

2019 TRAINING INDUSTRY REPORT

ABOUT THIS STUDY

Now in its 38th year, The Industry Report is recognized as the training industry's most trusted source of data on budgets, staffing, and programs. This year, the study was conducted by an outside research firm May-July 2019, when members from the *Training* magazine database were e-mailed an invitation to participate in an online survey. Only U.S.-based corporations and educational institutions with 100 or more employees were included in the analysis.

The data represents a cross-section of industries and company sizes.

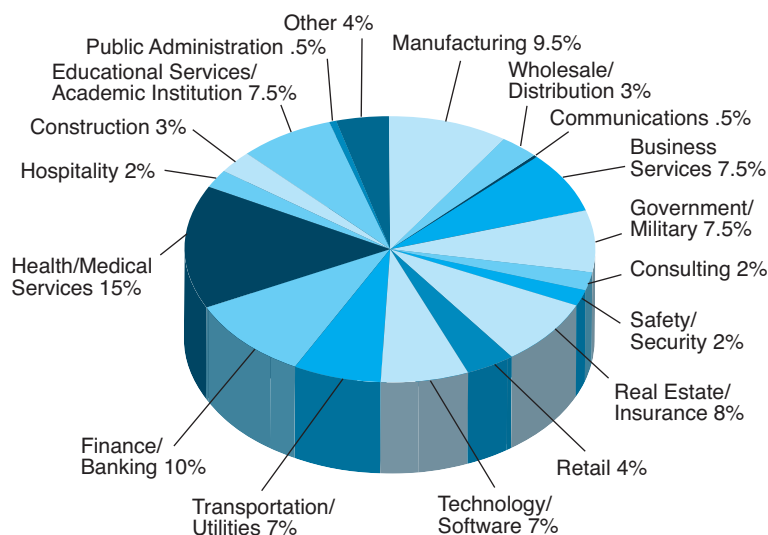
SURVEY RESPONDENTS

Small companies (100-999 employees)	41%
Midsize (1,000-9,999 employees)	34%
Large (10,000 or more employees)	25%
Total respondents	240

Note that the figures in this report are weighted by company size and industry according to a Dun & Bradstreet database available through Hoovers of U.S. companies. Since small companies dominate the U.S. market, in terms of sheer numbers, these organizations receive a heavier weighting, so that the data accurately reflects the U.S. market.

Industrial Classifications

Respondent profile by industry (weighted per Dun & Bradstreet)



About Survey Respondents:

- 60% are managers or above in the organization
- 22% are developers or instructional designers
- 17% are mid- to low-level (based on title selection) associates
- 60% determine the need for purchasing products and services
- 23% set the budget
- 31% manage requests for proposals/bids
- 65% recommend the purchase
- 24% have the final purchase decision

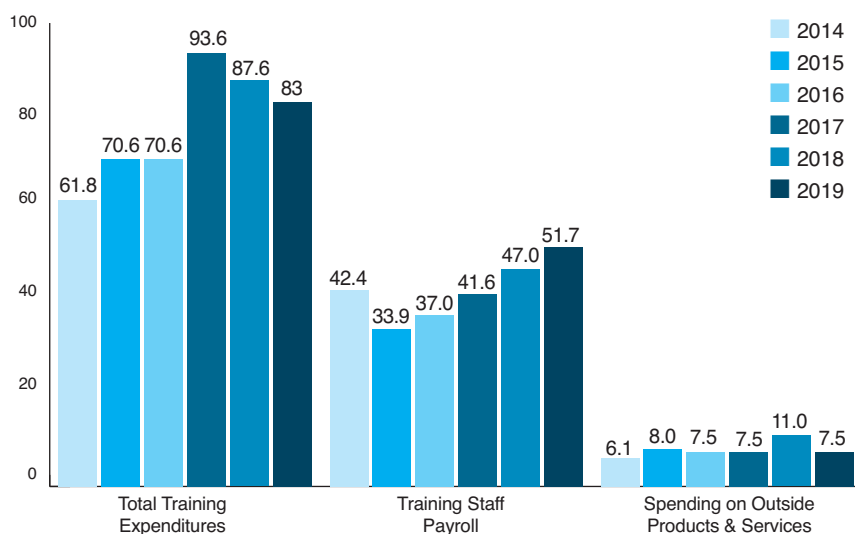
TRAINING EXPENDITURES

Total 2019 U.S. training expenditures—including payroll and spending on external products and services—declined 5.3 percent to \$83 billion. Spending on outside products and services dipped from \$11 billion to \$7.5 billion, while other training expenditures (i.e., travel, facilities, equipment) decreased to \$23.8 billion from \$29.6 billion. Meanwhile, training payroll increased 10 percent to \$51.7 billion.

The training expenditure figures were calculated by projecting the average training budget to a weighted universe of 129,321 companies, using a Dun & Bradstreet database available through Hoovers of U.S. organizations with more than 100 employees.

Note: Although small companies have the smallest annual budgets, there are so many of them (101,097), that they account for one-third of the total budget for training expenditures.

Training Expenditures 2014-2019 In \$ Billions



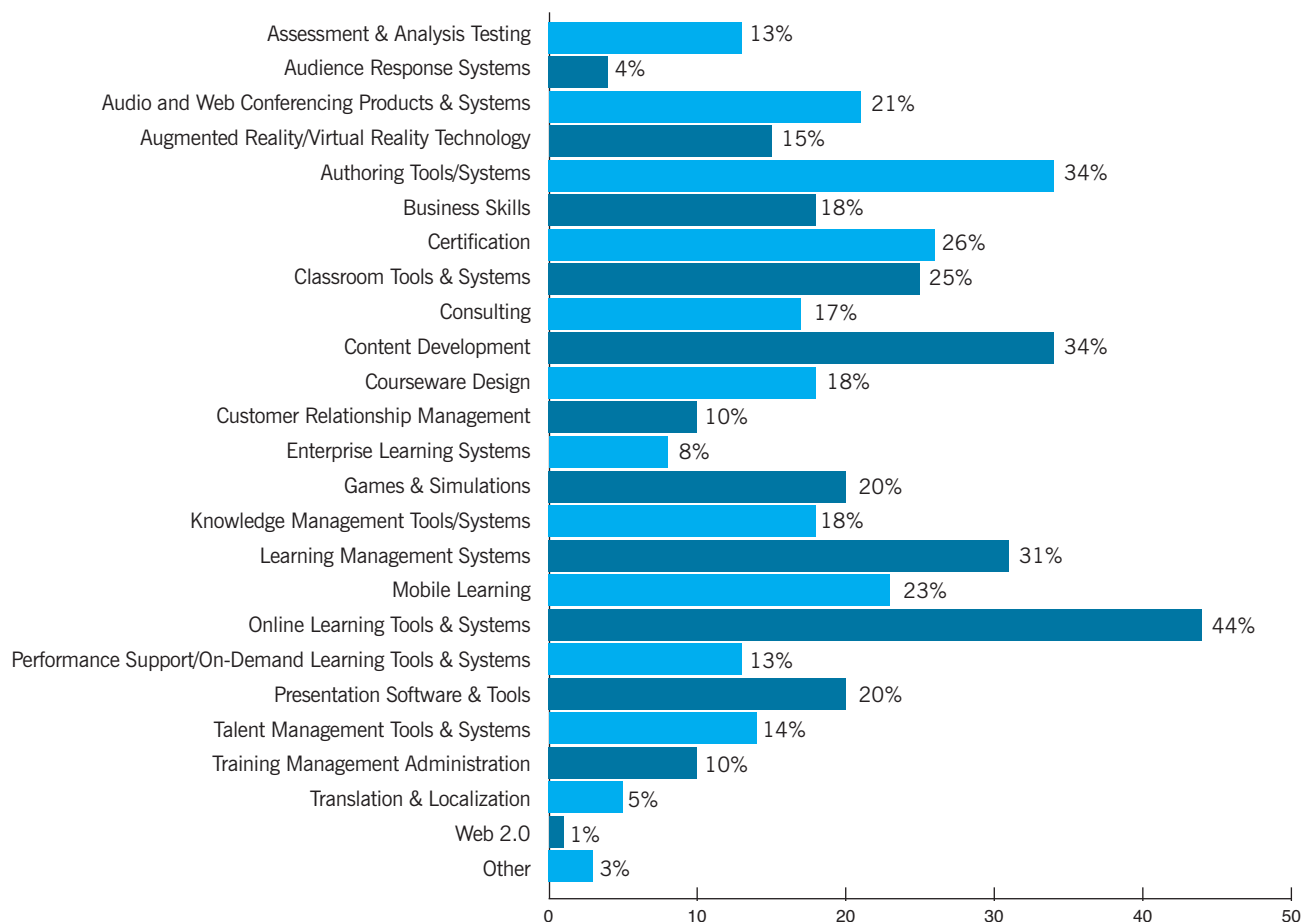
DEFINITIONS

- ▶ **Total training spending:** All training-related expenditures for the year, including training budgets, technology spending, and staff salaries.
- ▶ **Training staff payroll:** The annual payroll for all staff personnel assigned to the training function.
- ▶ **Outside products and services:** Annual spending on external vendors and consultants, including all products, services, technologies, off-the-shelf and custom content, and consulting services.

Average of Total Annual Budget

Organization Type	Large	Midsize	Small	Average
Education	\$3,569,875	\$117,600	\$136,333	\$1,847,250
Government/Military	\$19,390,464	\$850,000	\$401,250	\$4,862,847
Manufacturer/Distributor	\$8,518,750	\$682,833	\$383,273	\$2,018,476
Nonprofit	\$26,395,000	\$1,585,667	\$324,500	\$9,905,643
Association	N/A	\$3,000,000	\$180,000	\$1,590,000
Retail/Wholesale	\$18,900,000	\$8,762,500	\$198,222	\$8,456,700
Services	\$21,960,092	\$1,724,048	\$424,540	\$5,108,932
Avg. Across Sizes	\$17,727,695	\$1,694,585	\$367,490	\$5,128,305

TRAINING EXPENDITURES

Types of Training Products and Services
Intended to Purchase Next Year

Average training expenditures for large companies decreased from \$19.7 million in 2018 to \$17.7 million in 2019. The number for midsize companies dipped \$400,000 to \$1.7 million in 2019. Small companies barely increased from \$355,731 to \$367,490.

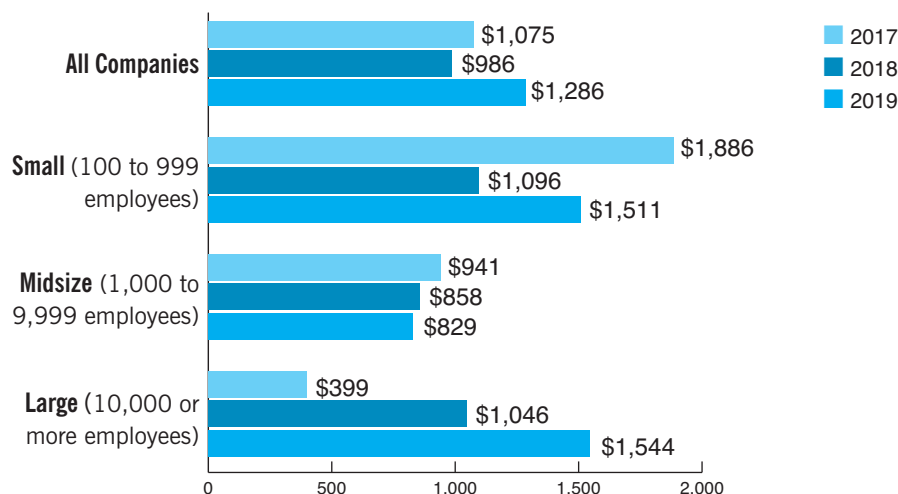
Some 35 percent of organizations said they increased staff from the year before, while 51 percent said the level remained the same (both down 1 percent from 2018). Some 14 percent said it was lower, up from 12 percent in 2018. Large services organizations and midsize manufacturers had the largest personnel costs. This year, midsize companies spent only one-quarter as much as large companies, while small companies spent about one-quarter as much as midsize ones. The average payroll figure for large companies was \$5.6 million; for midsize organizations, it was \$1.3 million; for

small companies, it was \$291,438.

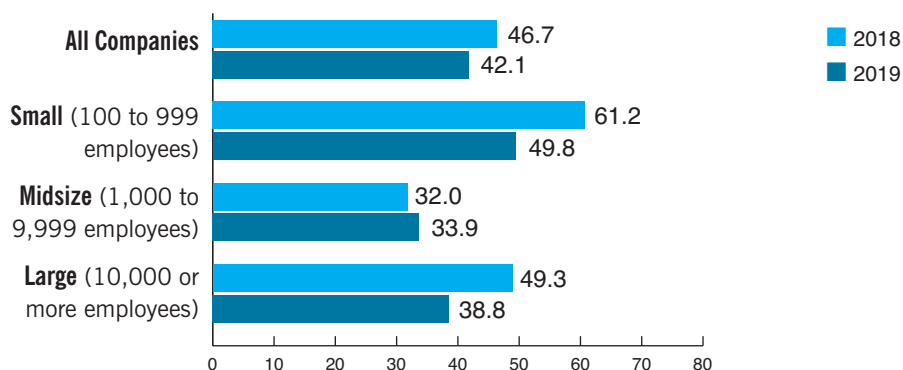
For those who reported an increase in their training staff, the average increase was five people, one less than in 2018. For those who reported a decrease in their staff, the average decrease was 16 people—down from 24 last year.

Other training expenditures decreased significantly this year to \$23.8 billion from \$29.6 billion in 2018. Such expenditures can include travel, training facilities, in-house training development, and equipment. On average, organizations spent 16 percent of their budget or \$445,434 (up from \$235,077 last year) on learning tools and technologies. Large services organizations had the largest budgets for learning tools (\$2.4 million). Midsize nonprofits had the largest tool budget in their size range (\$264,250). Small associations spent the smallest percentage of their

Training Expenditures per Learner 2017-2019



Hours of Training per Employee 2018-2019



training budgets on tools and technologies (6 percent).

Looking ahead, the most frequently anticipated purchases are online learning tools and systems (44 percent vs. 41 percent last year); content development and authoring tools/systems, both at 34 percent vs. 31 and 27 percent last year, respectively; and learning management systems (31 percent vs. 33 percent last year). This is followed by certification (26 percent in 2018 and 2019), classroom tools and systems (25 percent vs. 32 percent last year), and mobile learning (23 percent vs. 24 percent last year). Augmented/virtual reality technology was a new category added to the list this year; it came in at 15 percent. Several items received 10 percent or less of hits, including audience response systems, customer relationship management, enterprise learning systems, talent management administration, translation and localization, and Web 2.0.

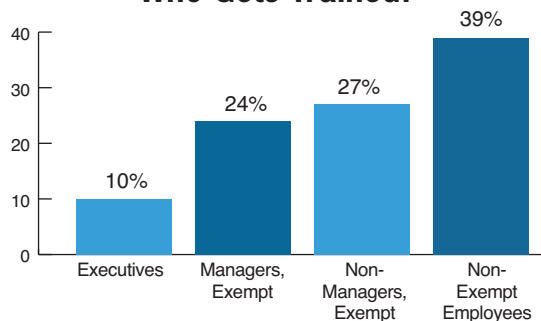
Overall, on average, companies spent \$1,286 per learner this year compared with \$986 per learner in 2018. Nonprofits spent the most per learner this year (\$1,889), followed by manufacturers/distributors (\$1,781). Midsize companies spent less (\$829) than large (\$1,544) and small (\$1,511) companies.

While spending more per learner, companies provided slightly fewer hours of training than last year. On average, employees received 42.1 hours of training per year, compared to 46.7 hours last year. Small companies provided the most hours of training this year (49.8). Small nonprofits had the highest average number of hours overall (89.8).

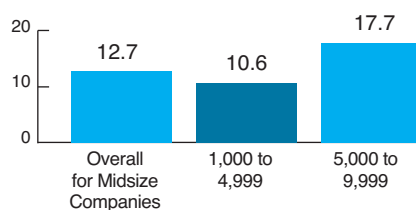
Companies continued to devote the bulk of their training expenditures to training non-exempt employees (39 percent in 2018 and 2019).

TRAINING EXPENDITURES

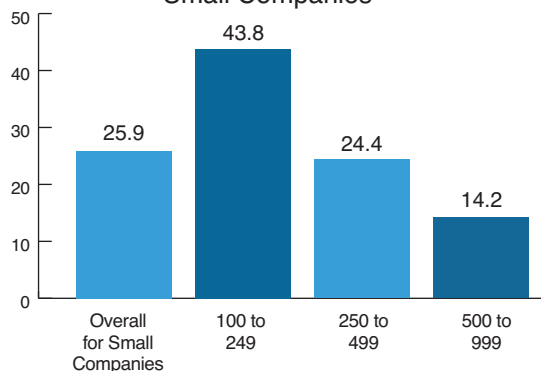
Training Expenditure Allocations— Who Gets Trained?



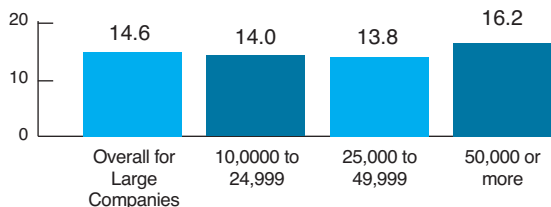
Staff per 1,000 Learners Midsize Companies



Staff per 1,000 Learners Small Companies

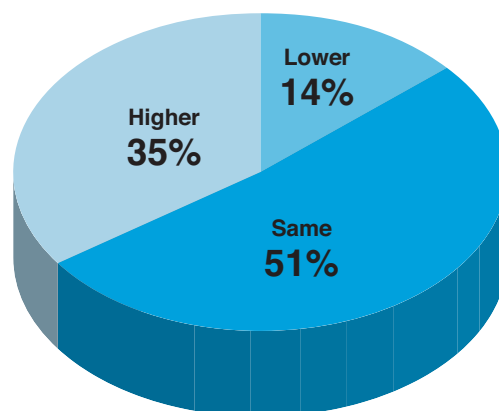


Staff per 1,000 Learners Large Companies



The average training budget for large companies was \$17.7 million, while midsize companies allocated an average of \$1.7 million, and small companies dedicated an average of \$367,490.

Is the Number of Training-Related Staff Higher or Lower Than Last Year?



TRAINING BUDGET

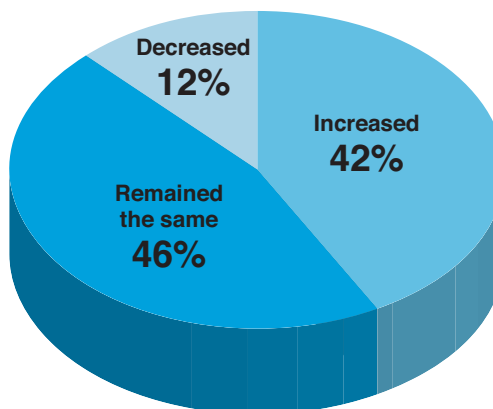
This year, 42 percent of respondents said their training budget increased, while 46 percent said it remained the same. Some 12 percent reported a decrease in budget. Last year, 37 percent said their budget went up; 48 percent said it remained the same; and 15 percent said it went down. Services companies showed a greater tendency for gains; government/military organizations saw more decreases. Increases were not evenly distributed across organization sizes. Small and midsize companies showed more budget increases (48 and 44 percent, respectively) than decreases (10 and 9 percent, respectively). The differential was not as much for large companies, where the numbers were at 33 percent (increases) and 18 percent (decreases).

Most of the budget increases were modest—less than 16 percent. Some 42 percent saw increases in the 6 to 15 percent range, while 21 percent of organizations reported increases in the 1 to 5 percent range. Most respondents who reported an increase in their training budgets attributed it to the following reasons:

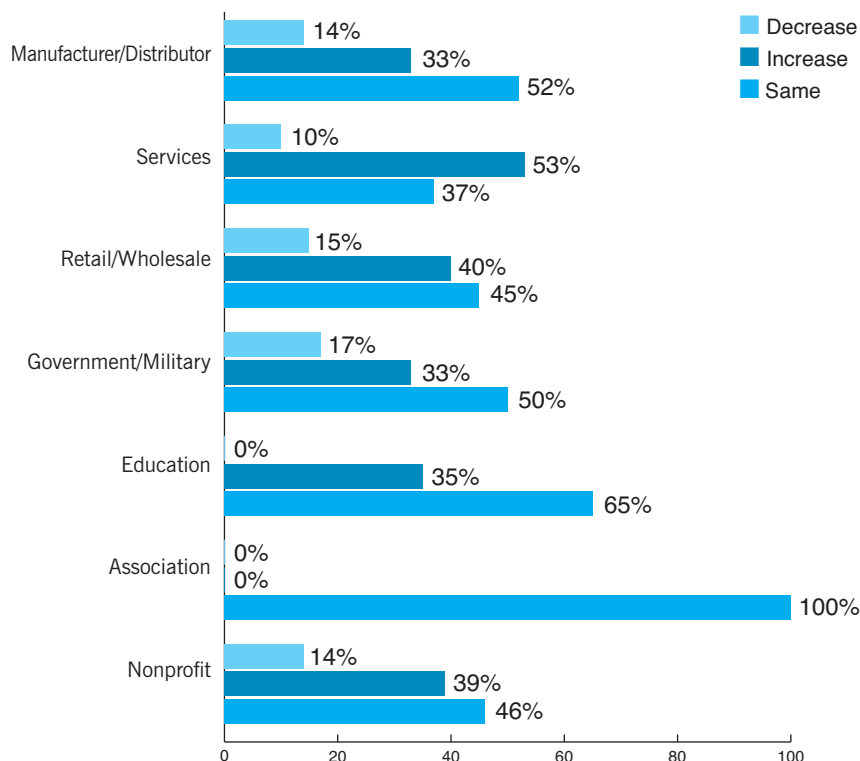
- Increase in the scope of their training programs (67 percent vs. 65 percent last year)
- Added training staff (53 percent vs. 48 percent last year)
- Increased number of learners served (43 percent vs. 48 percent last year)
- Purchased new technologies/equipment (46 percent vs. 34 percent last year)

This year, more respondents (49 percent) reported budget decreases between 6 and 15 percent vs. 11 percent for 1 to 5 percent decreases and 40 percent for more than 16 percent decreases. Some 33 percent noted reduced training staff for the decrease (vs. 26 percent last year). And 30 percent (vs. 32 percent last year) chose “other” as the reason for the decrease, citing “industry pressures” and “organizational restructuring/downsizing,” among the reasons.

What Happened to Your Training Budget This Year?



Budget Change by Industry



TRAINING BUDGETS

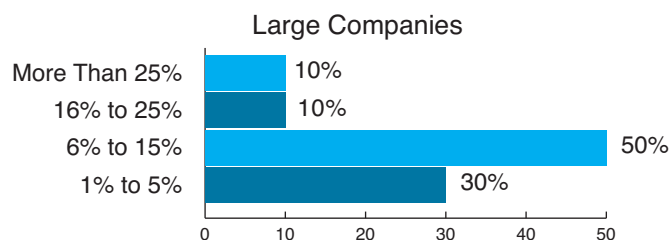
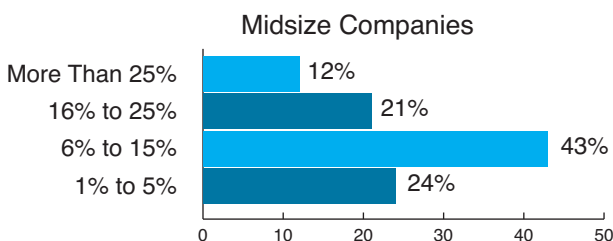
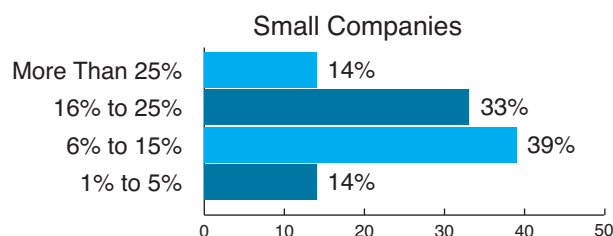
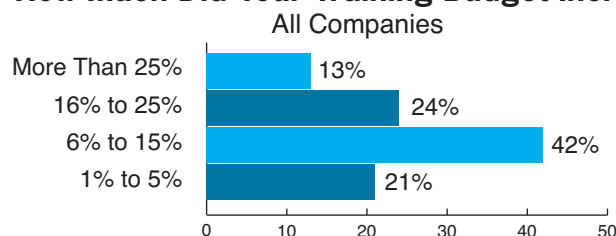
This was followed by:

- Decreased scope of training and attended fewer outside learning events (both at 15 percent vs. 13 percent and 8 percent, respectively, last year)
- Decreased number of learners served (11 percent vs. 5 percent last year)
- Decreased outside trainer/consultant investment (7 percent vs. 21 percent)

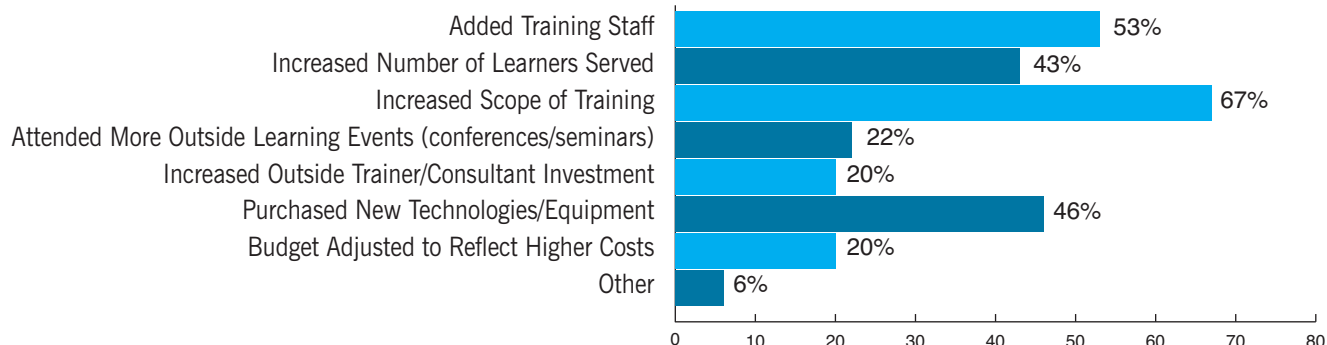
Like the last seven years, the highest percentage of organizations (30 percent) said management/supervisory training will receive more funding than the year before, with onboarding a close second at 27 percent. On average, organizations plan to allocate the most funding to profession/industry-specific training at \$1.3 million; onboarding at \$694,475; management/supervisory training at \$688,891; IT/systems training at \$584,029; and mandatory compliance training at \$552,261.

The highest priorities for training in terms of allocating resources in 2020 are: increasing the effectiveness of training programs (37 percent vs. 34 percent last year), followed by measuring the impact of training programs (18 percent vs. 19 percent last year), reducing costs/improving efficiency (14 percent vs. 19 percent in 2018), and increasing learner usage of training programs (12 percent this year vs. 13 percent last year). Learning infrastructure and obtaining revenue through external training are low priorities at 3 and 2 percent, respectively.

How Much Did Your Training Budget Increase?

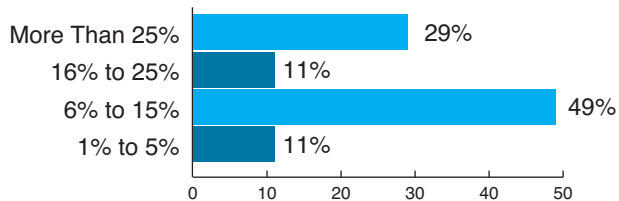


Why Did Your Budget Increase?

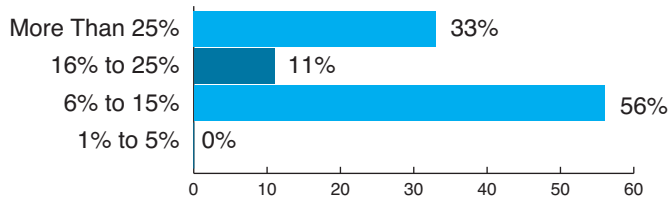


How Much Did Your Training Budget Decrease?

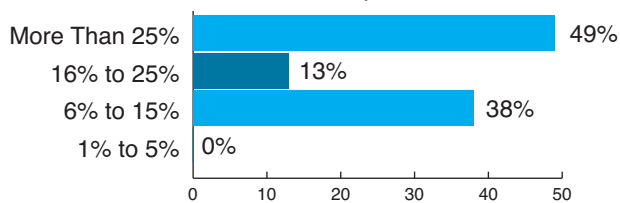
All Companies



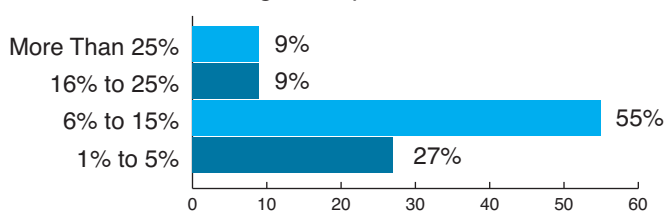
Small Companies



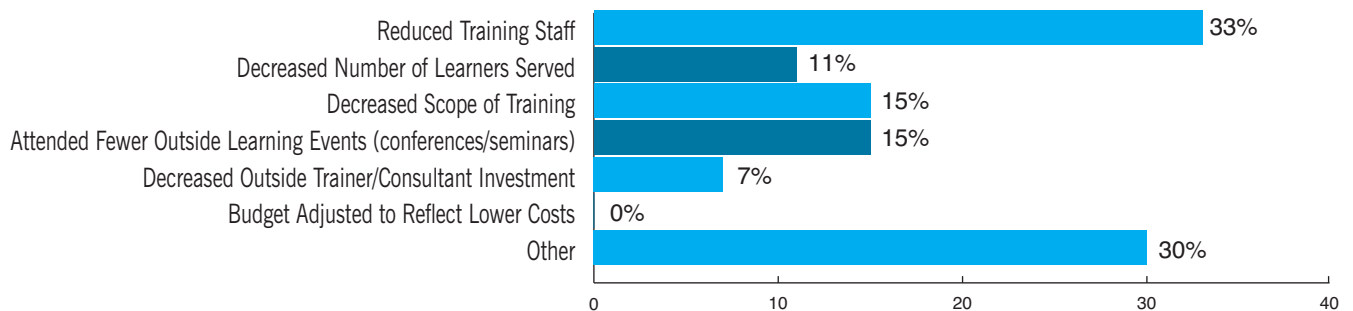
Midsize Companies



Large Companies

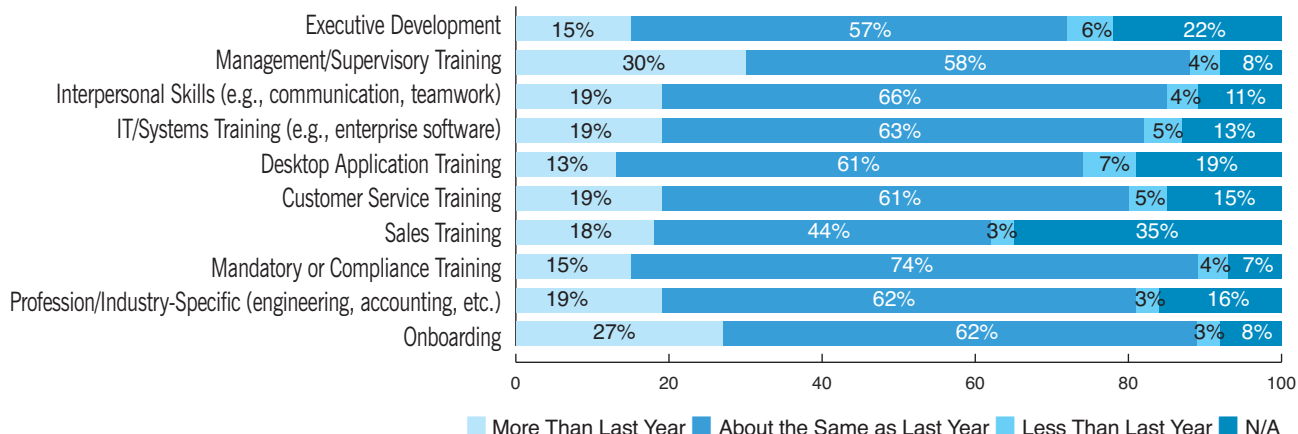


Why Did Your Budget Decrease?



TRAINING BUDGETS

Projected Funding for Learning Areas Next Year



TRAINING DELIVERY

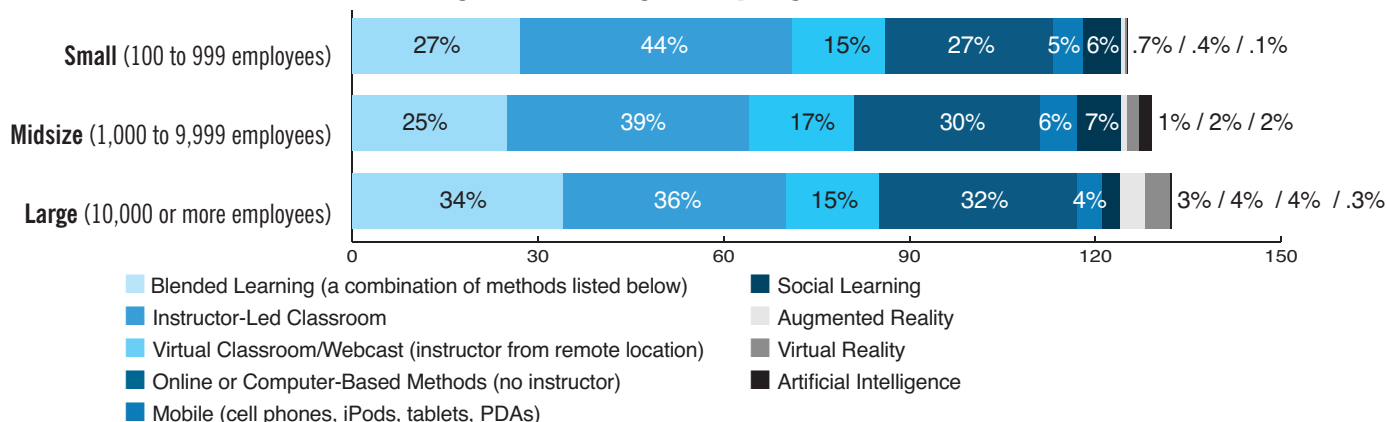
Some 28 percent of hours were delivered with blended learning techniques, down significantly from 69.3 percent last year.

- Some 40.3 percent of training hours were delivered by a stand-and-deliver instructor in a classroom setting—up from 35.5 percent reported last year.
- 29.6 percent of hours were delivered via online or computer-based technologies, up from 25.6 percent last year. Virtual classroom/Webcast accounted for 15.4 percent of hours delivered, up from 10.2 percent last year.

- 4.9 percent of training hours were delivered via mobile devices, up from 1.7 percent in 2018. This year, 5.5 percent of training hours were delivered via social learning (versus none last year). Three new categories were added this year: augmented reality (1.6 percent), virtual reality (1.9 percent), and artificial intelligence (.6 percent).

Instructor-led classroom training is used exclusively or mostly (90 to 100 percent of the time) by 9.7 percent of the organizations. More companies (38.1 percent) use it for 10

Training Delivery Methods by Company Size 2019



TRAINING DELIVERY

to 29 percent of their training. Most organizations are using a mixture of blended learning, instructor-led, virtual classroom, and online methods.

Mandatory or compliance training continued to be done mostly online, with 80 percent of organizations doing at least some of it online and 29 percent entirely online (up from 28 percent last year). Online training also often is used for sales training (87 percent), desktop application training (81 percent), and IT/ systems training and profession/industry-specific training (both at 73 percent). Online delivery for customer service training was at 63 percent, followed by interpersonal skills training (61 percent) and management/ supervisory training (58 percent). Online training was least used for onboarding and executive development (53 percent and 47 percent, respectively).

In terms of technology usage, of the 11 learning technologies presented, the most often used included:

- Learning management systems (LMSs) at 82 percent, up from 81 percent last year, followed by virtual classroom/ Webcasting/video broadcasting at 75 percent, up from 69 percent last year
- Rapid e-learning tools (48 percent, up from 45 percent last year)
- Application simulation tools (39 percent, up from 34 percent last year)

- Mobile applications at 34 percent (up from 30 percent last year)

At least 90 percent of large and midsize companies currently use LMSs vs. 71 percent of small companies.

The delivery methods least often used for training remained the same as last year:

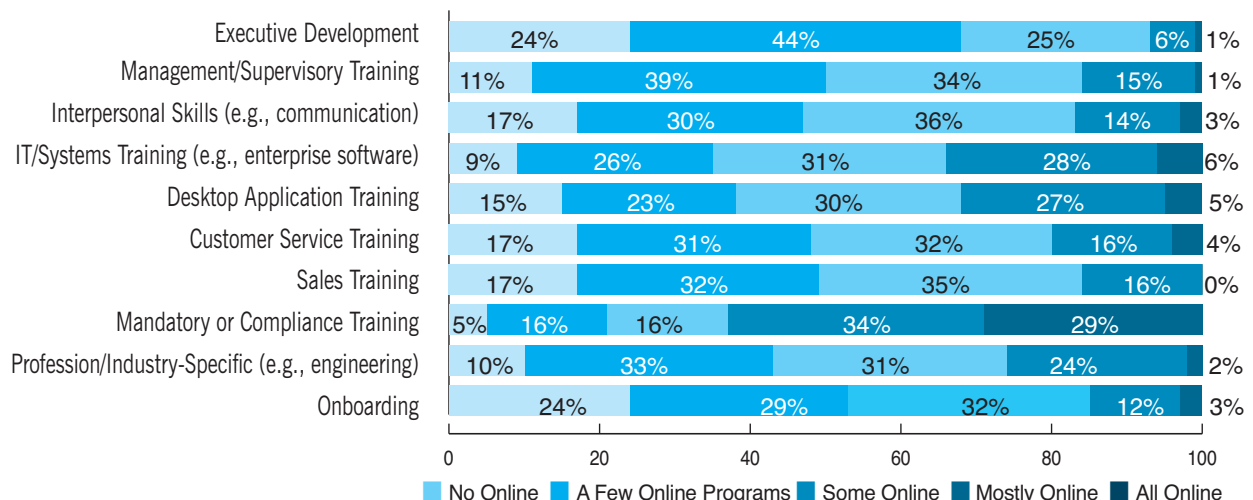
- Podcasting at 21 percent (but up from 14 percent last year)
- Online performance support (EPSS) or knowledge management system at 28 percent (but up from 21 percent last year)
- Learning content management systems (LCMSs) at 27 percent (down from 30 percent last year)

Three new categories were added this year:

- Virtual reality at 9 percent
- Augmented reality at 6 percent
- Artificial intelligence at 4 percent

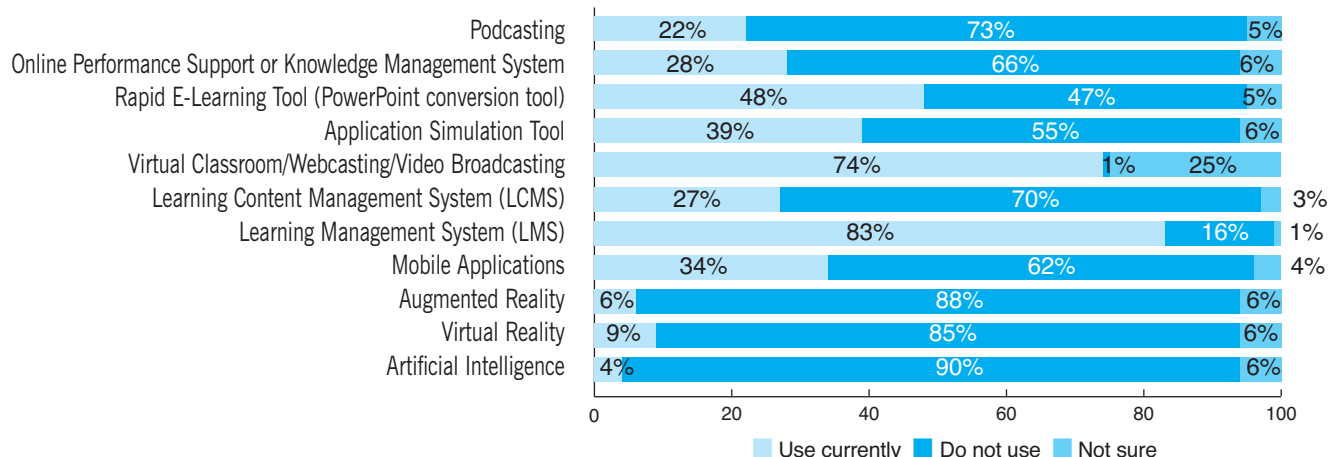
Large companies appear more inclined to experiment with these new technologies than small or midsize organizations: Some 23 percent of large companies currently are using virtual reality, 11 percent are using augmented reality, and 9 percent are using artificial intelligence, while 5 percent or less of small and midsize companies are using any of these technologies.

Online Method Use for Types of Training

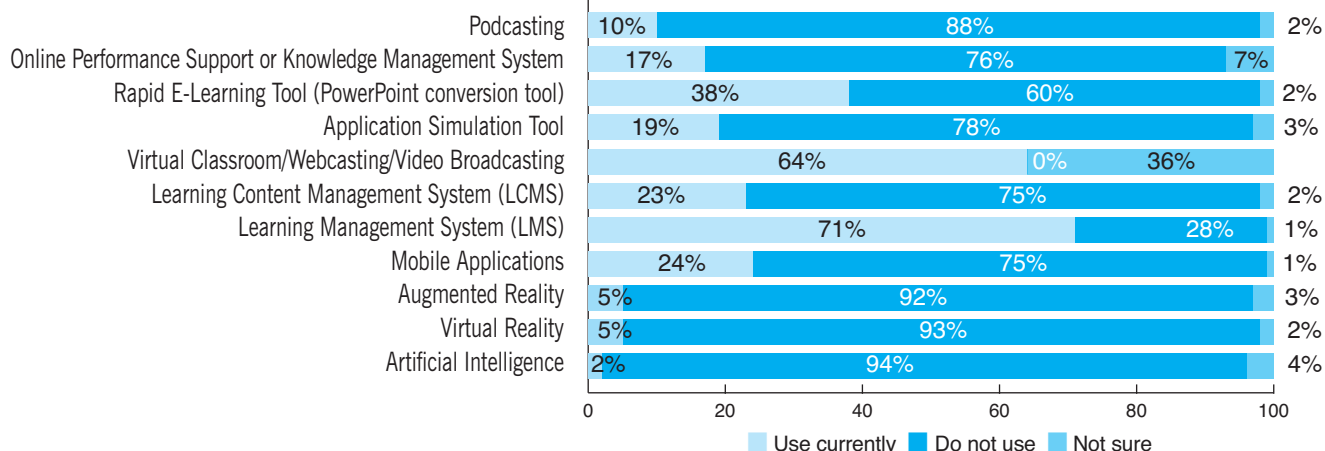


TRAINING DELIVERY

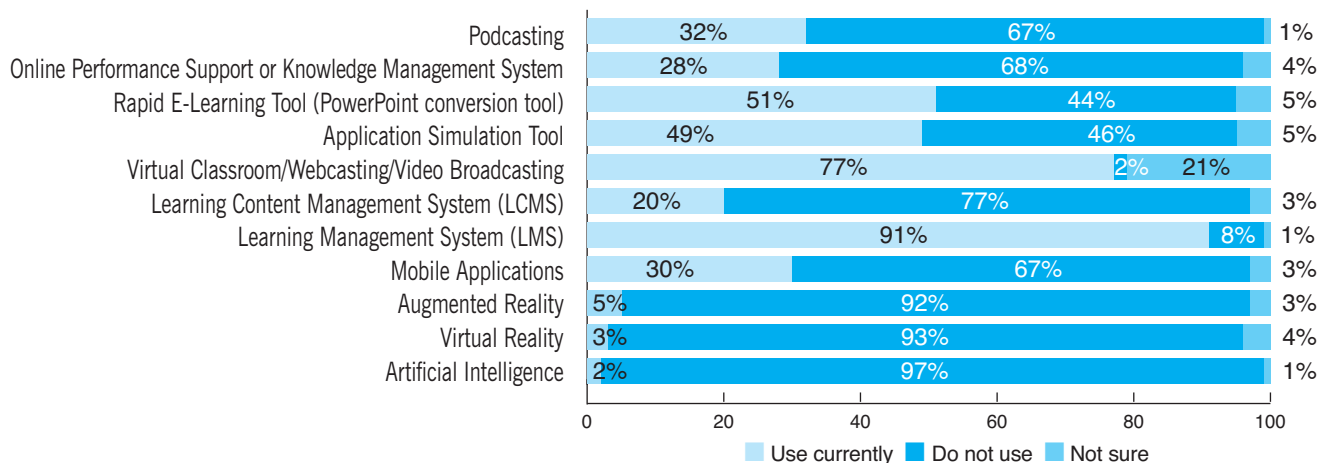
Learning Technologies Current Usage All Companies



Small Companies

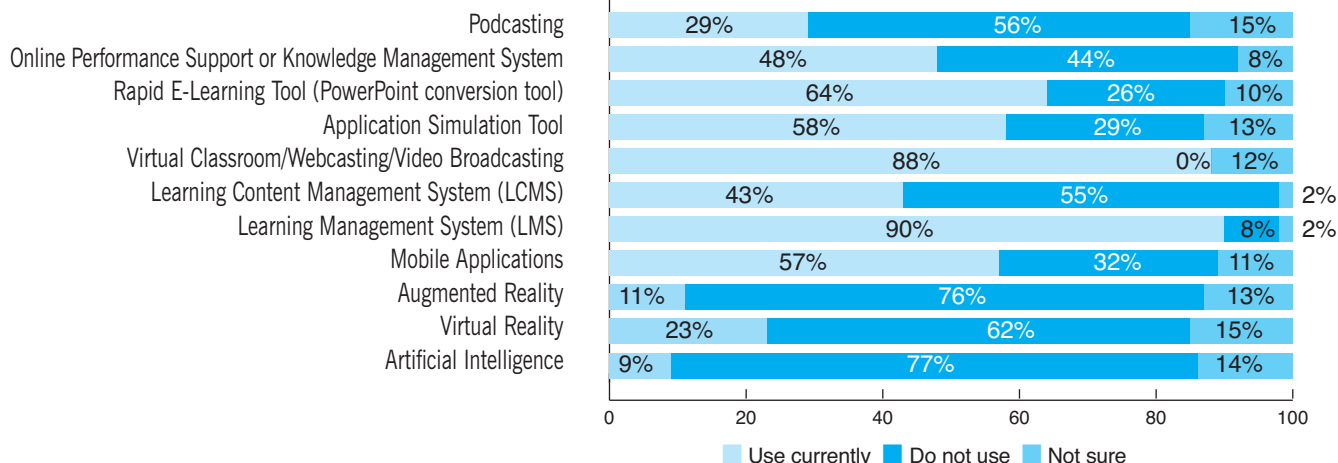


Midsize Companies



TRAINING DELIVERY

Learning Technologies Current Usage Large Companies



TRAINING OUTSOURCING

2019 saw a decrease in the average expenditure for training outsourcing: \$378,490, down from \$422,321 in 2018. Large companies on average spent \$1.5 million vs. \$67,209 for midsize companies and \$70,908 for small ones. An average of 8 percent of the total training budget was spent on outsourcing in 2019 vs. 14 percent in 2018.

On average, 28 percent of companies mostly or completely outsourced LMS operations/hosting (up from 26 percent last year), while LMS administration and learner support largely were handled in-house (78 percent).

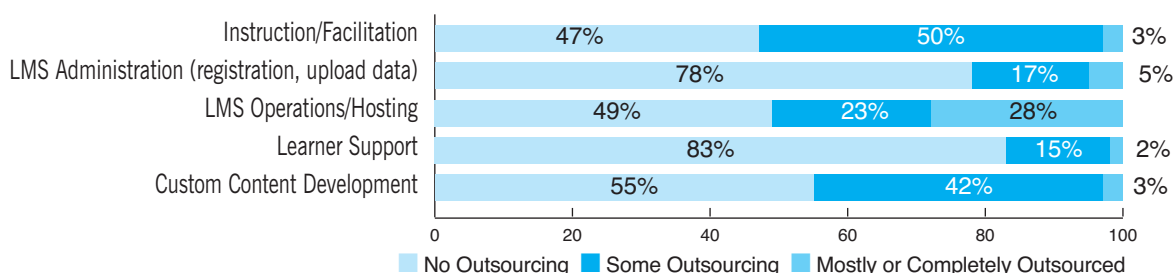
Instruction/facilitation was handled about equally in-house (47 percent) and outsourced (53 percent). Across all the topic areas, large and midsize companies outsourced about the same, and small companies somewhat less. In the areas of

custom content development and learner support, the larger the company, the greater the outsourcing.

The level of outsourcing is expected to stay relatively steady in 2020—some 86 percent of organizations said they expect to stay the same in the outsourcing area. The percentage of companies expecting to increase outsourcing (8 percent) is slightly higher than those expecting to use outsourcing less (6 percent). More than half of respondents said they don't plan to outsource learner support or LMS administration in the next 12 months.

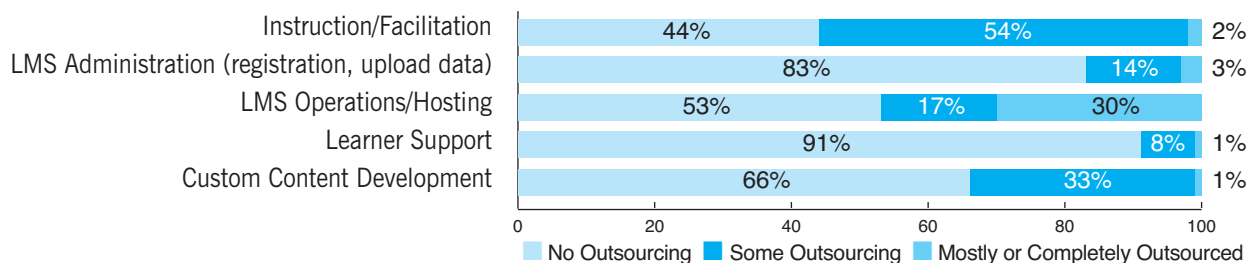
With respect to company size, large companies expect a larger increase in outsourcing than either small or midsize companies. Small companies are more likely to report that they don't and won't outsource.

Extent of Outsourcing All Companies

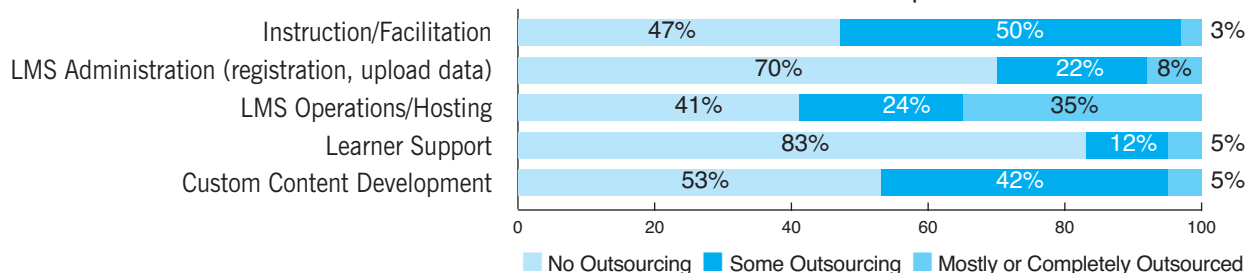


TRAINING OUTSOURCING

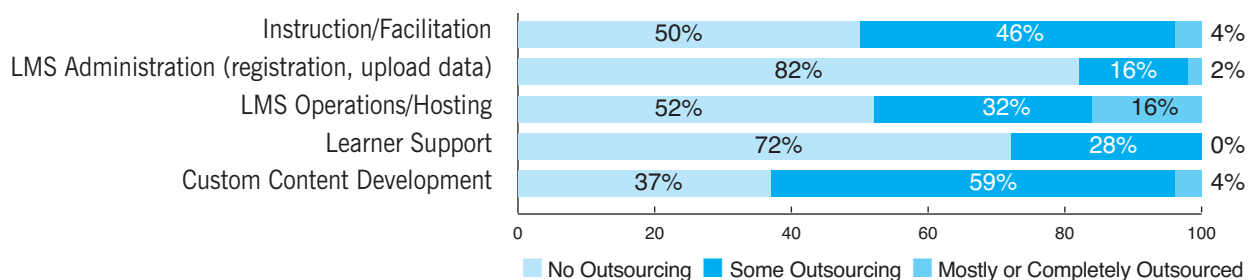
Extent of Outsourcing Small Companies



Midsize Companies

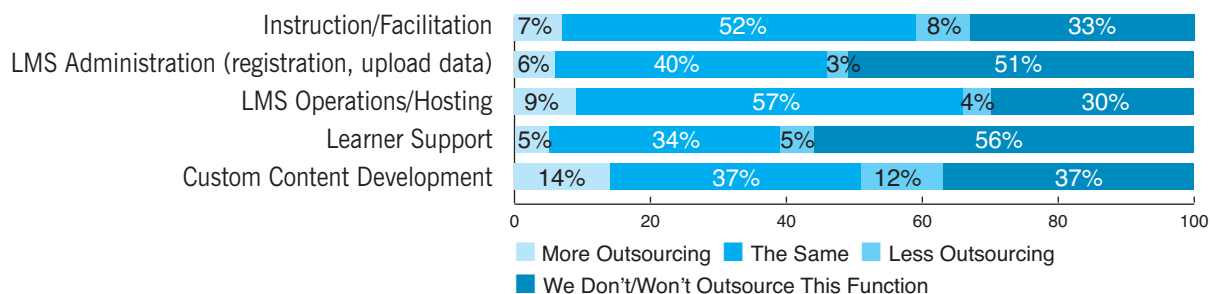


Large Companies

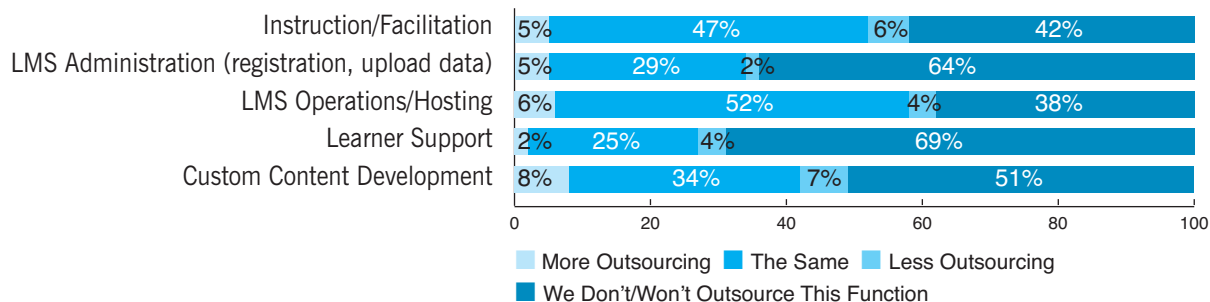


For 2020, large companies expect a larger increase in outsourcing than either small or midsize companies. Small companies are more likely to report that they don't and won't outsource.

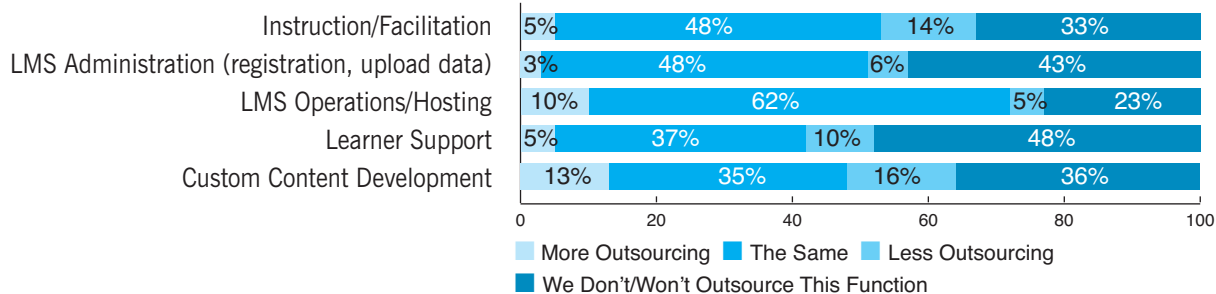
Projected Use of Outsourcing All Companies



Small Companies



Midsized Companies



Large Companies

