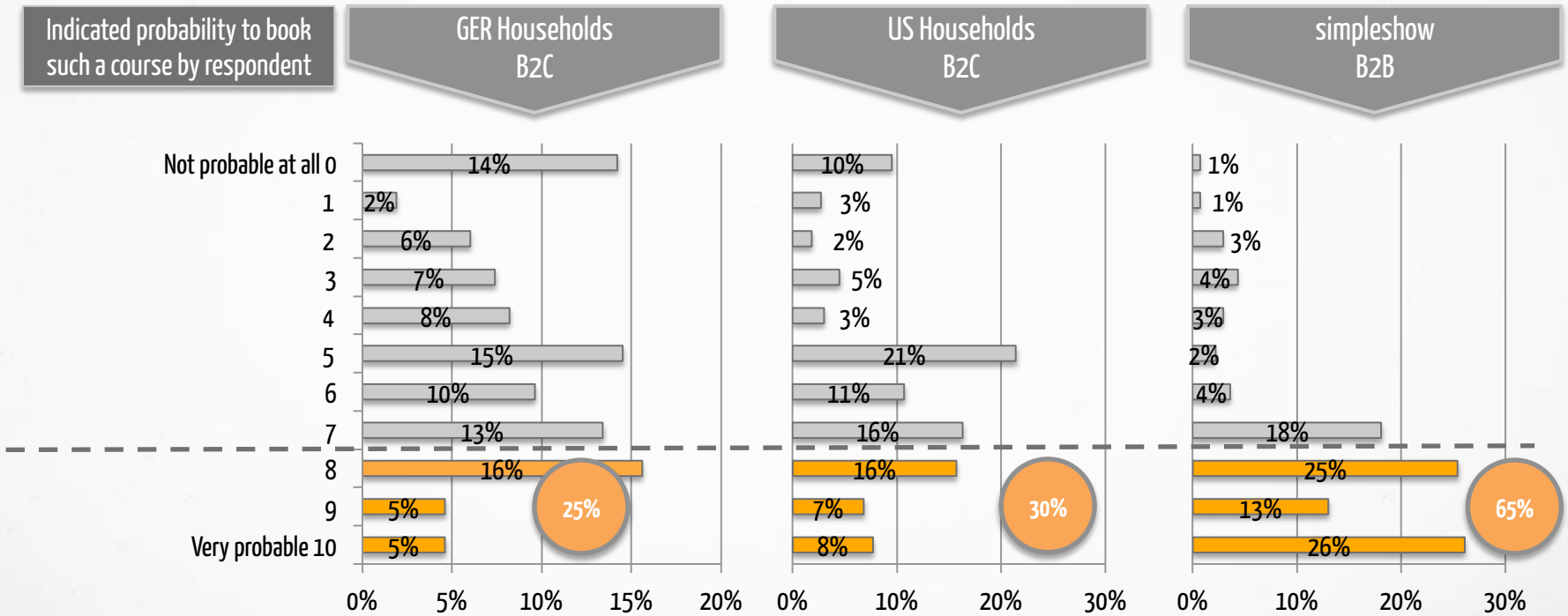


... more sequences

TOTAL LENGTH 30 MIN

25% OF RESPONDENTS IN GERMANY AND 30% OF RESPONDENTS IN THE USA SHOW A HIGH PROBABILITY TO BOOK AN ONLINE COURSE AS PRESENTED

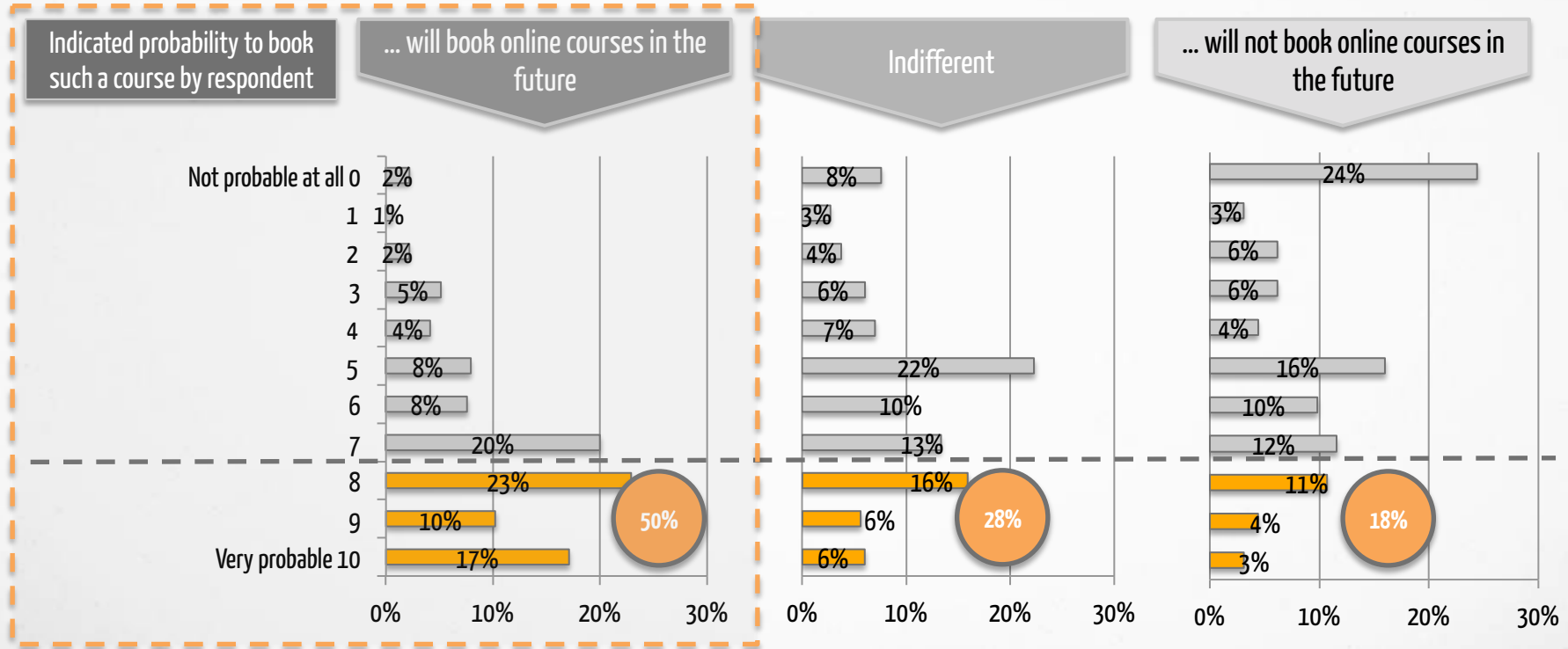
Evaluation of online course concept according to sample groups¹⁾



1) Now imagine an online course consisting of several three-minute chapters. Each chapter can follow different formats such as the simpleshow video you have just seen, but also traditional elements. Would you book such an online course?

50% OF RESPONDENTS WITH INTENTION TO BOOK ONLINE COURSES IN THE FUTURE INDICATE A HIGH PROBABILITY TO BOOK AN ONLINE COURSE AS PRESENTED

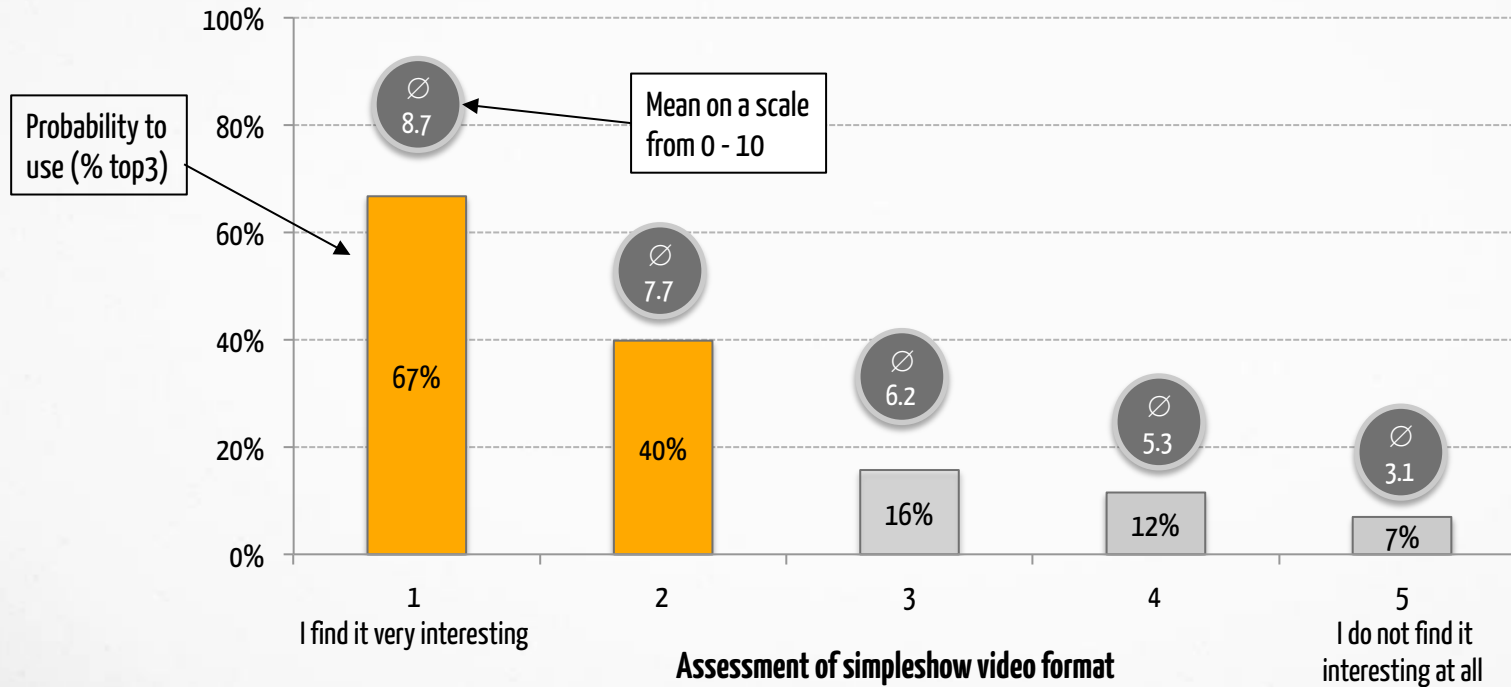
Evaluation of online course concept according to intention to book online courses in future¹⁾



1) Now imagine an online course consisting of several three-minute chapters. Each chapter can follow different formats such as the simpleshow video you have just seen, but also traditional elements. Would you book such an online course?

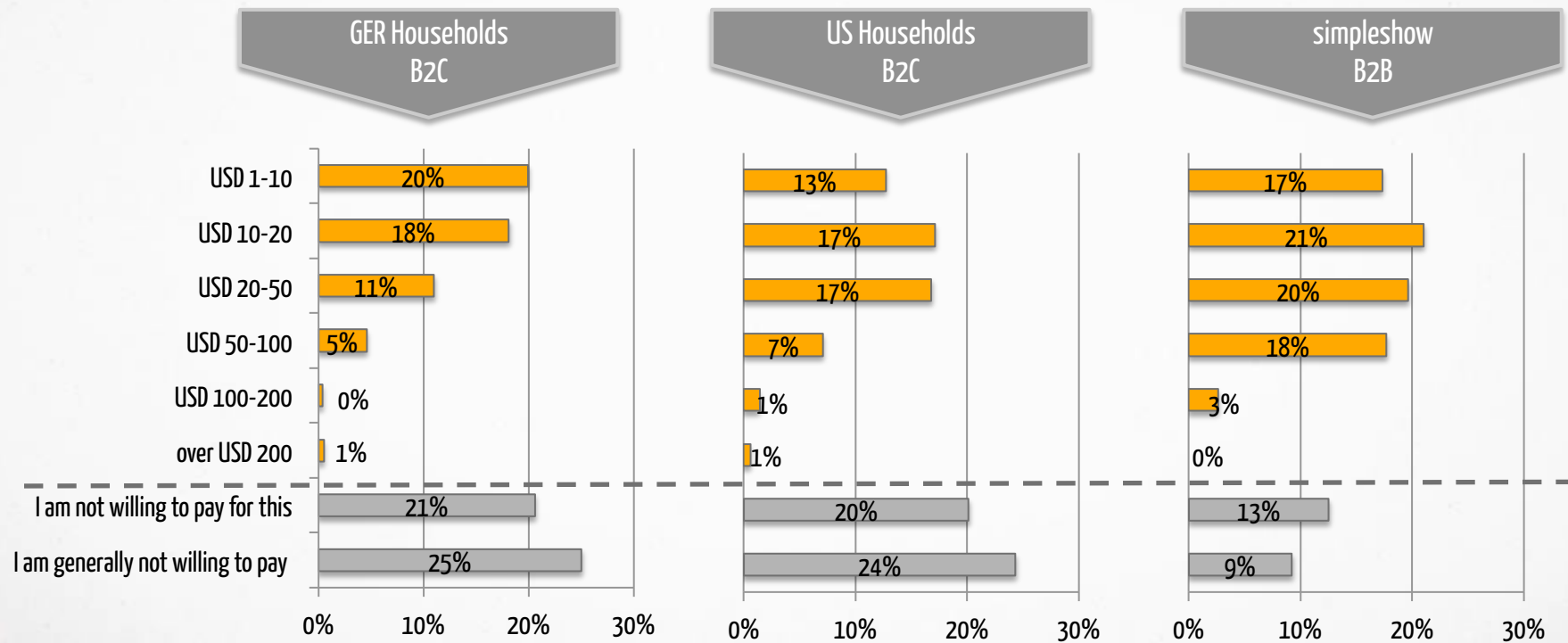
THE EVALUATION OF THE ONLINE COURSE CONCEPT IS SIGNIFICANTLY DRIVEN BY THE ASSESSMENT OF THE SIMPLESHOW VIDEO FORMAT

Evaluation of online course concept according to assessment of simpleshow video format (% top2)



SIGNIFICANT WILLINGNESS TO PAY FOR THE ONLINE COURSE CONCEPT AS PRESENTED

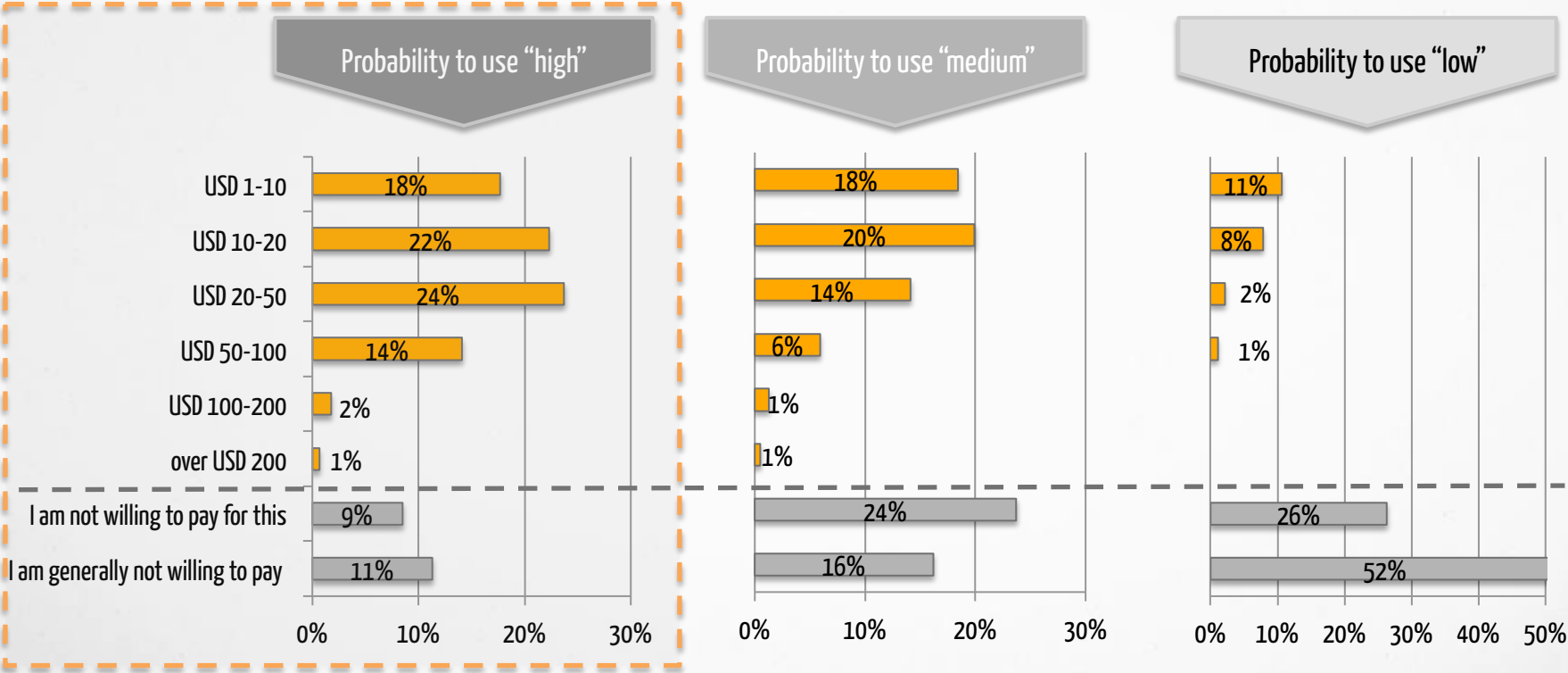
Willingness to pay for the online course concept by sample group ¹⁾



1) How much would you pay to participate in this online course (30 min.)?

RESPONDENTS WITH A HIGH INDICATED PROBABILITY TO USE THE ONLINE COURSE CONCEPT AS PRESENTED HAVE A PARTICULARLY HIGH WTP¹⁾

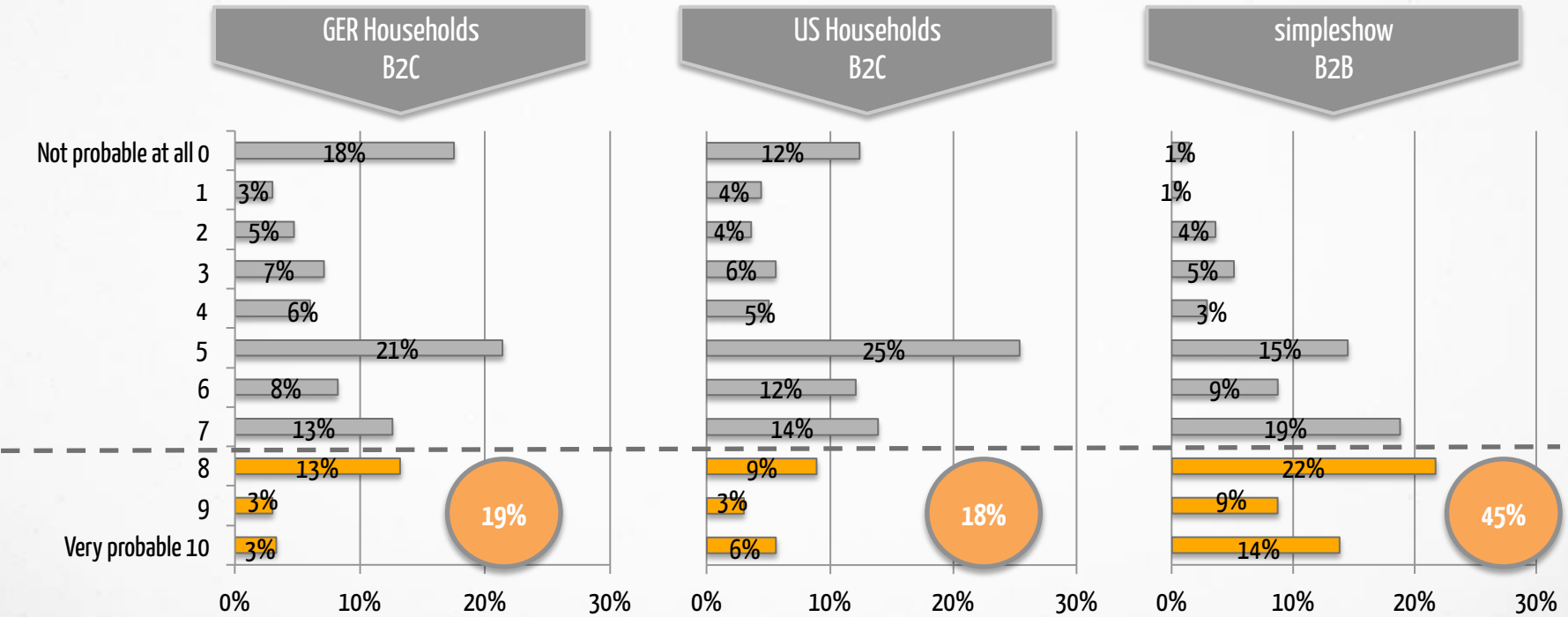
WTP for the online course concept according to indicated probability to use²⁾



1) Willingness To Pay
 2) How much would you pay to participate in this online course (30 min.)?

OVERALL, APPROXIMATELY 20% OF THE B2C RESPONDENTS (IN GER AND USA) INDICATE HIGH PROBABILITY TO RECOMMEND THE ONLINE COURSE CONCEPT

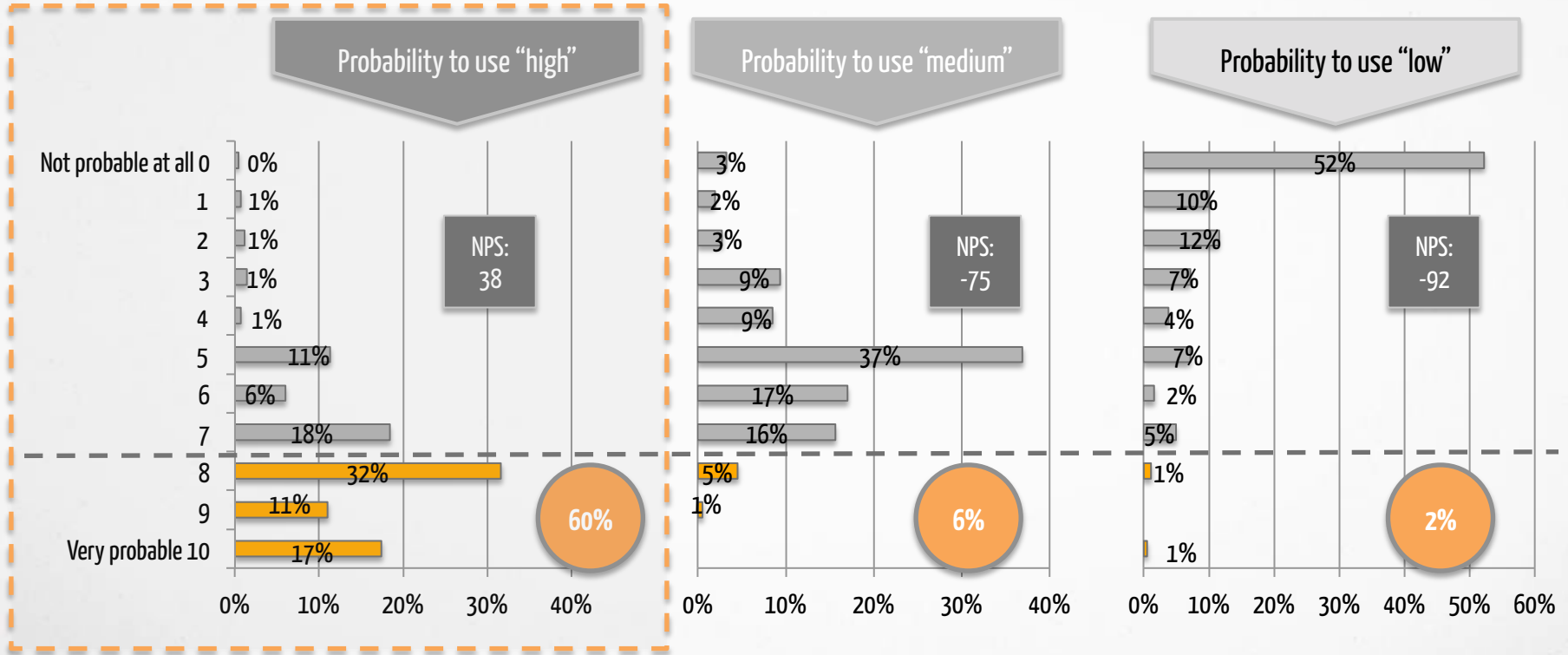
Intention to recommend this online course by sample group¹⁾



1) How probable is it that you would recommend this online course to a friend or acquaintance?

RESPONDENTS WITH HIGH PROBABILITY TO USE THE ONLINE COURSE CONCEPT AS WELL SHOW A STRONG INTENTION TO RECOMMEND THE ONLINE COURSE

Intention to recommend this online course according to probability to use it ¹⁾



1) How probable is it that you would recommend this online course to a friend or acquaintance? NPS=Net Promoter Score

KEY FINDINGS CHAPTER 3: CONCEPT TEST ONLINE COURSES

- All single performance promises concerning online courses reach a high level of interest among the interviewees. For interviewees with intention to book online courses in the future, learning documents and modern learning with innovative media formats are particularly relevant.
- Approximately 50% of all respondents in GER and the USA rate the simpleshow video as interesting (% top2). This share increases to 67% in the group of respondents with the general intention to book online courses in the future.
- 25% of respondents in GER and 30% of respondents in the US show a high probability to book an online course as presented in the concept test (respondents with intention to book online courses in the future: 50%).
- The evaluation of the online course concept is significantly driven by the assessment of the simpleshow video format, which was shown before. Respondents with a very good evaluation of the video indicated 67% probability to use the online course (low interest: 7% probability).
- Generally, respondents show a significant willingness to pay for the online course concept. This is particularly true for respondents with a high indicated probability to use the online course concept.
- Contrary to the B2C-groups in GER and the US, the simpleshow contacts group (B2B) is characterized by a higher level of interest, a higher probability to use and a higher willingness to pay for the online course concept.

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