Competing in the E-Learning Environment – Strategies for Universities

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Abstract
Recent developments have increased the competition in the sector for higher education, thus, creating an educational market. Companies from the hardware and software industries, the media industry, and professional training institutions try to enter the market with corporate or virtual universities, with learning software, computer-based training, and other e-Learning products. Many successful universities try to enter the e-Learning market using different strategies.

In this contribution, we describe recent trends in the educational market. We then identify and classify a university’s portfolio and introduce branding as an appropriate means of marketing a university’s offer. A brief history and several definitions of e-Learning are presented, before we illustrate e-Learning market entry strategies and give examples. We conclude with further considerations for universities and an outlook.

1 Introduction
Several trends have recently influenced the educational sector. Educational institutions have to compete in an increasingly internationalized environment. Increasing competition is especially noticeable in the field of e-Learning where many study programs, as well as executive educational programs, are offered by newly founded private universities or management training institutions. We notice that even in countries with mainly government-financed education there is a tendency to commercialize education. Especially in states with government-provided educational systems, however, most traditional universities are too inert and tied by outdated political systems which do not allow flexible reactions to an ever-changing market.

How can we really assert ourselves in this market? What could be possible strategies to compete in this rapidly changing market? Those questions are finally relevant to all institutions in the educational sector. Successful players in the education game have long ago positioned themselves by developing strong brands.
students and professionals. Since especially companies utilizing those technologies are in need of such training, it is clear that they engage in producing ways of training their employees.

This combination of increased student numbers, new "customers", and increased number of teaching subjects created a lucrative environment for institutions of different backgrounds to engage in activities related to providing educational services. Limited capacity of physical locations, and time and place constraints of students have inspired institutions to think about alternatives delivered via distance methods (television, video, radio, or books) as early as in the 1970's. Recently, much thought has been spent on delivering courses via information and communication technologies (ICT). Partly out of necessity (the needs of students), partly out of a scientific interest, the Internet as a new delivery channel has been discovered. But the driving force for most institutions is the idea of staying competitive in the "e"-hype and siphoning off a substantial share of the huge revenues promised in the new economy. Predictions are that in the U.S. alone the web-based learning market (not including other e-Learning applications) will make $ 6 billion in 2002 (according to an IDC report, 1998) – and everyone wants his share.

Traditional educational institutions are getting involved in e-Learning projects, governments are spending high amounts for e-Learning initiatives, and even companies of distantly related business fields such as hardware, software and media companies, have made tremendous efforts to enter the market. Attempts to establishing corporate universities and "virtual" universities increase competition [50], [14] and tighten the need for traditional universities and "virtual" universities increase competition [50], [14] and tighten the need for traditional universities to become more market oriented and to utilize their competitive advantage against new competitors.

We identify three major trends in the education sector:

- Internationalization;
- Commercialization and Modularization; and
- Virtualization.

Below, we describe those three trends in more detail.

### 2.1 Internationalization

The international character of studies is not new, but has been part of the university's history for 2000 years. In ancient times, scholars traveled thousands of miles to study in famous libraries, work with renowned professors, and acquire what was at that time state-of-the-art knowledge. However, this privilege was reserved only for few researchers and far from being customary. Over the centuries, education has become more accessible, concentrating on local provision due to the requirements and constraints of students. This led to different approaches in different countries. Only recently, with the trend towards an international business environment, has the importance of global knowledge and the understanding of cultural differences increased, thus creating a need for international education.

Projects for international cooperations, government funds, and increasing exchange student numbers substantiate the presumption that the trend towards internationalization of the educational sector is actively attempted by institutions themselves as well as by the government. The orientation towards international education in order to enhance a multicultural, global study experience, however, is approached differently by European and American universities:

European universities started a pilot project called Joint Study Program as early as 1976 to increase mobility between EU universities, first at a faculty level, then among students. After ten years, they institutionalized this initiative in their ERASMUS (European Community Action Scheme for the Mobility of University Students) program, aiming at involving 10% of the European students in academic programs in foreign countries sponsored by their home universities [2].

American universities had similar activities, though mostly focused on creating a more international curriculum, getting more international students or faculty to their campuses or forming direct or bilateral cooperations with single partner schools [2]. This method of "importing" students or faculty is called inward internationalization [9]. In regards to ICT, this issue gains increasing importance and has to be investigated in further detail.

Internationalization of universities today is driven mainly by three factors:

(a) Fierce competition forces universities to actively work on maintaining or increasing their student numbers and international faculty [13], [25]. International students are a potential base to draw from;
(b) American companies do business globally and therefore have produced an educational market for Western management skills [1];
(c) European universities start adapting their systems to the American system of Bachelor and Master;

These factors suggest that universities that want to be renowned in the global market should increase their activities to become international.

### 2.2 Commercialization

Commercialization is a contentious issue in the educational sector. In this contribution, we look at commercialization in the context of higher education, although relevance in the area of primary and secondary education in some nations (with dual systems of state and private schools) cannot be denied.

Similar to internationalization, commercialization is viewed differently in varying nations, depending on the predominant model of the educational system. The discussion is carried out on different levels, one of which is the general question of how much we can expect the indi-
individual to invest for their education. In this political discussion, opinions range from the demand for affordability for everybody to the acceptance of charges as a matter-of-factness. Radical advocates of affordability demand that students should even be supported in addition to free educational offers (such opinions are predominantly proposed in systems with government-provided higher education, such as Germany and France). The cost is carried by the public through taxes and other subsidies. On the contrary, (at least partial) monetary involvement of individuals towards their own educational career is accepted and obvious in other educational systems, such as the American, the British or the Australian. Of course, there are reformers in both systems who seek to balance these extreme forms or suggest that certain disadvantages of either system might be neutralized by aiming for a middle course.

The second issue in the commercialization debate is closely related to the topic of modularization: the reutilization of contents or particular parts of contents, i.e. "modules", through different channels. Many educational institutions (especially if they have to finance themselves) and individual faculty members are looking at "selling" their contents several times and through several channels for university students, management staff, publications, and even training software or online courses. The most profitable segment is often seen in the continuing education market [50]. This topic is closely related to the discussion of intellectual property and the critical argument of loss of quality in the educational sector.

Critique includes the reproach of commercialization and commodification of education [24], 0, [30] and even the "McDonaldization", an attempt to organize education like the systemized gastronomy [25].

The issue of modularization and commercialization is intertwined with and fueled by another recent trend, the virtualization of education.

### 2.3 Virtualization

Virtualization as a trend in the educational market is an obvious consequence when one considers the other trends: with activities by governments and world organizations to increase the educational level all over the world, the demand for education rises as well. The increased demand for specialized education particularly can only be fulfilled by a small number of specialized institutions. Not all students are able to attend presence courses at a university. Finally, institutions are able to reach a far larger potential student base when offering possibilities of completing courses or even complete degree programs online, as computer-based training, or via distance learning. Institutions see the chance to extend the service offer: they are not only restricted to focus on the course or curriculum, but can think about different products such as software or CDs and other forms of knowledge transfer media.

Advocates of e-Learning claim innumerable advantages ranging from technology issues, didactics to the convenience for students and faculty (compare, e.g., [29]). Critics argue that knowledge is thus depersonalized, and the university is degraded to a virtual factory, a mass-production site, making the faculty superfluous 0. The other point of critique – mostly claimed by faculty – is that faculty might lose their rights and their intellectual property of course contents and ideas if they sell them out to software companies or other commercial producers.

Those issues of virtualization have been and are discussed by others thoroughly. We want to concentrate on the strategic possibilities of a university to enter the e-Learning market and to position themselves.

### 3 The role of universities

In the changeable educational market, the need for a quality-assuring, stabilizing certification for universities is higher than ever. The top American educational institutions demonstrate how a highly professional marketing strategy can create trust in the quality of their offers. They manage to create a lasting reputation by promoting the institution’s name and assembling an excellent community around themselves. On the contrary, universities in most European countries have not had the need and the competence yet to follow this approach.

In the e-Learning environment, no university can afford to think national but will have to act quickly in order to be part of the global game. Using the appropriate strategies can lead to a considerable market position. In order to develop strategies for a university to position themselves in the e-Learning market, we need to determine what is part of the core "offer" of the university. Depending on the desired impact of an e-Learning activity, this portfolio delivers the basis for the strategic decision at which level the e-Learning activity should be initiated.

We can then evaluate the nature of the portfolio, thus determining the instruments and the most effective methods for entering the e-Learning market.

#### 3.1 Portfolio of a university

According to Spoun [49], a university’s portfolio includes scientific research, teaching, other services, and university management.

- Scientific research serves to generate new findings and apply them to further research or to practical problems;
- Teaching includes not only the lectures of a university but the whole system of organizing and maintaining a study program (such as coordinating lectures, giving exams, issuing diplomas, etc.).
Other services are all other services a university offers such as consulting, expert certificates, and management training;

A university’s management deals with designing, developing, and governing a university.

There are a number of activities typically happening at universities that are not directly related to the core tasks of research and teaching but are still very much part of a university: student activities such as clubs, job fairs, sports events, and other things. Those activities often have equal or even stronger influence on the forming of the reputation of the school, since they challenge students’ commitment and are part of the practical learning experience.

In addition, we often find affiliated institutions that might use the name of the university but are not part of the university portfolio such as publishing houses (e.g., Harvard Business School Publishing) or separate research facilities (e.g., MIT Media Lab). Those institutions usually are for-profit organizations or partly or fully financed by corporate sponsors and can strengthen the university’s reputation.

The trends shown in chapter 2 indicate that educational institutions think about their strategy to conquer the market. Several authors have suggested to call a university’s portfolio a service [34], [38] using different frameworks, thus implying service marketing methods and reputation building activities for universities. Below, we use four frameworks for classifying a university’s portfolio.

3.2 Classification of a university’s portfolio

The framework by Lovelock includes five criteria, each of which can be examined on four dimensions [31]: the nature of the service act is people-based for education; students have a “membership” relationship with their service provider; the level of customization and judgement in service delivery is high; the nature of demand relative to supply can be difficult to match; and the method of service delivery used to be on the educator’s side. However, with e-Learning technologies, this can change. This framework was applied to education by Mazzarol and Soutar [34].

Using the four primary service characteristics suggested by Zeithaml et al. [53], intangibility, the inseparability of production and consumption, heterogeneity, and perishability, past scholars classified education as a service [34], [38]:

Intangibility leads to difficulty in evaluating the service offer. For educational services, particular difficulties are the definition of the specific nature of the offering, patent protection, and display or communication of the services to the consumer, as well as setting the price.

Production and consumption of a service take place simultaneously and require the involvement of the customer. This is particularly true for educational services where student involvement is necessary for a successful outcome of the program. In this context, a number of students usually commonly participate in generating the service, thus experiencing a “social” learning environment.

Heterogeneous services cause difficulty in standardization, hence quality control. In education, this problem is connected to the question of transferability of courses between institutions [40].

Services are perishable since they cannot be stored. The problem of under or over supply can hardly be solved using traditional educational methods.

The service character of the university portfolio implies that a trustful relationship has to be created between the university and the stakeholder, thus reducing the stakeholder’s risk when engaging in a relationship with the university. This idea is also supported by Nelson who distinguished between products on a search versus experience basis [33], [34]. Search characteristics referred to attributes that could be evaluated prior to purchase, whereas experience characteristics could only be evaluated after having purchased and consumed a product. Darbi and Karni [16] have extended this concept by the category of credence characteristics which cannot even be evaluated after purchase and consumption.

Following this concept, services of a university are credibility goods. One can hardly judge the quality of his learning experience or his research beforehand, but mostly after its ending. Only the reputation of the institution and the programs can give an idea of how renowned a degree from this school should be. Other services of a university, such as consulting services or services of the administration, might be judged more easily but still have a tendency to include mostly credence and experience dimensions. The quality of scientific research is not determinable before the research is performed or applied and hardly after it is concluded. The quality of consulting and expert certificates, as well as of internal management, can be assessed by the recipient only afterwards and with great difficulty. Cumulatively, the number of credence and experience based services exceeds heavily so that we should look at the university’s offer as credence based services.

The nature of the offers at a university involves a high degree of uncertainty for the recipient and require his trust in the university and its offers. The uncertainty of the outcome of an interaction with the university and the investment of the service customer create a high perceived risk for the customer (be it students, faculty, corporate partners, or other service users). Investment in this context can be the financial investment, e.g. for a degree program or a consulting service, but also the amount of time devoted, e.g. for a degree program or a doctorate degree, or the opportunity cost of not working and earning money during the education period.

Research has shown that in services, name familiarity, word-of-mouth, and reputation of the service institution are strong multipliers [29], [6], [25]. Ford et al. [18]
have particularly examined the service quality perception of students regarding their universities and have found out that students value academic reputation as the most important feature. Other findings indicated that a higher magnitude of perceived risk in a purchase decision increases the importance of personal sources in making the decision [32]. A study among MBA students showed that personal recommendations accounted for up to 52% [8], [35].

These indicators show that it is most relevant for a university to generate a high reputation. Trust in the service process and its relevant criteria such as quickness, punctuality, diligence, individuality in service, etc. [41] as multipliers of success have to be created.

One way of generating such trust is to maintain close and positive relationships with the university’s stakeholders, such as students, faculty, business partners, alumni, the media and the public. This process can be supported by labeling its portfolio with an individual trademark, and by getting a quality certificate or some other form of quality assurance by third, ideally independent institutions.

The most important and most immediate stakeholders of a university are the students. The service for students can’t just comprise an excellent program but must also include extra services, most importantly, career services. Once a university has managed to place the first graduates in successful professional positions, demand of subsequent graduates will increase. A network of alumni will develop. Alumni in higher positions will recruit further from that school, and other companies will invest into getting graduates. This will generate a job warranty for students who plan to attend an educational program as well as a candidate warranty for companies that recruit from that university.

In the scientific community, the reputation of a university is generated by the professors who teach and research at that university. Excellent professors with a reputation in science and/ or practice can attract students and companies but can also establish a unique scientific reputation for that university at least in their field. On the other hand, a renowned university that has attractive offers for professors such as reputation, good research and teaching conditions, contacts, etc. has a good chance with its calls for professors. It is therefore crucial for the university to offer attractive conditions for its faculty.

For relations with the other stakeholders, universities have public relations or public affairs offices that manage communications with the media and any other groups.

Brands, as stated earlier, can reduce risk for the stakeholders. It is particularly important for universities, which offer many different services and combine many institutes and departments under their roof, to have a unique and easily recognizable identity to protect the university’s image from imitators or smaller institutions that might try to exploit the good name of the university for their own offers by free-riding. This is possible if the brand is adequately protected, e.g. by registering it as a service mark.

4 The market for e-Learning

The definition and understanding of e-Learning is influenced by the background of the observing person. We give a brief overview of the different meanings and the history of e-Learning.

According to WR Hambrecht & Co, the market of corporate e-Learning grew constantly and tremendously over the last years [49]. And, in spite of the general stock market crisis in Winter 2000/01, analysts await a continuing growth of 30 or 40% annually over the next 3 years. Universities try to claim their piece of the pie in this market. IDC expects that the number of universities and colleges offering e-Learning will more than double, from 1,500 in 1999 to more than 3,500 in 2004. Student enrollment in these courses will increase by 33% annually during this time [24].

The term e-Learning has created a hype over the last couple of years, because it is one of those fashionable "e"-words. But what is it, really? In a nutshell, e-Learning is a special kind of "technology-based learning" [4]. More comprehensively, e-Learning can be defined as "the delivery of content via all electronic media, including the Internet, intranets, extranets, satellite broadcast, audio/video tape, interactive TV and CD-ROM" [49]. This means that e-Learning exceeds pure online learning – opposing the definitions by some companies in the market, e.g. Saba [39] or Cisco Systems [11]. Definitions or articles on e-Learning are rather new, meaning that we are looking at a term that exists merely since 1999. That was the time when companies offering computer based training established so-called e-Learning solutions - e.g. one of the largest companies in this business field, "CBT systems" renamed itself "Smartforce" in 1999, introducing the trademark "The e-Learning Company" [45]. Today, this company has a market-leader position in delivering integrated e-Learning solutions [51]. This example represents the general development of the last two years. One particularly interesting fact of this development is that e-Learning solutions were almost exclusively driven by companies and corporate institutions.

Using the existence and the amount of articles, white papers and similar publications as an indicator showing activities in a certain research or development field, e-Learning clearly has its origin in the U.S. Jay Cross (Internet Time Group), for example, proclaims his Executive Summary about e-Learning the "first e-Learning white paper ever written" [15]. Whether this proposition is true cannot be proven, but it indicates the development’s origin. Companies detected this form of learning as a possibility to train their employees in shorter time and with less financial effort. Soon, universities realized that this kind of teaching is a possibility to broaden their
customers’ horizon and to attract prospective students who are living far away from their campuses.

One year later, in 2000, e-Learning reached Europe and other parts of the world. Many distance learning scenarios developed into e-Learning scenarios as they became Internet-enabled solutions with a special kind of didactic approach.

The development of the last two years – and of course furthermore in the upcoming years – can be compared to the development of plastic. When plastic was introduced some decades ago, its designers wanted it to be a substitute for wood, so they designed it brown with a wood-grain pattern. The first plastic devices looked poor, worse than the wood they were trying to replace. Later on, its look improved, because it was no longer used as a poor replacement for wood, but for completely new and innovative purposes and to the plastic's own advantages (Clark Aldrich, cited in: [19]). E-Learning was – and still often is – an attempt only to replace common training scenarios with the hope to save money and time [3]. Learning content was (and is) migrated to new media without changes. One result of this attempt are the above mentioned incomplete e-Learning definitions. They only cover the delivering of learning content via electronic channels. Still missing is a very important link between the two components "content" and "technology": didactics. This paper does not aim to discuss didactic approaches to e-Learning. However, didactics might be the chance of universities in the market – to provide rich content within a highly sophisticated didactic frame and to position themselves according to this advantage.

Considering this point, we use a sensible definition of e-Learning: E-Learning is supported or enabled by information and communication technology. It is important to combine those technologies to the actual learning process rather than to use them only as simple aid." [42]. Universities have the capacity and competencies to develop e-Learning into a unique kind of learning (and teaching) and to combine the advantages of long-term proved successful didactic teaching scenarios with the possibilities of ICT. Together with the rich store of learning content, they can offer USP-products on the e-Learning market.

Before we suggest strategies for universities to enter this market, we want to point out that different levels of e-Learning, ranging from hybrid forms with little degree of e-Learning in the complete learning process to complete e-Learning environments, exist. The appropriate degree of integration depends on the goal of the university and has to be determined separately for each case.

5 How universities enter the market

As the traditional education disseminators, universities have explored new methods of teaching. The new technologies allow to deliver all crucial services of an educational program online, including class lectures and tests. In recent years, it has been up to the teacher how much of their contents were delivered online. In some disciplines, contents have long been provided online. In others, an online presence has to be established from scratch.

Renowned universities naturally have a competitive advantage in the area of e-Learning, because their brand name indicates that they are good in providing educational contents. Not only can they use their well-known brand name that stands for educational quality to establish a presence in that market more easily than new institutions [23]. With their presence in the e-Learning market, they also create market entry barriers for other companies that cannot be connected to quality educational contents as easily [7], [52].

One characteristic of the Internet is ubiquity. Even institutions from different countries are suddenly direct competition, and their brand can endanger my own. Before a university decides about its entry into the e-Learning market, it has to decide which goal it wants to achieve with its e-Learning activities. Do they want to implement e-Learning into their existing study programs and teaching activities? They would then be able to serve the existing target groups, the students, better with more learning possibilities and could maybe even offer online degree programs to students who wouldn’t otherwise be able to get a degree. Or is their interest the transfer of their course contents to new formats? They would then try to reach so far untargeted groups, such as professionals who do not want to complete a full program but only some classes, or companies needing customized training on specific topics.

The first choice does not restrict the existing target group to students only. The university might have engaged in teaching a lot of management training courses already and might find it useful to bring those contents online for repetition or better training of the professionals.

Once the university has decided about the goal of its activities, several strategies can be pursued. Table 1 shows four possible strategies and their usability for the above stated goals: sole delivery, strategic alliance, for-profit subsidiary, and content sale. It also presents the implications for the branding strategy in each decision.

5.1 Sole delivery

The university holds both course content and the technological knowledge to produce e-Learning features. This includes offering parts of existing programs as e-Learning applications to students as well as selling single elements to new target groups, such as company partners. Sole delivery might also include acquiring the necessary competence before implementing the e-Learning activity.

This method is favorable to universities with an already well-established name either in the e-Learning market or in the traditional educational market. They can then use a brand extension strategy, offering the e-Learning services under the renowned university’s brand and thus transferring the positive brand image to the new services.
One successful example of this strategy is one of the top three universities in the U.S., Stanford University (www.stanford.edu), which has founded three strategic units to support its e-Learning approach: a research center, Stanford Learning Lab (SLL, sll.stanford.edu) serves as a forum for Stanford faculty to observe e-Learning teaching methods; Stanford University Media Solutions (mediasolutions.stanford.edu), a media production unit, transforms traditional course contents into e-Learning units for Stanford faculty; and a professional education center, the Stanford Center for Professional Development (proed.stanford.edu), offers courses via e-Learning. Strategically, the e-Learning solutions are located strategically very high and involve solutions for existing courses as well as solutions for new target groups. One example is the Business Channel that is recorded from regular lectures and can be viewed by students who missed classes as well as professionals whose company has subscribed to the channel.

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<tr>
<th>Serving existing target groups</th>
<th>Serving new target groups</th>
<th>Branding Strategy</th>
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<tr>
<td><strong>Sole delivery</strong></td>
<td>Creating added value for students through enriching the current study programs with e-Learning applications</td>
<td>Brand extension</td>
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<tr>
<td><strong>Strategic alliance (content or technology)</strong></td>
<td>Content alliance: Joint offer of courses between different universities</td>
<td>Content alliance: Joint offer of contents of the university and the strategic partner, e.g. companies</td>
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<tr>
<td><strong>For-profit subsidiary</strong></td>
<td>-</td>
<td>Spin-off company responsible for the sale of courses</td>
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<tr>
<td><strong>Content sale</strong></td>
<td>Sale to universities</td>
<td>Sale to companies</td>
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| Technology alliance: University courses offered via the technology of a tech company |

Table 1: e-Learning market entry strategies for universities

5.2 Strategic alliance

If sole delivery does not seem possible due to resource, financial, or personnel constraints, or due to lack of competency in major parts of the e-Learning environment setup process, alliances are a valuable option. We distinguish two kinds of alliances:

A content alliance can be formed between universities which share certain online classes, thus cutting development and delivery cost and adding on excellence in fields outside the major competence. This kind of alliance can imaginably culminate in a joint degree.

A technological alliance describes an alliance between a university and a technology provider. This kind of alliance can be anything from the acquisition of standard technology and main course delivery in-house to the close cooperation and joint course production, with the technology provider generating the content.

Both forms of strategic alliance can be on a general study program level accessible to all students or on the level of a customized program targeted towards the specific needs of one corporation. Accordingly, Bradshaw et al. [10] find business schools increasingly entering into alliances, especially with technology partners towards distance learning via the Internet.

Depending on the status of the strategic partner, one or the other brand may dominate the alliance. Among the top universities, alliances are formed after a careful selection of the partner in order to protect the own reputation against dilution or image loss. In some cases, brands can be extended, in other cases the development of a new brand could be an advantage.

A university choosing this way should be aware of common problems that arise from e-Learning cooperations such as publication rights and confidentiality, free riding, staffing constraints, maintaining commitment and motivation as well as the image of the collaboration [17].

In December 2000, Harvard Business School and Stanford University’s Graduate School of Business reported to jointly offer business courses on the web [43]. The target group - business executives around the world – should be convinced to book this e-Learning product by the joint venture of two very strong brands in the educational market. Both universities clearly diversify into new market segments. "Stanford and Harvard Business School share a common mission: to educate leaders around the world," says Kim Clark, dean of Harvard Business School [5].

This kind of alliance between competitors is a fine example of a possible strategy for universities to establish or develop a prestigious brand in a new segment. One tiny but important detail: online joint degrees are not available.

Scanning the news and press releases, many alliances can be found between universities and corporate service
providers. One example is the partnership between Smartforce and Capella University. Both partners jointly promote Capella University’s undergraduate information technology program. Smartforce is committed to providing the IT services and technology, but has the chance to sell academic content – developed and taught by a university – to those who did not complete all requirements for a degree [45]. The benefit for Capella University is the possibility to extend its brand into the professional education market.

5.3 For-profit subsidiary

For universities with limited capacity and little interest in strategic alliances, a for-profit subsidiary or spin-off might prove to be the most promising solution. This can, again, be for the improvement of existing classes, but will mostly include strong reuse to access new target markets as well, since profit has to be generated. The advantage is that spin-off for-profit centers can act more flexibly on the fast growing and quickly changing market while making the most of the brand image of the university they originate from.

This solution usually includes a brand transfer from the university to the subsidiary. The new unit may have to pay for the use of the contents, e.g. in form of royalties, but may be able to use the brand of the university to promote its services.

A typical example of this strategy is NYUOnline (www.nyuonline.com). The rich offer of the university’s high quality courses is used by this “for-profit e-Learning company” to produce solutions for the corporate market sector – with the strong brand of New York University, the quality work of its esteemed faculty and its history of educational breakthroughs. Founded in 1998, NYUOnline hired an advertising agency to develop an online brand presence based on the reputation of New York University [37]. NYUOnline developed its own GUI Environments for online and/ or offline Learning Courses. Today, the company is able to offer tailored education for corporations – using either programs adapted from the NYU programs, content delivered by customers or blended solutions.

5.4 Content sale

The university sells its content to a technology company that in turn produces learning software or sets up a learning platform with those contents. In this strategy, a university has to carefully evaluate their options and secure their rights in a contract with the company, otherwise, the university might find itself giving up all content rights and even having to buy the processed course software later on when considering its use in their own programs.

Universities with registered service marks can give out licenses, such as several schools did for uNext.com, an offerer of services for students, companies, and universities. Universities such as Stanford University, Columbia University, University of Chicago, London Business School and Carnegie Mellon University sell course contents to uNext.com which in turn develops e-Learning courses. uNext is able to use the universities’ names as partners in its "Academic Consortium". The universities engage in this contract primarily because the target group of uNext.com's services is not directly competing with their own target groups [38].

5.5 Further considerations

Usually, the above-described forms are not found as single-only forms of e-Learning activities that a university engages in. Many universities support several forms (such as the Stanford example showed) according to the possibilities in different departments, specific projects, student needs in varying subjects, and last but not least, according to the perceived importance of the e-Learning market for the own appearance.

It is important for universities to keep in mind their reputation when choosing an online strategy. If a university is not able to provide professional online delivery, a strategic alliance might be the better solution. Cooperating with an obscure or unknown institution may bring negative word-of-mouth about a renowned university and thus damage its reputation. Universities therefore have to carefully evaluate the institutions they engage with in order to maintain their image online as well. A spin-off keeps the competency closely to the university but might damage the reputation if it is not successful. And content sale might result in losing the content rights if not secured by contracts.

We have shown that the strategic decision has to be accompanied by a marketing strategy that emphasizes the image of the university and its services. This is of particular importance, since the e-Learning market is not as homogeneous as the higher education industry, and universities have to compete with players from more competitive business fields which are more experienced in defending market positions.

Universities can – and should – use their competitive advantage of having a reputation of delivering high quality contents. Combined with didactically excellent delivery, this will lead to success in the e-Learning environment. Additional value may be provided through alliances that enable the student to get the best courses from several universities.

6 Conclusions

We have shown that the trends in the educational market run toward a more competitive environment for universities, thus raising the need to pursue more conscious
marketing and to strengthen their reputation. An effective means is to create a strong brand.

Several strategies are possible when entering the e-Learning market including sole delivery, strategic alliances, for-profit subsidiaries, and content sale.

The fact is that, considering the developments, universities cannot just lean back and wait but have to engage actively in the educational market. Many universities have already tried so, but especially European universities have still not recognized the necessity and the societal circumstances to become more competitive. In the e-Learning market, the examples show that the U.S. market is, although far from being mature, in a more advanced stage than, e.g., Europe. European activities currently represent single state or university funded projects that are usually terminated after the project financing phases out. European universities and governments need concepts for continuous models and the strong financial support of companies. This requires a change in university politics in many European countries and a change of conception regarding the role of the educational system. Otherwise, they might be overrun by the competition before they even start to engage.

Evidence of the quick developments of the e-Learning environment was the announcement of Massachusetts Institute of Technology (MIT) to offer all its courses for free on the Internet over the next ten years [31] – time for the competitors to react.

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We thank Sabine Seufert for her research on Stanford University and their approach to e-Learning. Sabine Seufert is a project leader at the mcminstitute, University of St. Gallen and engages in research about e-Learning.

Reference List


