E-LEARNING

MARKET OPPORTUNITY PROFILE | KOREA

MARKET OVERVIEW

In 2009, there were an estimated 1,368 firms in Korea's e-learning sector, including online education services firms and solutions providers. According to official estimates, the market size for this sector was US$1.8 billion in 2009. The sector grew at a compound annual growth rate of 20 per cent between 2005 and 2009. In terms of broad trends affecting the education industry in Korea, the most significant is the long-term decline of birth rates. In 1970, Korea had a birth rate of 4.53 per family. This dropped to 1.14 in 2009, one of the lowest levels in the world. As a result of this declining birth rate, the number of students in schools in Korea (kindergarten, elementary school, middle school, high school) in 2009 (9.8 million) was not much higher than the level in 1970 (7.7 million).

Given Korea's aging population and relatively strict immigration requirements, the number of students can be expected to remain constant or even decline over the long term. Despite its low birth rates, Korea still has some of the highest levels of

spending on education in the world. In 2007, seven per cent of Korea's GDP was spent on educational institutions (ranked fourth, after the republic of Iceland, the United States and the Kingdom of Denmark). More significantly, spending on private education in Korea was among the highest in Organization for Economic Co-operation and Development (OECD) countries at 2.8 per cent of GDP in 2007. A key feature of e-learning in Korea is the widespread use of educational portal sites. Traditional styles of education such as in-home tutoring and after-class schools are also increasingly combined with web-based and mobile technology.

It is particularly important to understand the cultural aspects of education when doing business in this sector in South Korea. Educational content should be acceptable to both learners and parents since parents have an important say in the day-to-day activities of Korean students. While the Korean approach to education has changed as a result of exposure to Western education, the educational system is not as liberal as in North America. Students in Korea expect discipline from teachers who are expected to lead rather than encourage student participation. This has implications for content development and delivery. The

high rates of penetration and mobile broadband leadership in South Korea means that mobile e-learning applications have traction in South Korea.

*Reference

- 2010 Education Index of the Nations in OECD reported by the Ministry of Education, Science and Technology

- The Korea e-Learning Industry Association (KeLIA)

- Korean Statistical Information Services (KOSIS)

OPPORTUNITIES

Web-based technology is commonly used by students learning foreign languages – mostly English, signaling a competitive advantage for B.C. companies. Educational portals are a good way to provide English study materials, but are not the only vehicle. For example, the in-school, after-class learning market is very promising for B.C.-based firms. The Korean after-school model is very common for studying English as well as computing and it is characterized by exclusive contracts between schools and private operators. Channel checks show that private sector players make intensive use of information technology solutions. Typical pricing per 50 minute session varies from US$35 (for computing classes) to US$100 (for English classes). The market for in-school, after-class is also large with 22,463 schools already conducting computing classes (elementary school – 17,405, middle school – 1,872, high school – 3,186). Providing both technology and content in one package will likely be very successful in this market.

* Statistics for after-school education provided by the Ministry of Education, Science and Technology

REGULATORY/COMPETITIVE ENVIRONMENT

The government's support for the e-learning sector in Korea is strong. The Ministry of Knowledge Economy, which has overall responsibility for ICT development, considers the e-learning sector to be significant in the new media industry. A ministry policy goal is to make Korea an ICT hub for Northeast Asia and supporting the e-learning sector is part of that goal: The Ministry of Culture, Sports and Tourism, which is responsible for cultural policy-making and implementation, also plays a role in the e-learning sector

With approximately 1,368 firms in the Korean e-learning sector in 2009, the use of educational portal sites for both students

and parents is rapidly increasing. www.megastudy.net (2009 sales of US$206 million) and www.1318class.com (2009 sales of US$1.5 million), www.etoos.com, www.skyedu.com, www.ebsi.co.kr and www.educlub.com. The target for most of these sites is middle school students (age 13-15). The offerings are varied and can include single subject access or package deals that provide access to several subjects.

Given that the sites are targeting Korean teens, they are highly innovative and content rich. Portals provide several educational programs including Japanese language education, games, quizzes, student services, customer communities and educational e-shopping malls. There is also a strong tradition of in-home tutoring and "in-school, after-class" learning. In 2005, the size of the in-home tutoring market was US$3.3 billion with the major players being Daekyo Co., Ltd. (43.4 per cent market share), Kumon Institute of Education Co., Ltd. (25.6 per cent market share), Woongjin ThinkBig (17.3 per cent market share) and Jaeneung Co., Ltd. (13.8 per cent market share).

The in-home model provided by private firms is increasingly incorporating web-based technology and mobile platforms as an integral part of the home tutoring experience. Following is a sampling of the leading firms involved in South Korea's e-learning sector:

- **Daekyo:** Founded in 1976, Daekyo offers early childhood education, individual tutoring and home schooling to students in primary and middle school. Daekyo also publishes teaching material in Korean and English, offers online education programs and operates educational institutes.

- **4Csoft Corporation:** a software vendor in the e-learning sector. 4Csoft's "Active Tutor" software is a media authoring tool that allows the creation of training material from existing published materials and is deployed widely in South Korea by schools, government institutions and private sector firms. 4Csoft also has branches in the United States and Japan and has several partnerships with government institutions and schools in South Korea.

- **Megastudy Co. Ltd.:** a South Korea-based firm primarily involved in the provision of online education services. The company provides online classes and study aids mainly designated for scholastic assessment tests and various national certificate programs in Korea. In addition, the company offers off-line education services through its various institutes.

*Research on the Actual Condition of 2009 e-Learning Industry by the National IT Industry Promotion Agency

MARKET ENTRY STRATEGY

As in other countries, the e-learning sector in Korea is country-specific. However, there are some synergies to be obtained in providing English language content and course packages through existing e-learning portal sites. Partnerships with companies like Daekyo and Megastudy (considered leaders in content delivery) could result in supplementary contracts with public sector schools in after-school programs. Another important marketing strategy could be to partner with B.C.-based educational institutions to provide learning opportunities for Korean students in B.C. Korea is an important source country of international students coming to B.C. and part of the course offering for B.C.-based institutions could take place in Korea. B.C.-based educational content providers could partner with destination institutions to offer part of their course offering in Korea. The market size of private education in Korea is the highest among OECD countries. The cost of education has been a national concern, so the government has developed after-school programs to get public education on the right track, which have been showing positive results. These programs are expected to lead the way in Korean education and will require developing related content. According to the Ministry of Education, Science and Technology, "STEAM" education will be in effect from 2011 and will continue to offer creative and experiential learning over the long term.

(*STEAM: Science, Technology, Engineering, Arts & Mathematics)

The current 5,000 experiential programs have been selected from 20,000 listings. Educational companies in B.C. can create a successful model for the Korean market by offering experiential English learning programs. Korea is on the leading edge of mobile broadband. E-learning provides a new frontier with rich content, applications and services revenue models that operators can use to maintain and grow their market share. E-learning providers who are able to supply innovative services will find a receptive market in Korea. The increased use of smartphones has become a megatrend in the Korean IT industry. As a front-runner in the trend, universities have been building cyber-campuses based on the smartphone. Additionally, universities have been moving toward replacing books with mobile devices, which challenges companies that develop teaching materials to incorporate IT into their products. For example, educational content developers have been trying to put established content into mobile applications that would become an "app book." (Doosandonga and Neungyule, etc.). As that market activates in 2011, most e-learning companies will move toward educational content based on smartphones with a resulting growth in sales.

*Reference
The Ministry of Education, Science and Technology has supported building foreign education institutes to activate the economy in the Free Trade Zone. Two schools opened in 2010 and the government is considering more school openings. B.C. schools are expected to take advantage of this opportunity. (Foreign schools: Daegu International School (Oct. 8, 2010), Chadwick International School (Oct. 9, 2010)

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LINKS AND REFERENCES

- Korea e-Learning Industry Association (KeLIA)
  http://www.kelia.org/user/eng/eng100.jsp

- Korea Mobile Internet Business Association (MOIBA)
  http://www.kiba.or.kr

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