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Press Release

Online Education Represents A \$60 Billion Industry Actually *Helped* by the Recession

Tampa FL, August, 2011: Marketdata Enterprises, Inc., a leading independent market research publisher since 1979, has released a ground breaking new report, a 115-page analysis entitled: Online Education: An Industry & Competitor Analysis. The study traces the “distance learning” business from 2002-2015 forecast, examining these topics: how online ed programs work, evolution and rapid growth of the business, why the recession helped the business, bogus diploma mills, new federal rules that examine schools’ recruitment practices and student loan default rates, and detailed competitor profiles.

According to Research Director, John LaRosa: “Online education is a fairly new and high growth industry, with its share of growing pains. Growth was fueled by technology and the ability to offer courses via the Internet, to time-pressed working adults seeking to switch careers or augment their skills to make them more marketable in recessions. However, Title IV loans such as Pell Grants were a little too easy to obtain and many students have defaulted on loans that can top \$50,000. This has resulted in 2011 being a transition year as competitors adjust their recruitment methods. Beyond this year, growth should resume.”

Major Findings:

- **Market Value...** Marketdata analysts estimate that the online education market was worth \$60.5 billion in 2010—up 24% over 2009. However, the string of 8 consecutive years of double-digit growth will end this year, as enrollments fall and revenues drop by 3.2%. This is due to all the uncertainty over new Federal scrutiny and rules and their effect on schools’ recruitment and other practices. Revenues are forecast to grow 7.7% per year from 2012 to 2015--reaching \$78 billion.
- **Major Competitors...** Seven of the major online ed schools posted first-half 2011 revenues of \$5.6 billion, led by the University of Phoenix. Their combined sales were down by 3.2%. Public companies include: Univ. of Phoenix (Apollo Group), Capella Education, Strayer Univ., American Public Education, Education Management, Career Education, DeVry, ITT Education Services, and Corinthian College. Added to these are many other private non-profits and an estimated 400 “diploma mills” and 300 counterfeit diploma websites selling fake degrees.
- Online education program enrollments represented about 30% of the postsecondary total, and this share is expected to rise to 37% by 2015.

- What's the quality of online education degrees? Are they readily accepted by employers? Are they worth the high price tags? The jury is still out on all of these issues.
- 6.2 million students are now enrolled in online ed courses, up from just 1.6 million in 2002. Heavy advertising, marketing and recruiting by the large public companies/schools, coupled with easy Federal loan money, and recession-induced career changes, all contributed to the rapid growth of this field.

Estimated Size of Online Education Market

Year	No. of Online Ed Students	Market Size (\$ millions)	% Change in Mkt. Size
2002	1,602,970	\$13,914	N/A
2003	1,971,397	17,114	+23.0
2004	2,329,783	20,228	+18.2
2005	3,180,050	27,612	+36.5
2006	3,488,381	30,293	+9.7
2007	3,938,111	34,200	+12.9
2008	4,606,353	40,000	+16.9
2009	5,600,000	48,640	+ 21.6
2010 E	6,216,000	60,508	+24.4
2011 E	5,905,000	58,571	-3.2
2012 F	6,422,500	63,725	+ 8.8
2015 F	7,435,900	78,445	7.7*

Source: Babson Survey Research Group, Marketdata estimates and forecasts

*Average annual growth rate: 2013-2015

Editor's Note: Online Education: An Industry and Competitor Analysis, published in August 2011, is an independently researched "off-the-shelf" study. The study is 115 pages in length and contains 38 tables. It costs \$1,495 and is also sold by individual chapters at lower cost. A free table of contents is available by mail, email or fax. Contact: Marketdata Enterprises, Inc., Regents Park Drive, Suite 120, Tampa, FL 33647, (813) 907-9090. **A 16 pp. Overview of major findings is available to the public for \$79, at www.marketdataenterprises.com.** John LaRosa is available for interviews.

