



**THE STATE OF E-LEARNING SURVEY:
EXECUTIVE SUMMARY
April 27, 2008**

E-Learning has gained considerable momentum in recent years as a constructive and cost-effective tool for training employees of retail companies and their partners. In an effort to understand the ways e-Learning is used by retailers nationwide, as well as the barriers to companies' productive adoption of such programs, on February 22, 2008, the NRF Foundation e-mailed a survey to 1,500 individuals comprised of NRF members and non-members via a Web link; the survey also was posted on the NRF.com Web site and marketed through NRF SmartBrief and NRF membership mailings. This instrument, "The State of E-Learning Survey for the Retail Industry," requested general information on:

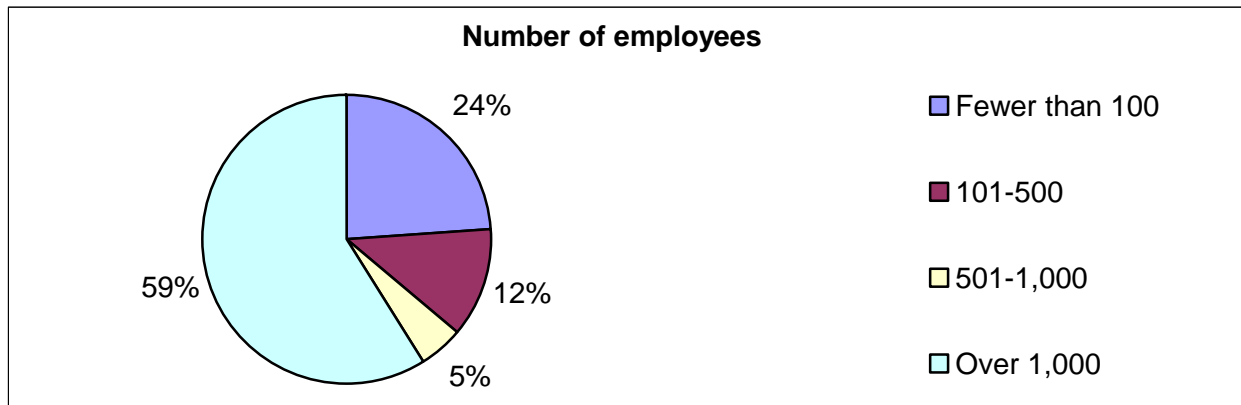
- the types of companies responding (i.e., retailers or solution providers/business partners);
- the size of their workforce;
- the number of locations of the responding companies;
- the number of people currently being trained (by any method, not restricted to e-Learning); and
- the range of functions supported by e-Learning.

In addition, the survey's 17 questions requested information on the training options being offered by the respondents, the reasons e-Learning is and is not being used by their companies, future plans for such training, who makes decisions on whether or not to use e-Learning, benefits and barriers to e-Learning, which positions currently have e-Learning resources available, sources of funding for such programs, how the effectiveness of e-Learning is measured, and content areas covered by e-Learning.

Company Type and Size

The survey yielded 122 responses by the March 27 deadline. Of those, 78 respondents were retail companies and 44 were solution providers or business partners. By far, most respondents (59%) were large companies, with more than 1,000 employees. However, almost 25% had fewer than 100 employees. The remaining companies had between 101 and 1,000 employees. Of the responding companies, 43% had 50 locations or fewer. (See Chart A for company size.)

Chart A

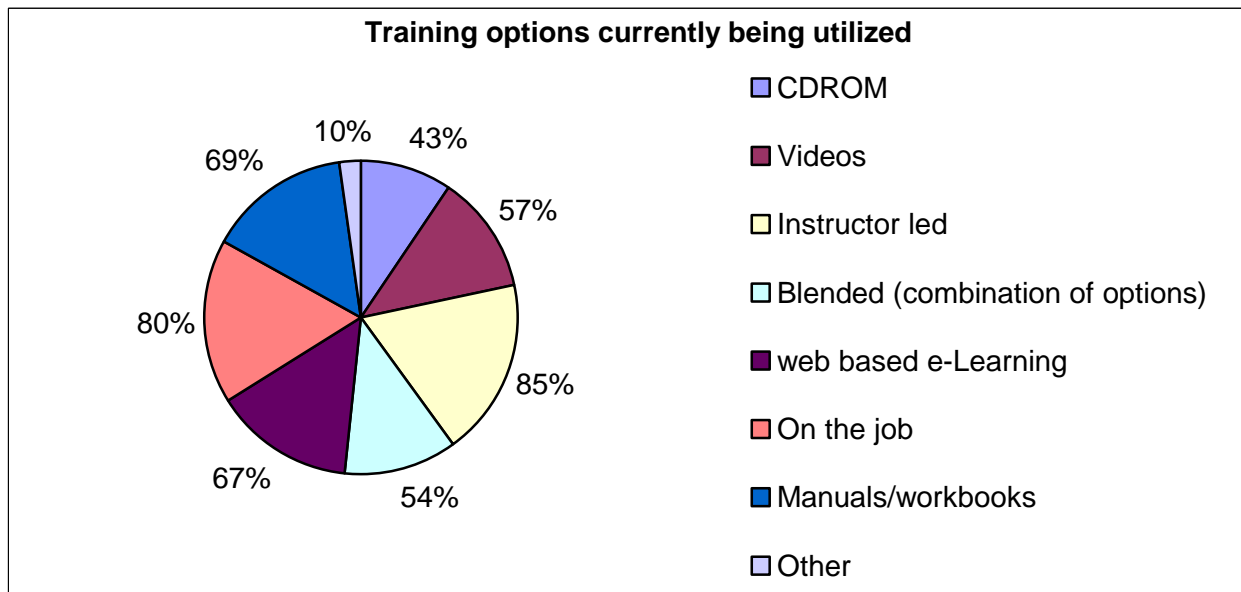


Training Options

The responses to the first question, regarding which training options are being offered by the companies, revealed that many firms still rely on human interaction and traditional pen-and-paper methods, with 85% of respondents using instructor-led programs and 69% using manuals and workbooks. Moreover 80% of respondents continue to rely heavily on on-the-job training. Respondents were asked to check as many methods as applied to their companies, and it is clear that many (54%) have found that a blended training approach works for them.

Other training options reported were CD-ROM (43%), videos (57%); and Web-based e-Learning (54%). A dozen respondents said they use interactive distance learning or online live meetings; for some, manuals and workbooks are components of most training programs. (See Chart B for training options that companies offer.)

Chart B



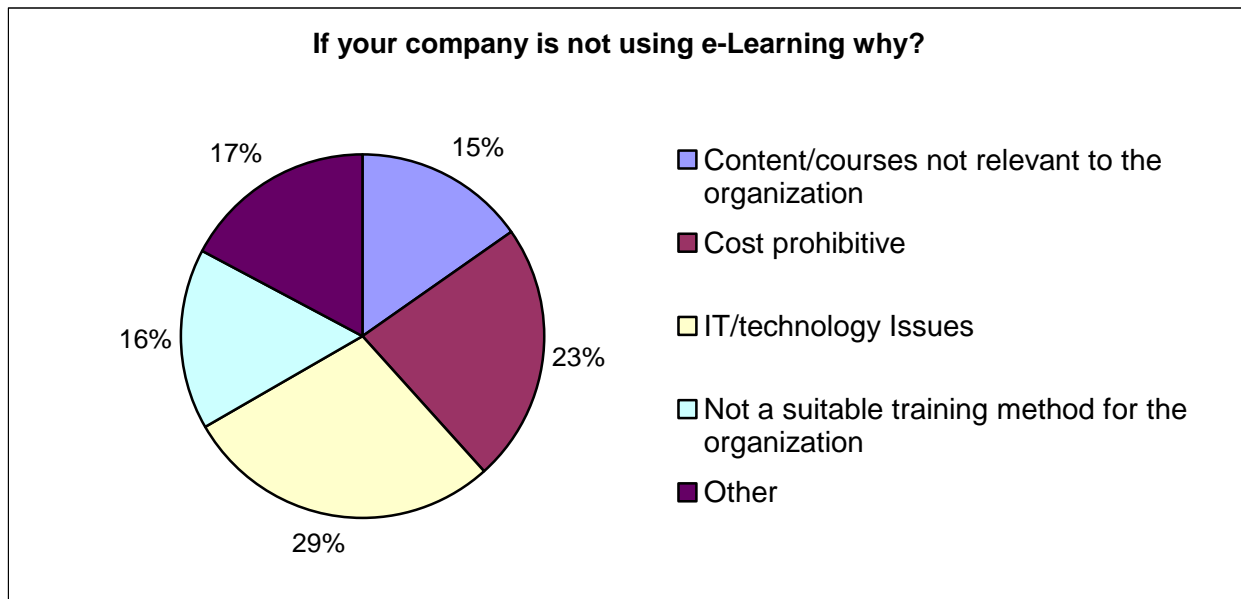
Why Some Companies are not yet Utilizing e-Learning

Of the respondents that do not use e-Learning, the survey revealed that the concept still has a way to go before it is seen as attractive to some organizations. Some respondents noted that the content or courses being offered simply is not relevant to (15%) or a suitable method for (16%) their particular organizations. Others (23%) have found it cost-prohibitive, and another 28% cited technology issues that would have to be resolved. (See Chart C for a breakdown of why companies are not utilizing e-Learning.)

Some respondents pointed to the initial cost to launch e-Learning programs, as well as a lack of information about what is actually available to them. One respondent said e-Learning is not as effective as live, video-based, or written self-paced training. For some, however, resistance to e-Learning is attributed to companies' reliance on traditional training methods, which they say their employees are accustomed to and comfortable with.

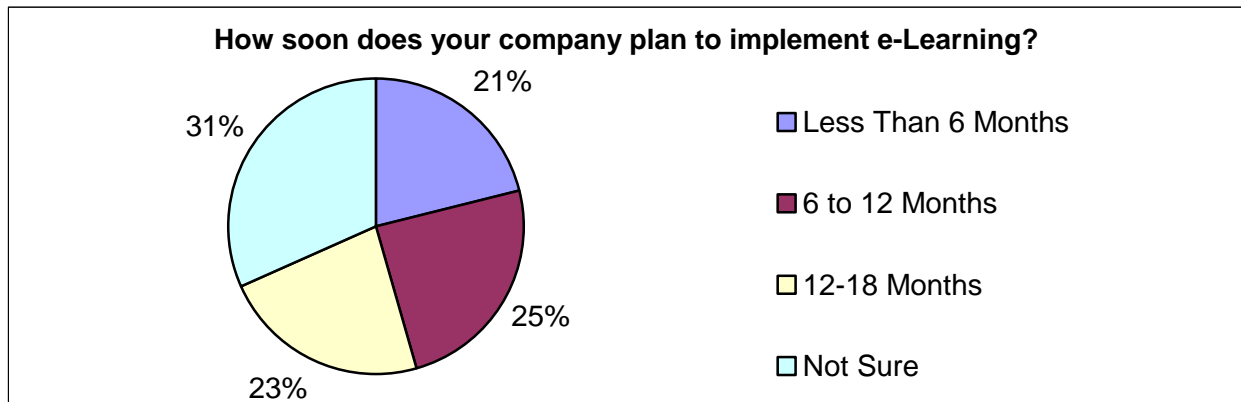
Finally, for a few companies, technology issues present a barrier – namely, the low ratio of computers to associates who would need access to them; associates who live in low-income circumstances and do not have access to computers at home; and the frequent upgrades necessary to software used in e-Learning that one respondent said is “not conducive to good e-Learning development and maintenance.” (Interestingly, this was not the case with other respondents, who have been generally pleased with the program's flexibility and cost-effectiveness because it can meet the majority of training needs in stores with limited impact on productivity and staffing.)

Chart C



Almost half (46%) of the respondents who said they do not currently use e-Learning in their organizations; 21% said they hope to implement this kind of training within the next 6 months; 25% within 6 months to a year; and 23% within 12 to 18 months. (See Chart D for breakdown of time frames)

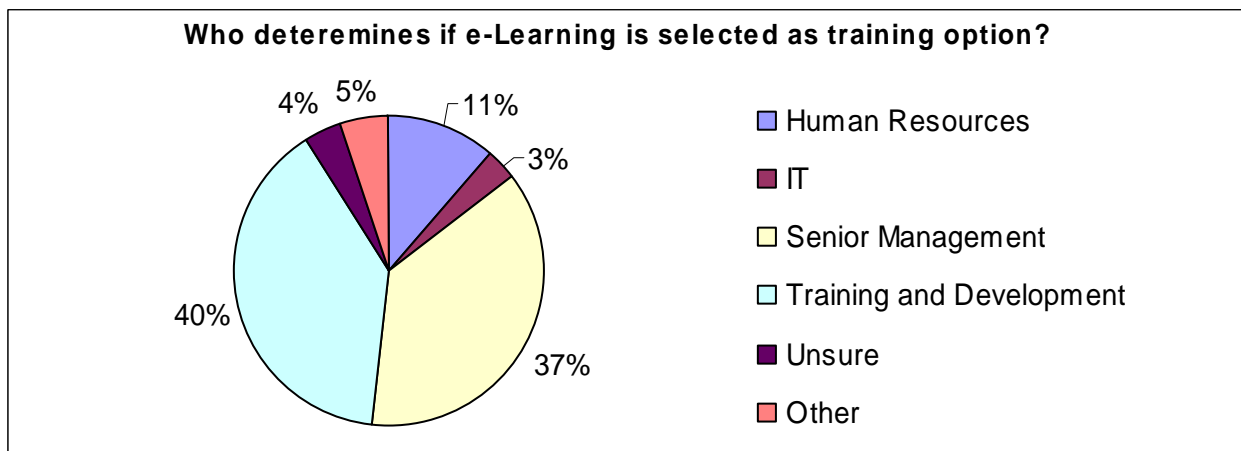
Chart D



Decision Makers

Who ultimately makes the decisions about whether e-Learning will be implemented in a particular company or location? By far, the greatest number of respondents said the decision comes from senior management (37%) or training and development staff (40%). Human Resources (11%) and IT personnel (3%) comprised most of the balance of responses. A few respondents said the decision is a collaborative one, made by a combination of HR, management, training and development, store operations, or local management staff. (See Chart E for a breakdown of decision makers.)

Chart E



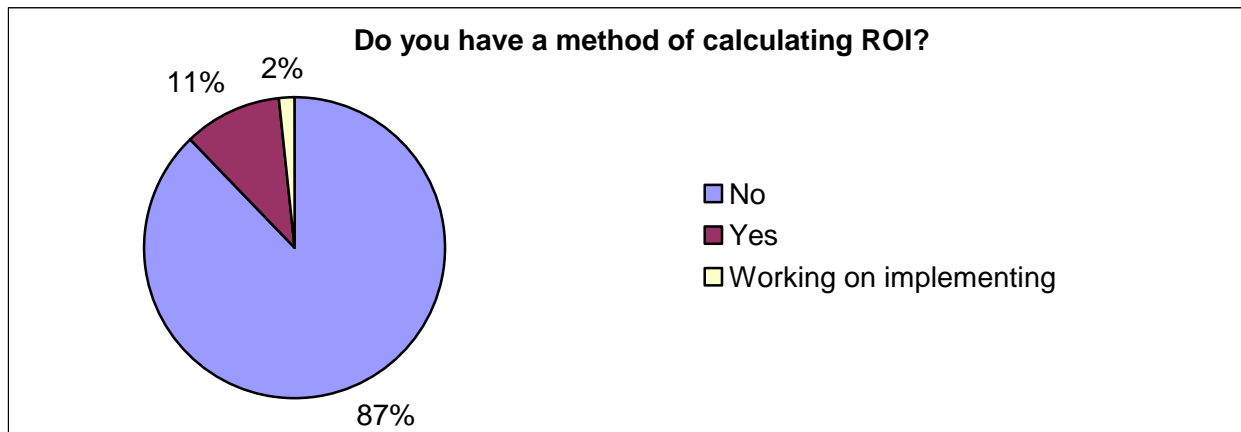
Return on Investment

Among companies that have made the transition to e-Learning, most report that the benefits have justified the initial outlay, with return on investment (ROI) outweighing the cost. Those respondents attest to ease of use, efficiency, convenience, flexibility, and cost-effectiveness of this method, which is accessible to employees offsite and adaptable to their schedules. Moreover, consistency of the message and standardization of the information offered, as well as reduced expenditures for paper materials and training manuals, were cited as significant reasons to implement e-Learning. For some organizations with a geographically diverse group of participants, e-Learning was hailed as a good solution that makes training available uniformly across their workforce. Others said it is a good tool to reinforce and update prior training and clarify corporate expectations of workers.

Respondents were asked whether they have a method to calculate ROI for the e-Learning they provide. (See Chart F.) It is noteworthy that 87% of the respondents say they have not yet devised a way to quantify the results from e-Learning programs. Only 2% of companies indicate that they are in the process of implementing a measurement tool, and 11% described several means by which they can assess the effectiveness of their e-Learning products. For example, one company noted that it ties successful completion of e-Learning to financial results and turnover, and compares those results to the performance of those who do not buy into e-Learning. Similarly, another respondent ties ROI to the enablement of business capabilities that have a business case payback, such as decreased costs and increased revenue. Others have found it constructive to compare the cost of e-Learning to the cost of instructor-led training (ILT) for the same number of employees.

For some respondents, the real ROI is most accurately calculated over time, as it is reflected in the turnover of staff and the efficiency with which affected employees work. Test scores and sales figures are additional tools that help evaluate whether e-Learning is cost-effective.

Chart F



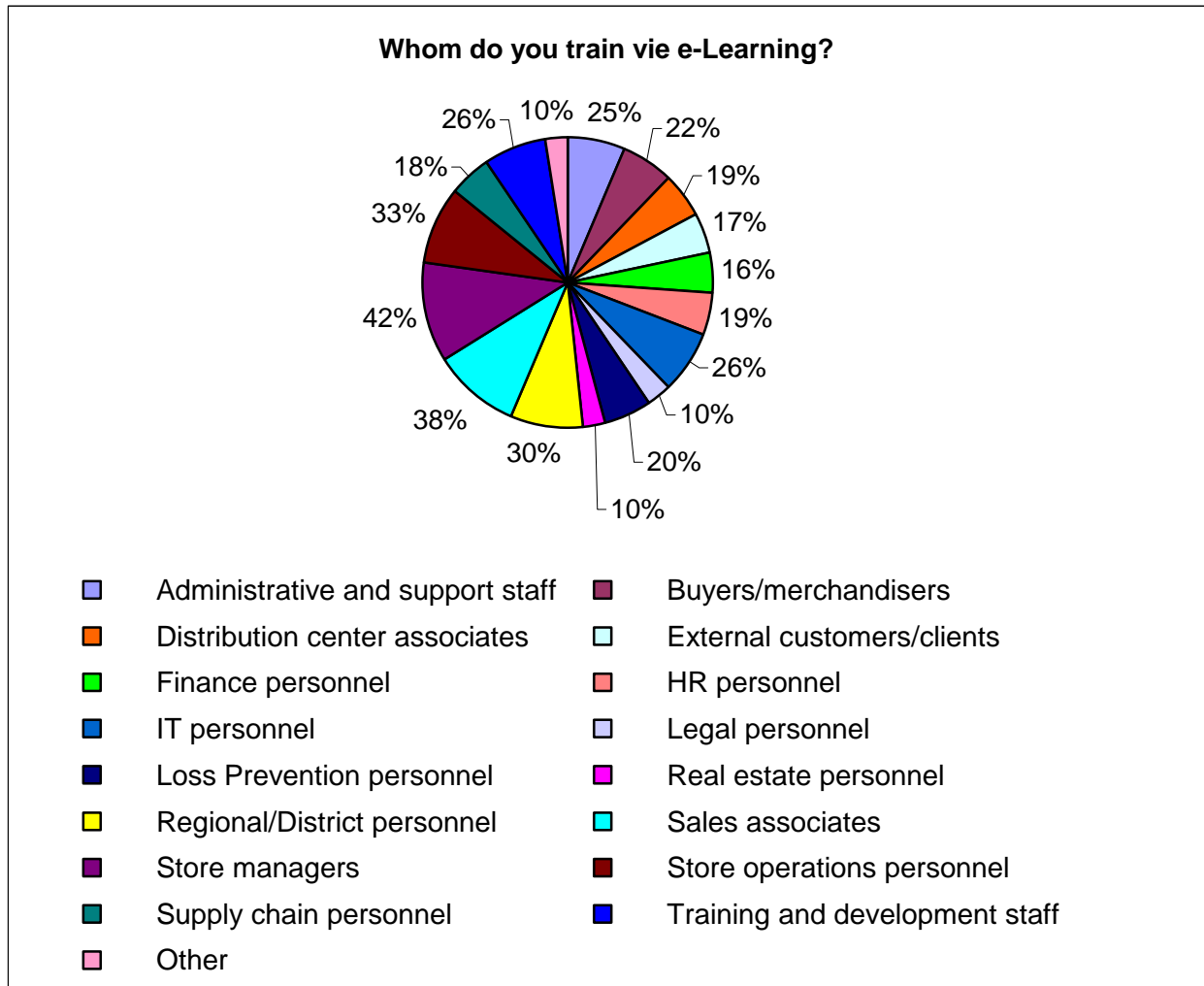
Even companies that have not implemented a system for measuring ROI on their e-Learning investment say they assess the success of their programs in other ways. Reliable indicators appear in various HR/training metrics, sales results, customer and end-user feedback, competency-based testing, individual productivity, certification exams, job performance assessments, and class and post-training surveys. These companies also judge the effectiveness of programs by looking at the enrollment for given courses.

Who is Being Trained?

As e-Learning gains a stronger following, staff who receive the training — whether mandated or elective — cover a broad range of functions. Store managers (42%), store associates (38%), and store operations personnel (33%) represented the segments most often provided e-Learning opportunities. Nevertheless, a substantial number of other roles are supported by e-Learning: regional/district personnel (30%); training and development staff and IT personnel (each with 26%); administrative and support staff (25%); loss prevention personnel (20%); buyers and merchandisers (22%); distribution center associates and HR personnel (each with 19%); external customers and clients (17%); finance personnel (16%); and legal and real estate personnel (each with 10%). (See Chart G for a breakdown of training percentages.)

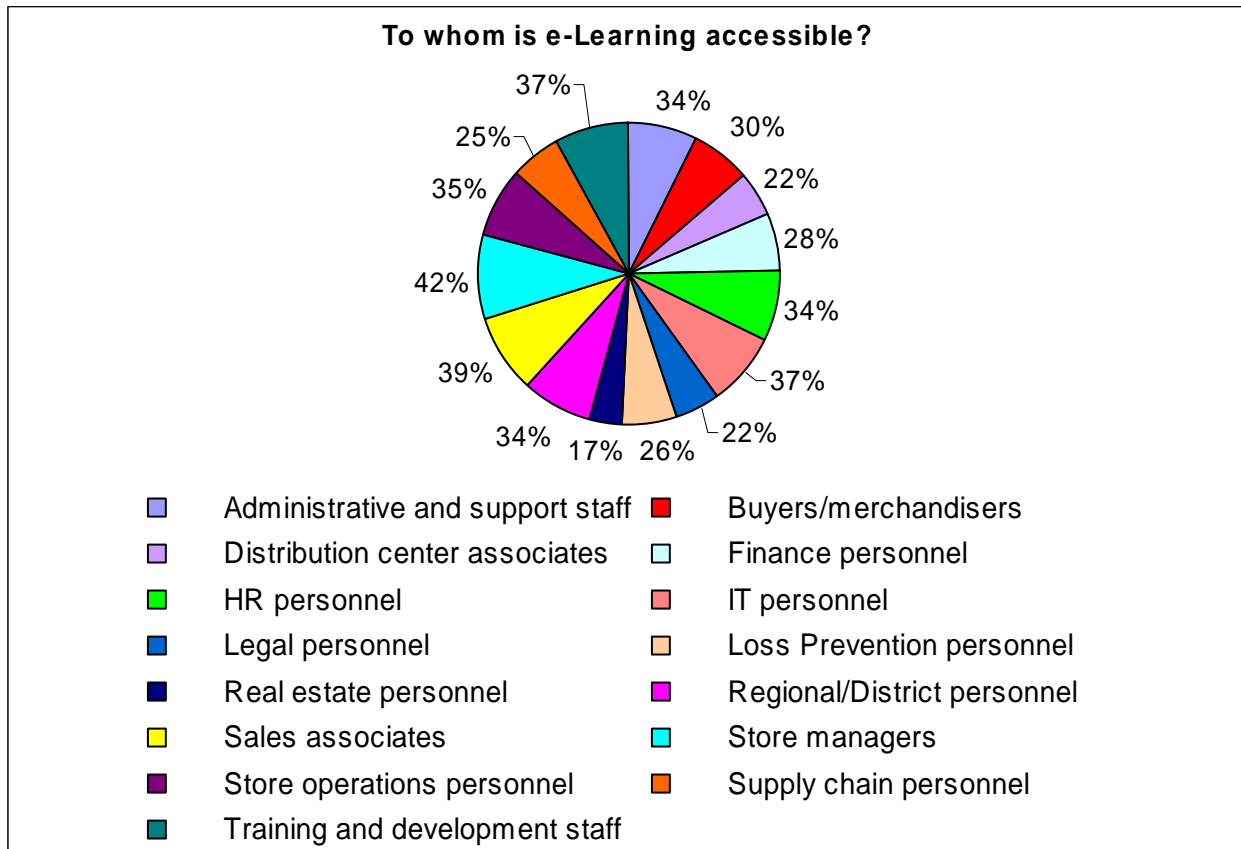
A smaller group of respondents (10%) that chose to select “other” as a response to who is being trained provide e-Learning to food preparation associates, franchisees, job seekers, pricing departments, manufacturers and vendors, select home office associates, and students.

Chart G



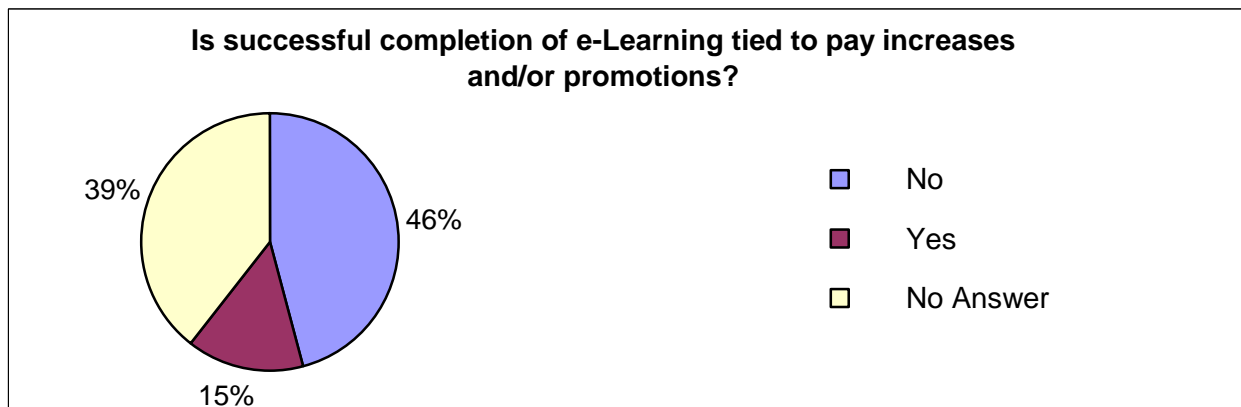
In addition to company-sponsored training programs, some entities make e-Learning available on an elective basis to employees across functional lines. Those companies focus particularly on management and administrative staff, including store managers (42%); sales associates (39%); IT personnel and training and development staff (37% each); store operations personnel (35%); HR, administrative and support staff, and regional/district personnel (34% each). To a slightly lesser degree, e-Learning opportunities are offered to buyers/merchandisers (30%); finance personnel (28%); supply chain personnel (25%); loss prevention personnel (22%); and real estate personnel (17%). (See Chart H for a breakdown of training percentages.)

Chart H



Regardless of whether a given company offers e-Learning, only a small number, 15% say that successful completion of e-Learning is tied to merit pay increases or promotions, while 46% do not make pay hikes or promotions contingent on successfully completing the program. (Note: 39% of respondents did not answer this survey question.) (See Chart I for a breakdown of responses.)

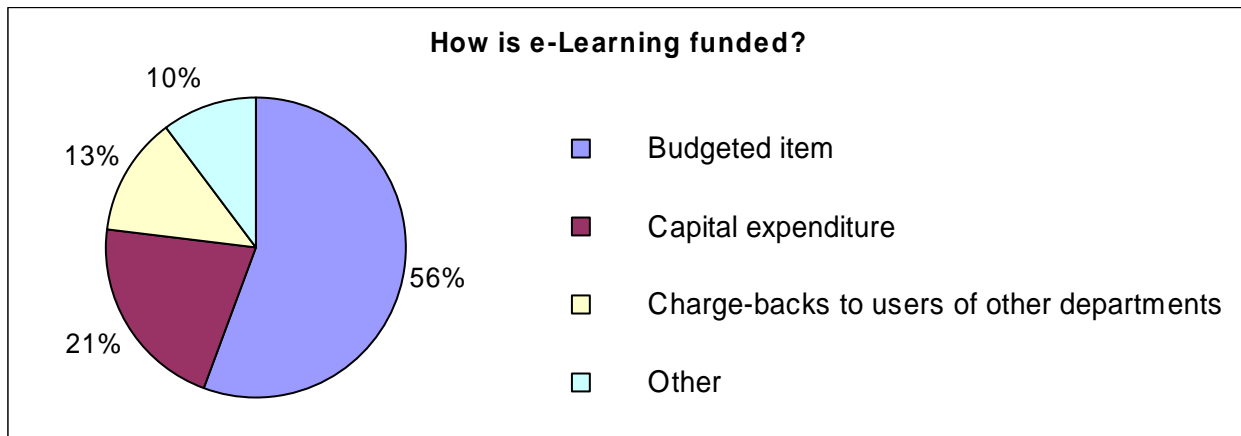
Chart I



Financing e-Learning

Companies must determine how their e-Learning programs will be funded. For 56% of respondents, such programs are a budgeted item; 21% of respondents list them as a capital expenditure; and 13% pay for them via charge-backs to users or other departments. A few have built an e-Learning line item into their training and development budget. At least one restaurant chain said that each store pays a monthly fee for access to courses. Other respondents noted that some modules are paid for by vendors the company deals with (for example, a major credit card company may pay for certain training at the company). A handful of other respondents said funding comes from customers, grants, or that it is an unbudgeted item. (See Chart J for funding breakdown.)

Chart J



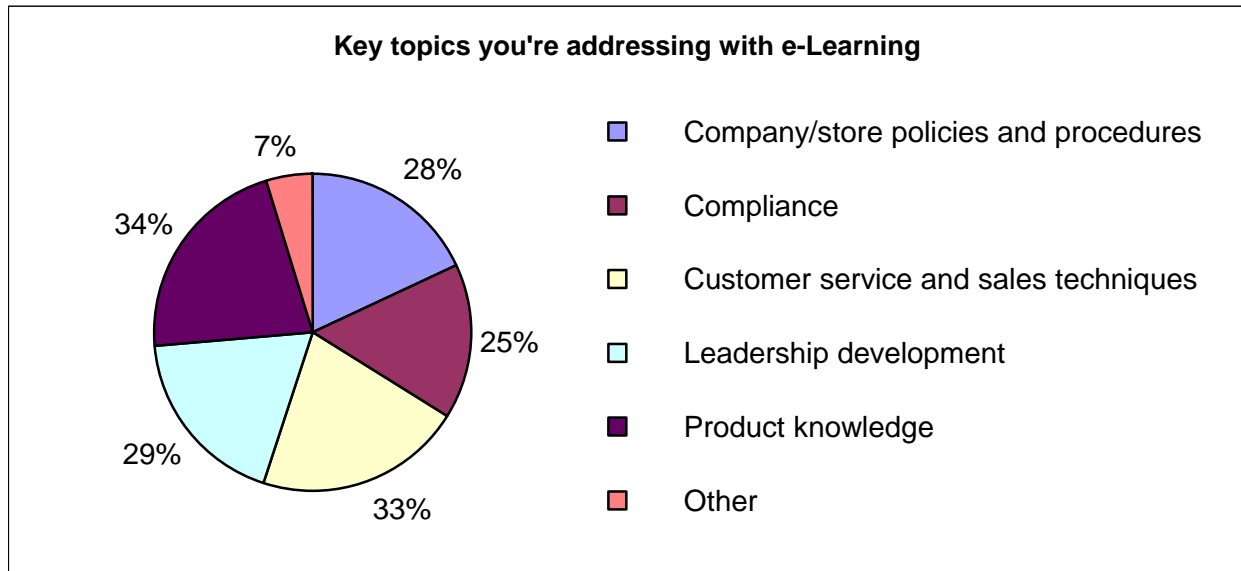
Technology Issues

E-Learning programs sometimes (although apparently rarely) present challenges arising from technical or security barriers. No such issues were reported by 43% of respondents; only 16% reported technology-related concerns. Several of those respondents cited bandwidth limitations and an inability to “get inside the firewall” to access courses, as well as a reluctance, in the words of one respondent, “to host proprietary client information on servers not under our control.” Another respondent reported that his location “does not have access to the open Internet.” (Interestingly, 41% of respondents chose not answer the question.)

Content Areas and e-Learning Sources

Key issues, problems, and challenges addressed by e-Learning programs were examined in the survey. The highest number of respondents (34%) cited product knowledge as their primary topic for e-Learning; (33%) cited customer service and sales techniques. An almost even number of respondents said their e-Learning programs addressed leadership development, company or store policies and procedures, and compliance. (See Chart K for a breakdown of content areas.)

Chart K

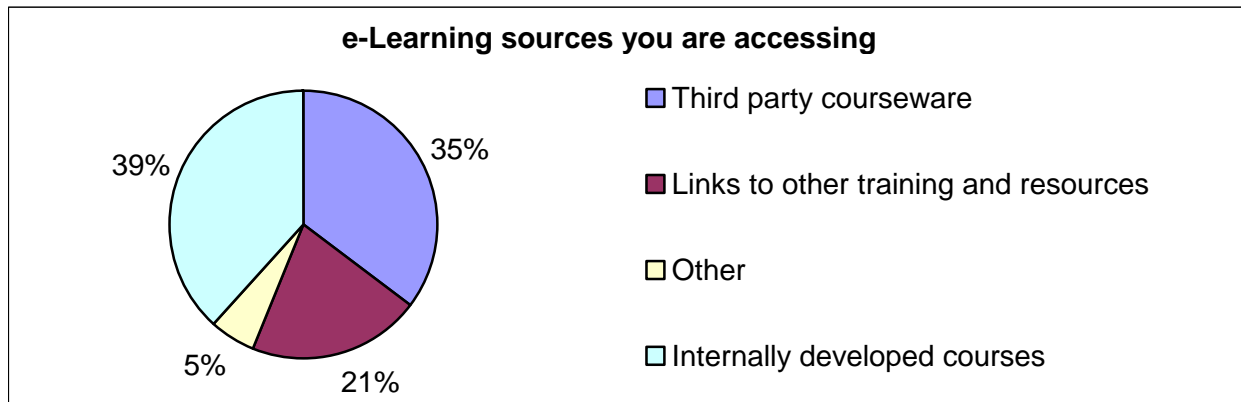


E-Learning systems may still be in the development stages in some respects, but many respondents listed a broad range of content areas they already address via e-Learning. Internal operations, IT processes and programming, store and HR policies and procedures, menu training, workplace safety, food safety, and orientation are only some of the subjects covered. In some instances, e-Learning is company-specific, as at a large department store, whose e-Learning programs address buying, the company's Code of Business Conduct, values, and ethical practices.

E-Learning has proved an ideal delivery system for many companies striving to present a uniform, consistent message imparting a company's philosophy with respect to diversity, compliance with store rules as well as local laws (e.g., harassment), security measures, and other issues unique to each respective workplace and function. Through e-Learning, users have access to training programs offered by both their own company and the vendors who sell to them. This type of training can level the playing field for employees who wish to advance their careers, not only by familiarizing them with systems and procedures, but by helping them to hone their skills in sales, merchandising, leadership, and marketing.

E-Learning materials are developed and offered through a variety of means. Third party content providers account for 35% of the respondents' e-Learning sources; 39% use internally developed courses; and 21% access links to other training and resources. (See Chart L for breakdown of e-Learning sources.)

Chart L



The respondents indicated that there are a number of topics they would like to address via e-Learning that are not currently available at their respective organizations. Sales- and call-center-related programs would be welcomed, said several respondents; others cited a need for interpersonal communications, merchandising, leadership, and career development courses, as well as programs addressing safety and compliance.

Acknowledgement

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Special thanks to all the respondents who took the time to participate in this survey.



Contact Information

For questions, comments or additional information, please contact Sarah Conrad, Director of Retail Learning Solutions, NRF Foundation, at conrads@nrf.com.

For more information about NRF Foundation's e-Learning platform, NRF University *wired*, please go to www.nrfuniversitywired.com

