2018 TRAINING INDUSTRY REPORT

ABOUT THIS STUDY

Now in its 37th 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 2018, 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.

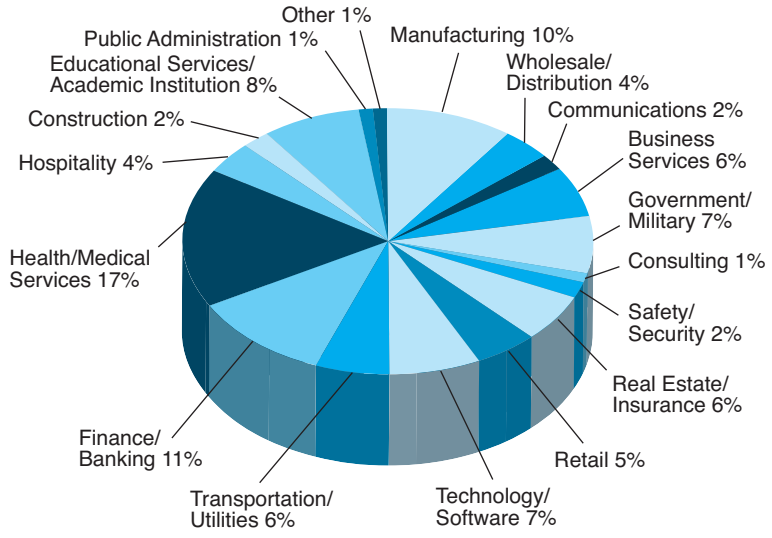
SURVEY RESPONDENTS

Small companies (100-999 employees)	**36%**
Midsize (1,000-9,999 employees)	**41%**
Large (10,000 or more employees)	**23%**
Total respondents	**271**

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:

- 61% are managers or above in the organization
- 17% are developers or instructional designers
- 22% are mid- to low-level (based on title selection) associates
- 64% determine the need for purchasing products and services
- 30% set the budget
- 31% manage requests for proposals/bids
- 70% recommend the purchase
- 28% have the final purchase decision

TRAINING EXPENDITURES

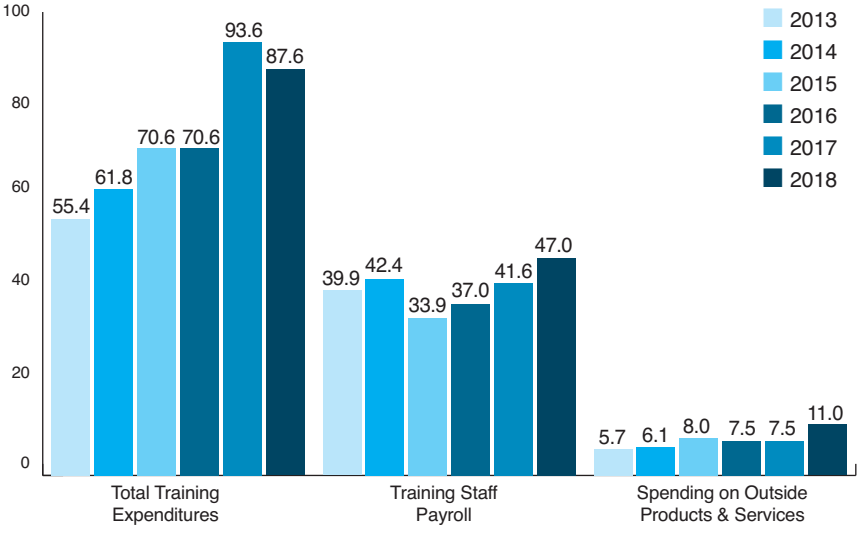
Total 2018 U.S. training expenditures—including payroll and spending on external products and services—declined 6.4 percent to $87.6 billion. Spending on outside products and services rose from $7.5 billion to $11 billion, while other training expenditures (i.e., travel, facilities, equipment) decreased to $29.6 billion from $44.5 billion. Meanwhile, training payroll increased nearly 13 percent to $47 billion.

The training expenditure figures were calculated by projecting the average training budget to a weighted universe of 127,095 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 (112,507), that they account for one-quarter of the total budget for training expenditures.

Training Expenditures 2013-2018

In $ Billions



DEFINITIONS

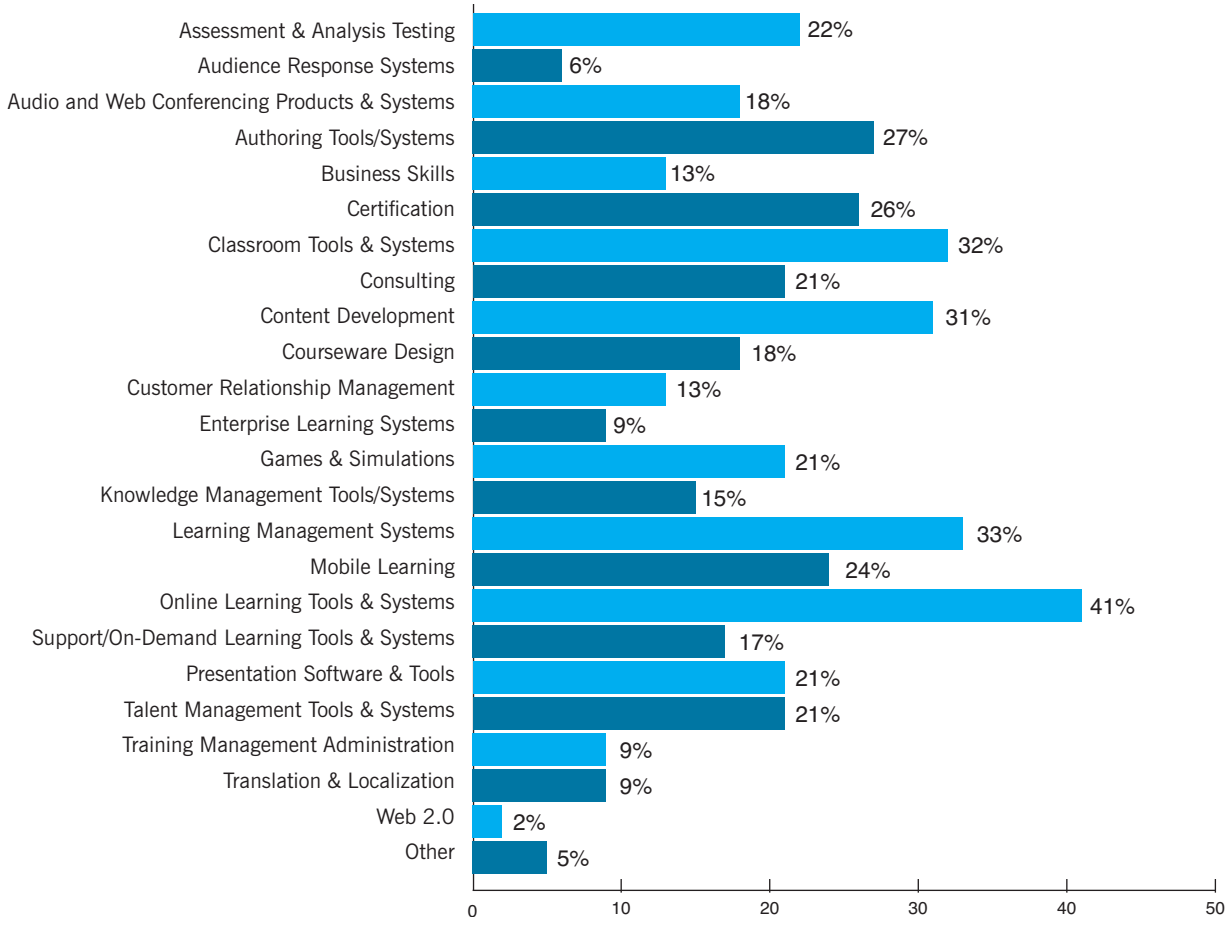
- **Total training spending:** All training-related expenditures for the year, including training budgets, technology spending, and staff salaries.
- **Training staff payroll:** The annual payroll for all staff personnel assigned to the training function.
- **Outside products and services:** Annual spending 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	$3,587,500	$300,833	$354,886	$888,878
Government/Military	$17,600,000	$2,758,375	$666,364	$5,137,176
Manufacturer/Distributor	$14,549,108	$2,557,373	$450,000	$4,202,210
Nonprofit	$32,669,800	$3,731,250	$233,333	$7,839,960
Association	N/A	N/A	$150,000	$150,000
Retail/Wholesale	$39,500,000	$849,375	$348,333	$9,271,389
Services	$18,983,185	$2,142,047	$253,736	$4,752,179
Avg. Across Sizes	$19,681,075	$2,107,790	$355,751	$4,963,673

TRAINING EXPENDITURES

Types of Training Products and Services Intended to Purchase Next Year



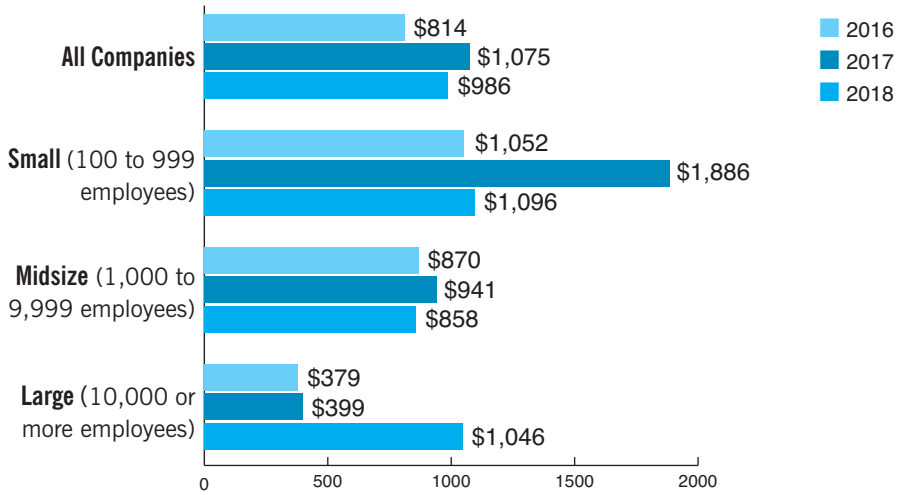
Average training expenditures for large companies increased from $17 million in 2017 to $19.7 million in 2018. The number for midsize companies rose $600,000 to $2.1 million in 2018. But small companies decreased from $1 million to $355,731 (back to slightly below the 2016 level).

Some 36 percent of organizations said they increased staff from the year before (up from 28 percent in 2017), while 52 percent said the level remained the same (down from 56 percent in 2017). Some 12 percent said it was lower, down from 16 percent in 2017. Large and midsize government/military organizations had the largest personnel costs. This year, midsize companies spent about a fifth 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 $6.2 million; for midsize organizations, it was $1.1 million; for small companies, it was $289,752.

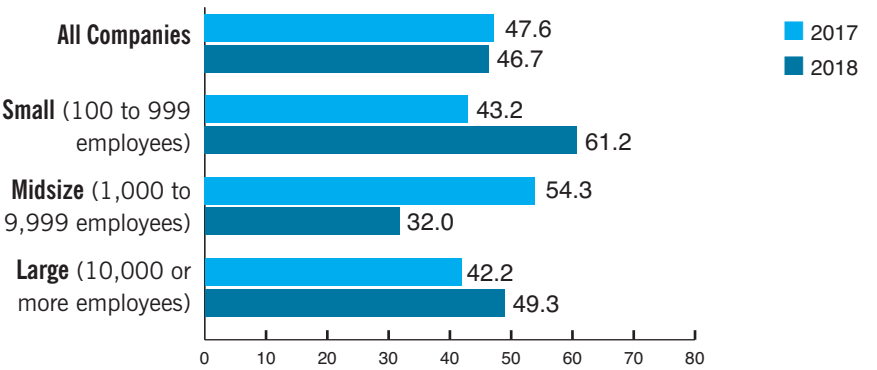
For those who reported an increase in their training staff, the average increase was six people, three more than in 2017. For those who reported a decrease in their staff, the average decrease was 24 people—up from six last year, but two large companies reported a reduction of 300-plus trainers, skewing the average.

Other training expenditures decreased significantly this year to $29.6 billion from $44.5 billion in 2017. Such expenditures can include travel, training facilities, in-house training development, and equipment. On average, organizations spent 11 percent of their budget or $235,077 (up from $135,837 last year) on learning tools and technologies. Large services organizations had the largest budgets for learning tools ($1.3 million). Midsize government/military organizations had the largest tool budget in their

Training Expenditures per Learner 2016-2018



Hours of Training per Employee 2017-2018



size range ($230,758). Large retailers spent the smallest percentage of their training budgets on tools and technologies (1 percent). Looking ahead, the most frequently anticipated purchases are online learning tools and systems (41 percent vs. 40 percent last year), learning management systems (33 percent vs. 39 percent last year), and classroom tools and systems (which leaped into No. 3 with 32 percent vs. 28 percent last year). This is followed by content development at 31 percent and authoring tools/systems at 27 percent (vs. 28 percent last year), certification (26 percent vs. 29 percent last year), and mobile learning (24 percent vs. 23 percent last year). Several items received 10 percent or less of hits, including audience response systems, enterprise learning systems, talent management administration, translation and localization, and Web 2.0.

Overall, on average, companies spent $986 per learner this year compared with $1,075 per learner in 2017. Government/military organizations spent the most per learner this year ($1,433), followed by nonprofit organizations ($1,360). Midsize companies spent less ($858) than large ($1,046) and small ($1,096) companies.

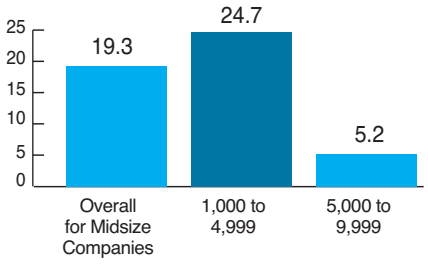
While spending slightly less per learner, companies provided almost the same number of hours of training as last year. On average, employees received 46.7 hours of training per year, compared to 47.6 hours last year. Small companies provided the most hours of training this year (61.2). Small services companies had the highest average number of hours overall (81.8).

Companies continued to devote the bulk of their training expenditures to training non-exempt employees (39 percent vs. 42 percent last year).

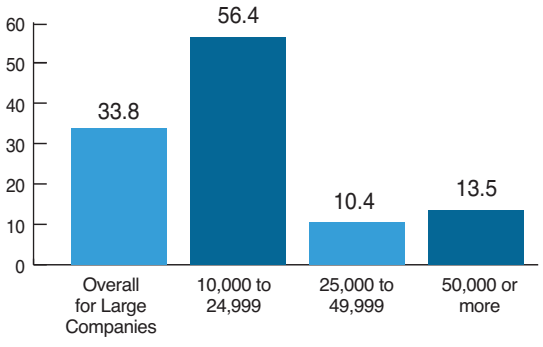
TRAINING EXPENDITURES

Training Expenditure Allocations—Who Gets Trained?

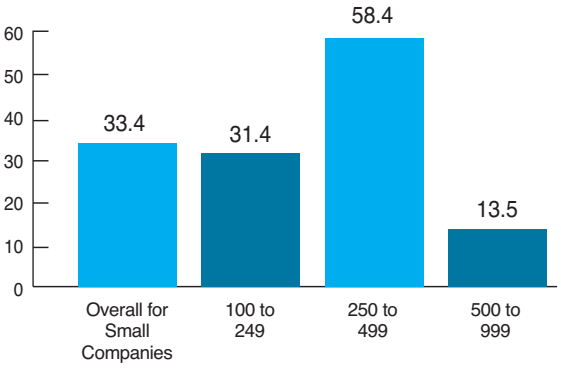
Staff per 1,000 Learners
Midsize Companies



Staff per 1,000 Learners
Large Companies

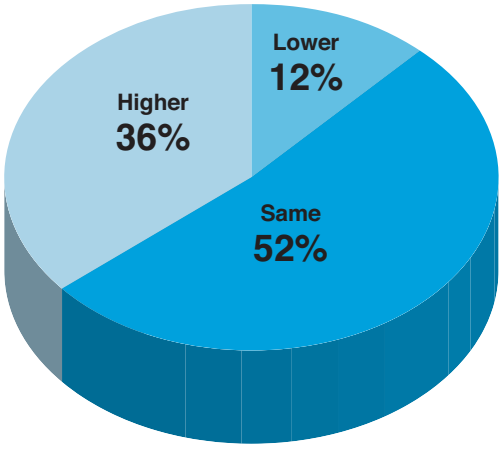


Staff per 1,000 Learners
Small Companies



The average training budget for large companies was $19.7 million, while midsize companies allocated an average of $2.1 million, and small companies dedicated an average of $355,721.

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



TRAINING BUDGET

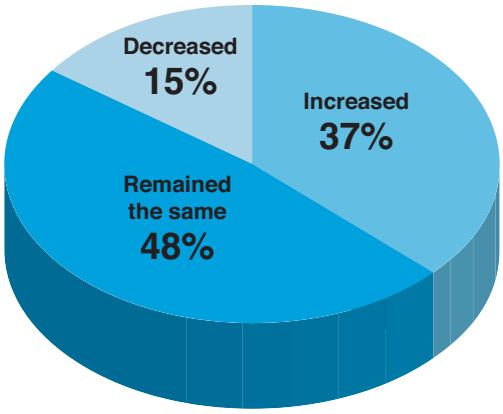
Budget status remained much the same as last year, with 37 percent saying their training budget increased and 48 percent saying it remained the same. Some 15 percent reported a decrease in budget. Last year, 36 percent said their budget went up; 49 percent said it remained the same; and 15 percent said it went down. Services companies showed the greatest tendency for budget cuts, while retailers showed a greater tendency for gains. Increases were not evenly distributed across organization sizes. More small and midsize companies showed increases (32 and 51 percent, respectively) than decreases (14 and 11 percent, respectively) than midsize and large companies, where the numbers were more balanced (23 percent for each).

Most of the budget increases were modest—less than 16 percent. Some 42 percent saw increases in the 6 to 15 percent range, while 30 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:

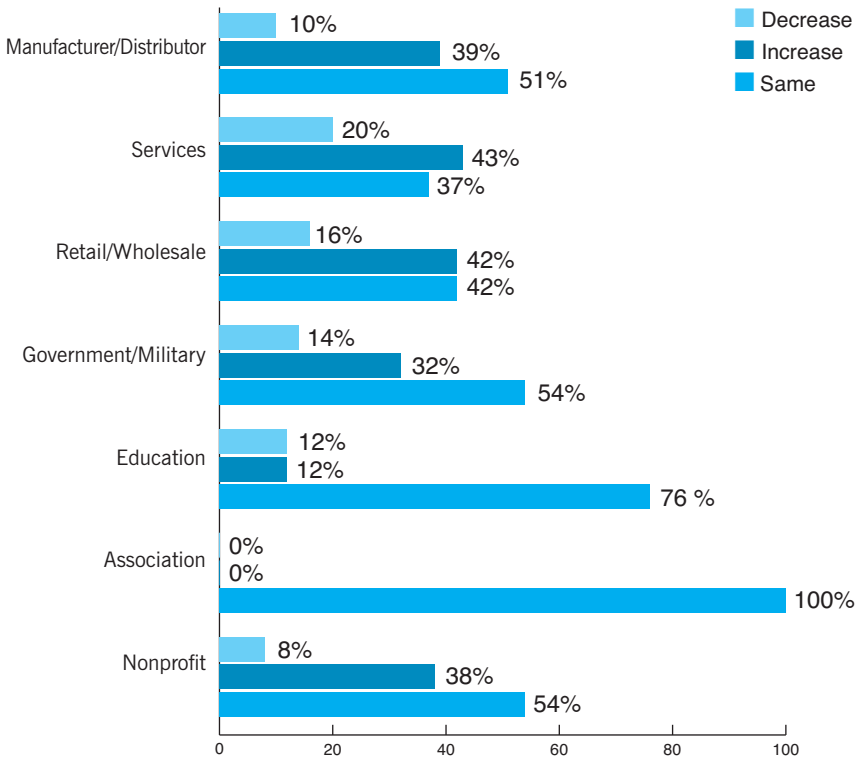
- Increase in the scope of their training programs (65 percent vs. 67 percent last year)
- Added training staff (48 percent vs. 54 percent last year)
- Increased number of learners served (48 percent vs. 49 percent last year)
- Purchased new technologies/ equipment (34 percent vs. 38 percent last year)

This year, more respondents (36 percent) reported budget decreases between 6 and 15 percent vs. 33 percent for 1 to 5 percent decreases and 31 percent for more than 16 percent decreases. Some 32 percent (vs. 36 percent last year) chose "other" as the reason for the decrease, citing "added more blended learning opportunities and reduced the need to travel," "potential corporate merger," and "state budget reduced."

What Happened to Your Training Budget This Year?



Budget Change by Industry



TRAINING BUDGETS

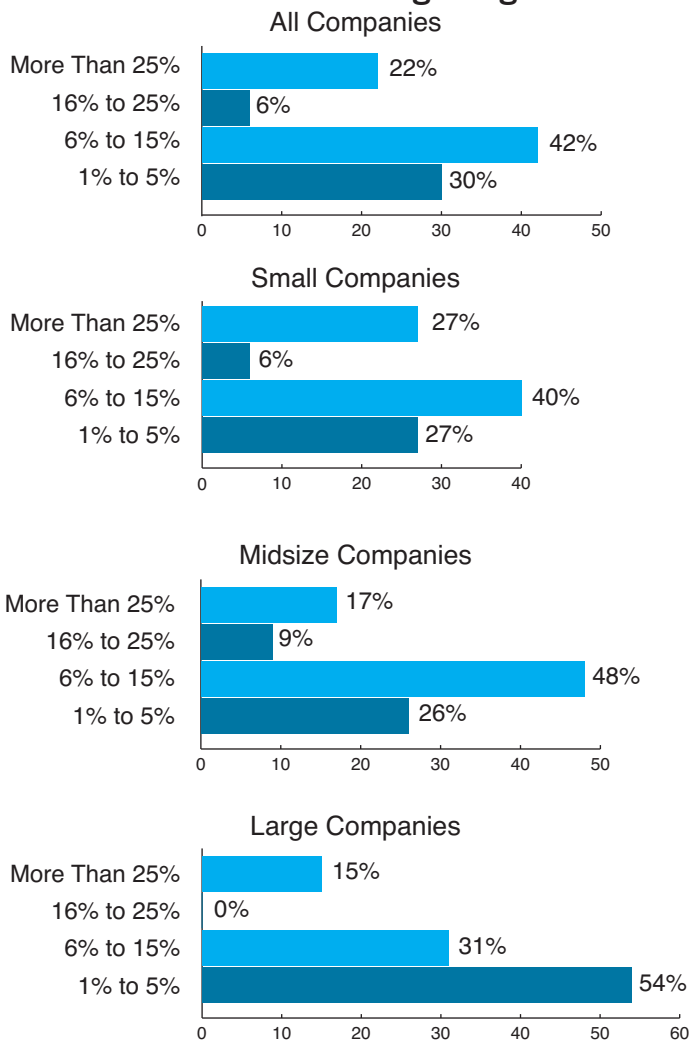
This was followed by:

- Budget adjusted to reflect lower costs (nearly 30 percent vs. 39 percent last year)
- Reduced training staff (26 percent vs. 25 percent last year)
- Decreased outside trainer/consultant investment (21 percent vs. 18 percent)
- Decreased scope of training (13 percent vs. 18 percent)

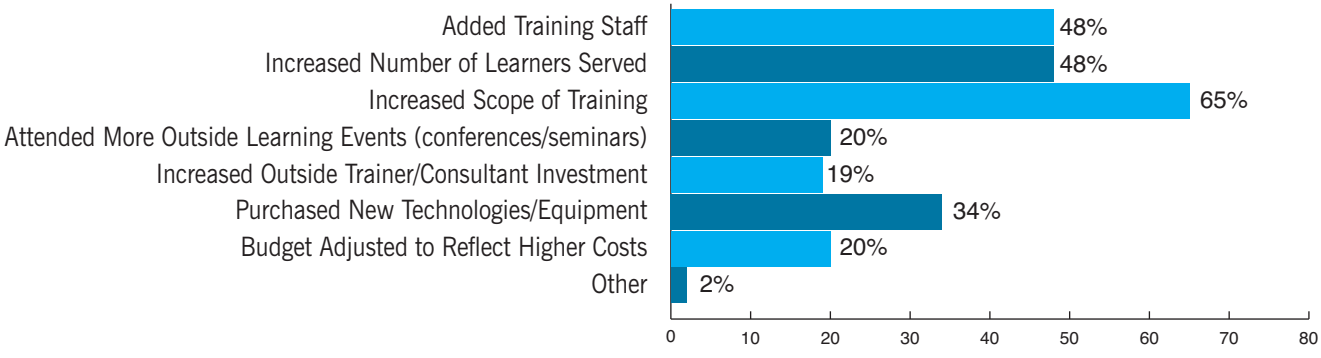
Like the last six years, the highest percentage of organizations (30 percent) said management/supervisory training will receive more funding than the year before. On average, organizations plan to allocate the most funding to mandatory compliance training at $3.2 million; desktop application training at $1.3 million; profession/industry-specific training at $1.2 million; onboarding at $915,454; and management/supervisory training at $850,696.

The highest priorities for training in terms of allocating resources in 2019 are: increasing the effectiveness of training programs (34 percent vs. 37 percent last year), followed by measuring the impact of training programs and reducing costs/improving efficiency (19 percent for both in 2018 vs. 16 and 13 percent, respectively, last year), and increasing learner usage of training programs (13 percent this year vs. 12 percent last year). Learning infrastructure is a low priority at 3 percent, and none of the respondents said they are planning to obtain revenue through external training.

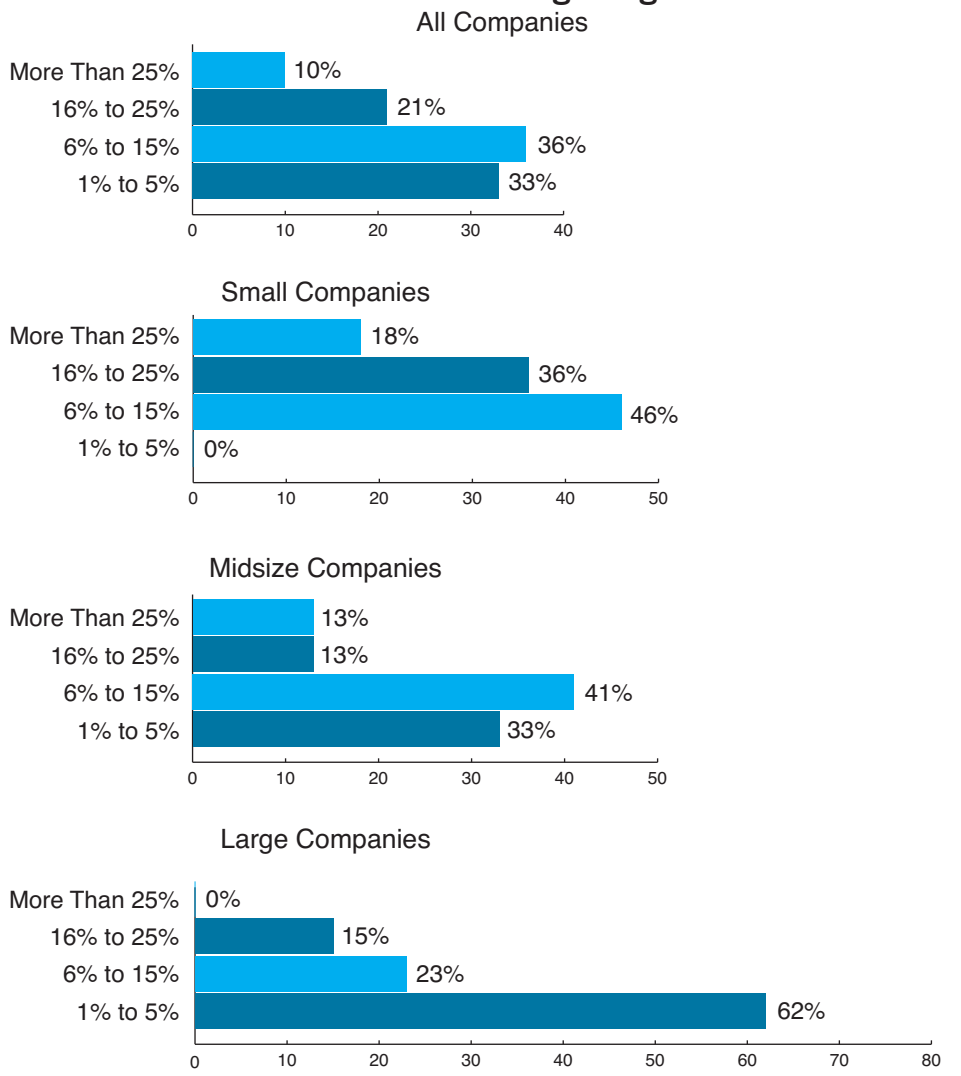
How Much Did Your Training Budget Increase?



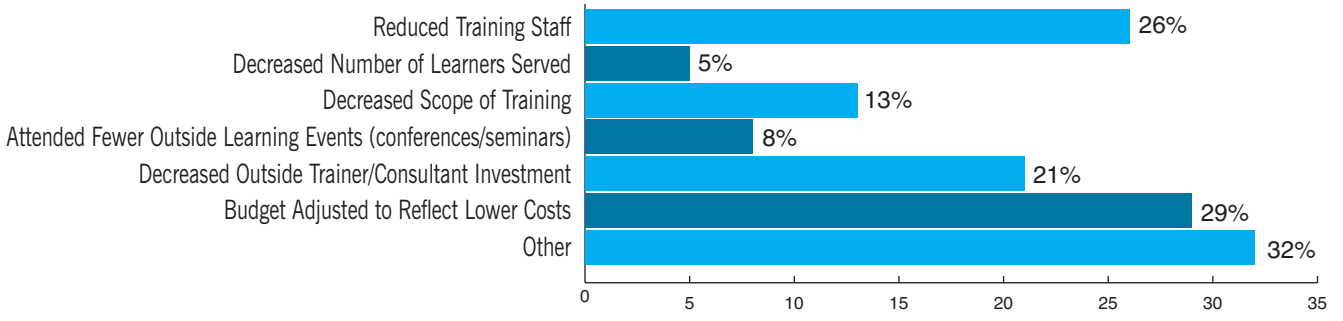
Why Did Your Budget Increase?



How Much Did Your Training Budget Decrease?

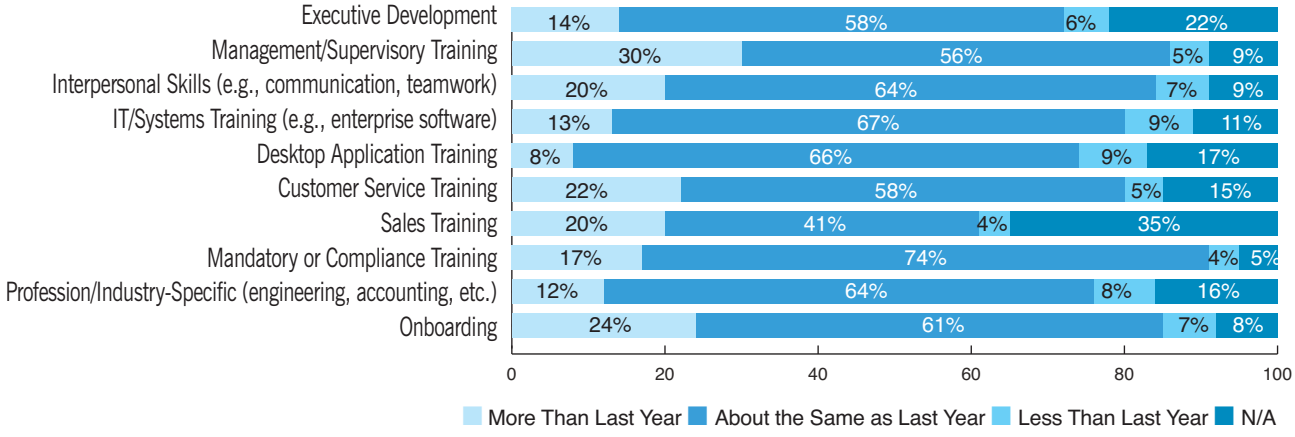


Why Did Your Budget Decrease?



TRAINING BUDGETS

Projected Funding for Learning Areas Next Year



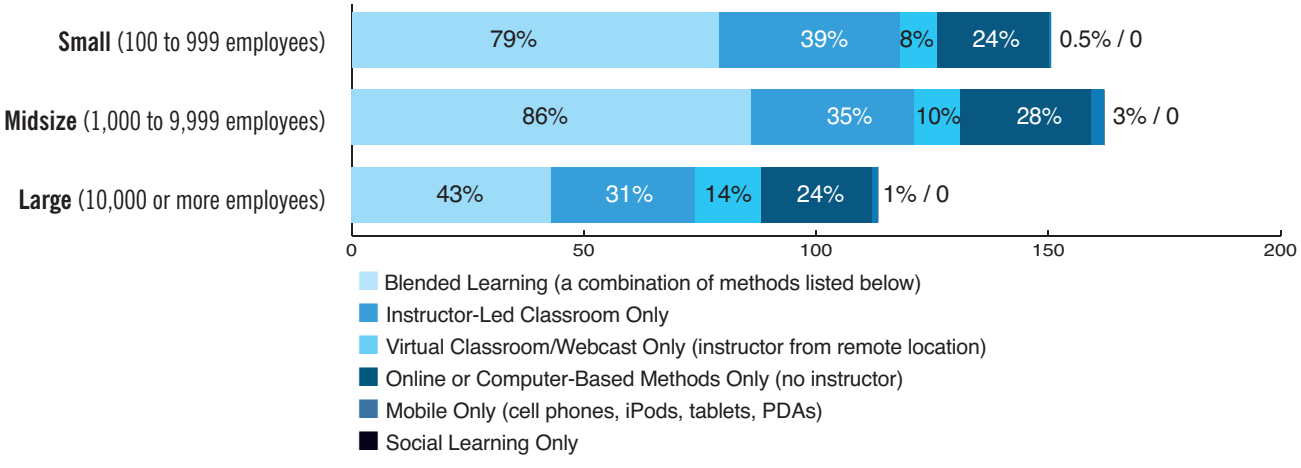
TRAINING DELIVERY

Some 69.3 percent of hours were delivered with blended learning techniques, up significantly from 34.7 percent last year.

- Some 35.5 percent of training hours were delivered by a stand-and-deliver instructor in a classroom setting—down from the 42 percent reported last year.
- 25.6 percent of hours were delivered solely via online or computer-based technologies, down from 28.6 percent last year. Virtual classroom/Webcast accounted for 10.2 percent of hours delivered, down a bit from 14 percent last year.
- 1.7 percent of training hours were delivered via mobile devices, down from 3.6 percent in 2017. None of the respondents used social learning only to delivery learning, the same as last year. And only 10.6 percent of companies are using it to some extent, down from 25 percent last year.

Instructor-led classroom training is used exclusively or mostly (90 to 100 percent of the time) by 9 percent of the organizations. More companies (34 percent) use it for 10 to 29 percent of their training. Small and midsize companies rely on blended delivery methods for a sizable amount of their training (79 and 86 percent of hours, respectively) vs. 43 percent for large companies.

Training Delivery Methods by Company Size 2018



TRAINING DELIVERY

Mandatory or compliance training continued to be done mostly online, with 82 percent of organizations doing at least some of it online and 28 percent entirely online (up from 27 percent last year). Online training also often is used for sales training (82 percent), IT systems training (73 percent), and desktop application training (70 percent). Online delivery for profession/industry-specific training was at 68 percent, followed by management/supervisory training, interpersonal skills training, and customer service training, all at 56 percent. Online training was least used for onboarding and executive development (49 percent and 48 percent, respectively).

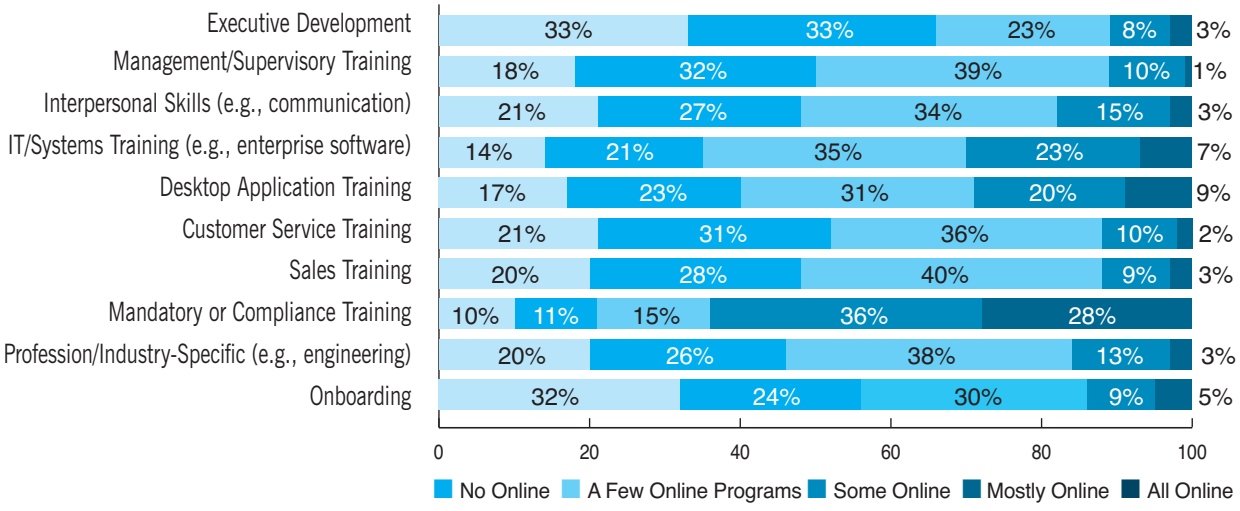
Technology use overall was slightly lower than last year. Of the learning technologies presented, the most often used included:

- Learning management systems (LMSs) at 81 percent, down from 86 percent last year, followed by virtual classroom/Webcasting/video broadcasting at 69 percent, down from 73 percent last year
- Rapid e-learning tools (45 percent, down from 48 percent last year)
- Application simulation tools (34 percent, down from 38 percent last year)

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

- Podcasting at 14 percent (up from 13 percent last year)
- Online performance support (EPSS) or knowledge management system at 21 percent (down from 23 percent)
- Mobile applications and learning content management systems (LCMSs), both at 30 percent (down from 32 percent and 35 percent, respectively)

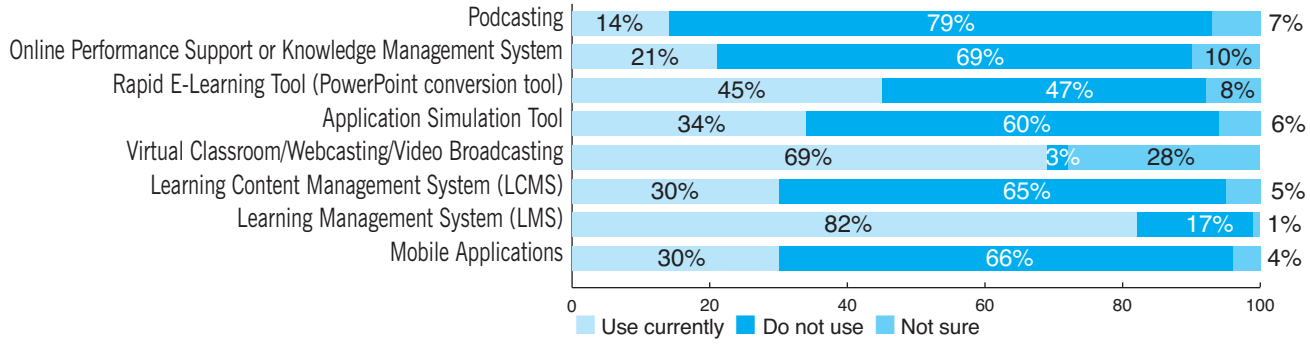
Online Method Use for Types of Training



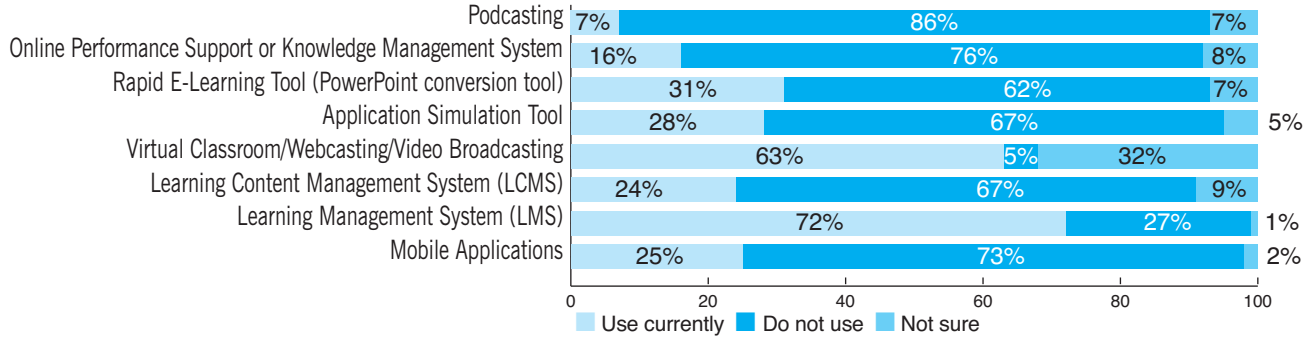
Some 69 percent of training hours were delivered via blended learning. That figure is double the percentage reported last year. Instructor-led training accounted for 35.5 percent of hours, down from 42 percent in 2017.

TRAINING DELIVERY

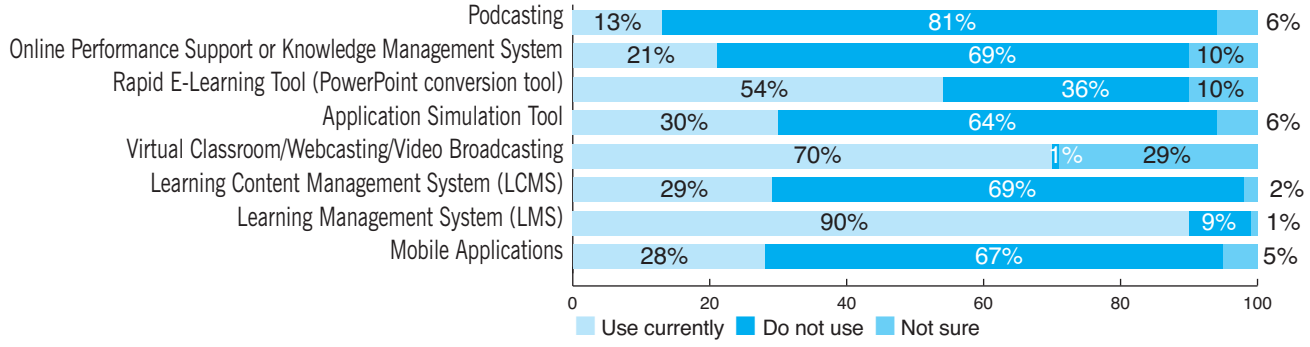
Learning Technologies Current Usage All Companies



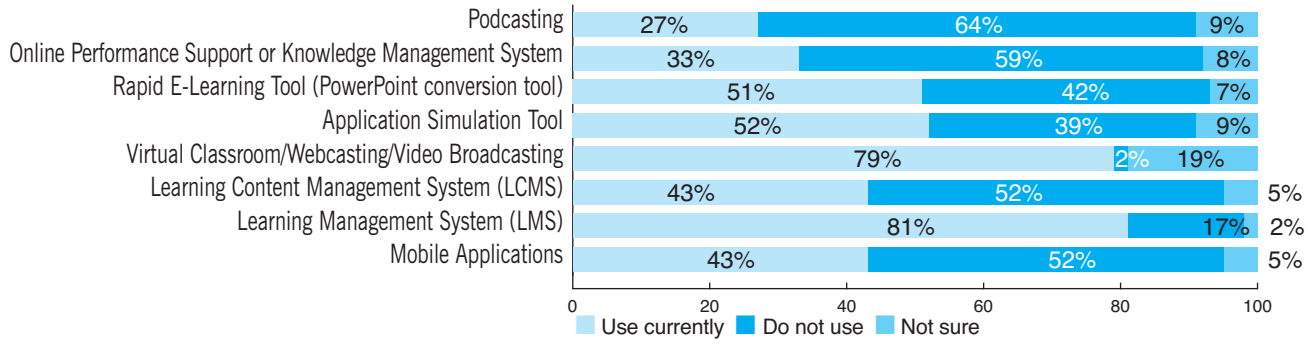
Small Companies



Midsize Companies



Large Companies



2018 saw an increase in the average expenditure for training outsourcing: $422,321, up from $219,265 in 2017. Large companies on average spent $1.3 million vs. $216,657 for midsize companies and $78,184 for small ones. An average of 14 percent of the total training budget was spent on outsourcing in 2018, doubling the 2017 percentage.

On average, 26 percent of companies mostly or completely outsourced LMS operations/hosting (down from 34 percent last year), while LMS administration and learner support largely were handled in-house (77 percent).

Instruction/facilitation was handled equally in-house (46 percent) and outsourced (54 percent). Across all the topic areas, large companies outsourced only slightly more than midsize ones, and midsize organizations outsourced more than small companies. This effect was most striking for custom content development (60 percent some or completely outsourced for large companies; 53 percent for midsize ones; and 34 percent for small organizations).

The level of outsourcing is expected to stay relatively steady in 2019—some 82 percent of organizations said they expect to stay the same in the outsourcing area. The percentage of companies expecting to decrease outsourcing (11 percent) is higher than those expecting to use outsourcing more (7 percent). Roughly half of respondents said they don't plan to outsource learner support or LMS administration in the next 12 months.

While there aren't many differences between the outsourcing changes by company size, small companies indicated they will outsource slightly less across the board than large or midsize companies.

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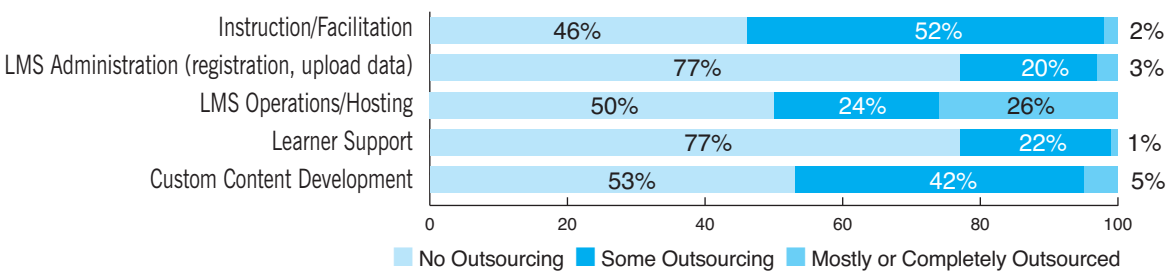
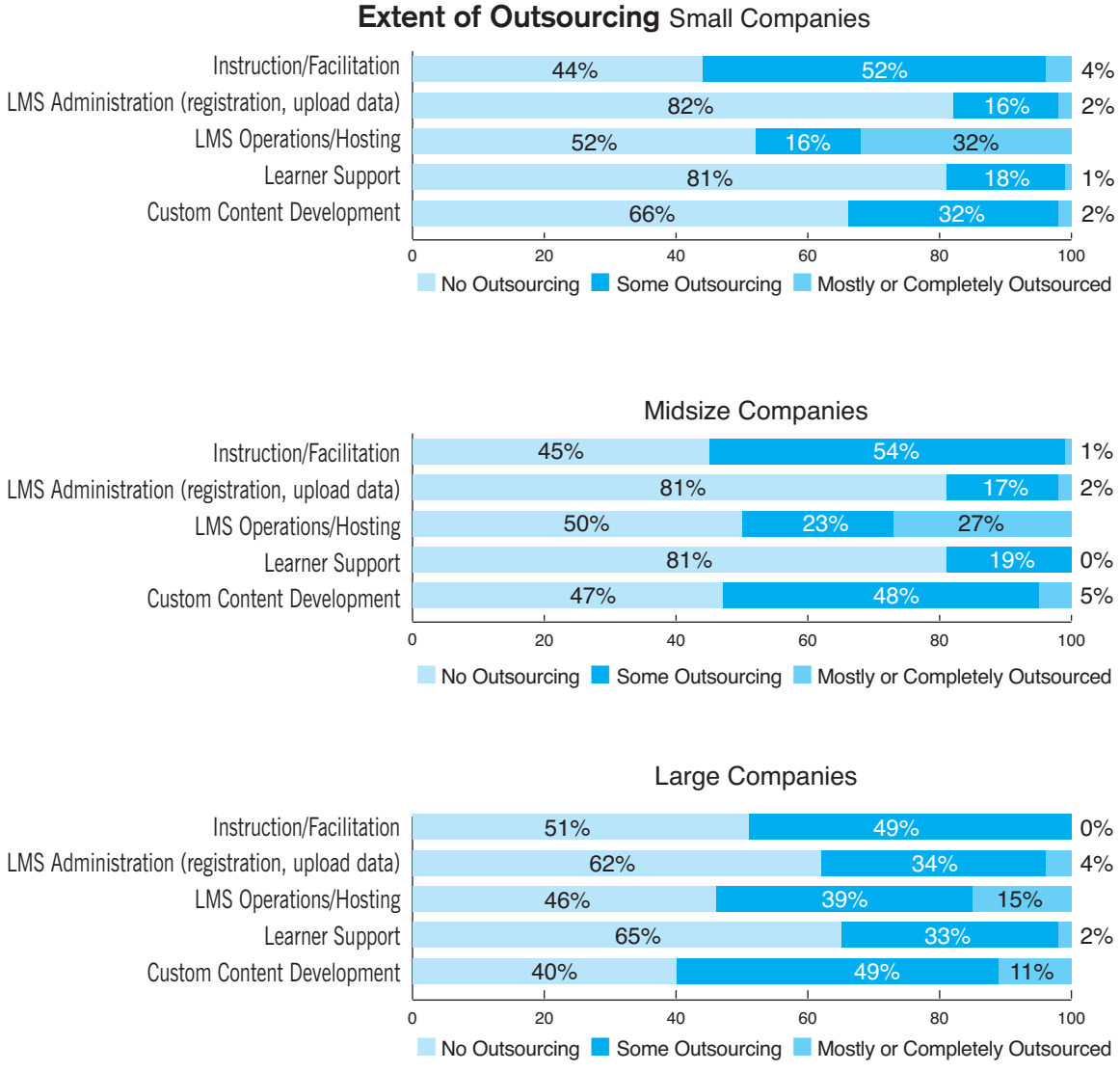
Extent of Outsourcing All Companies

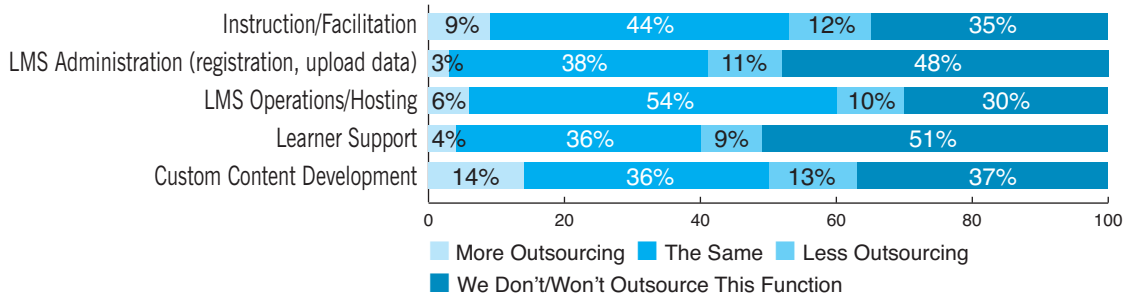


TRAINING OUTSOURCING

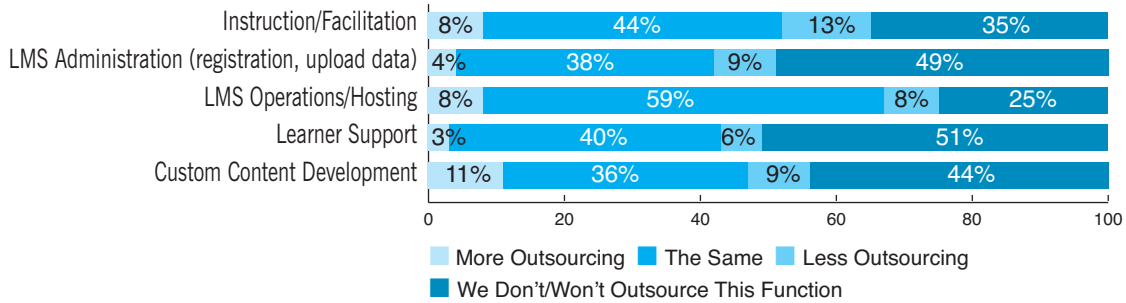


While there aren't many differences between planned changes in 2019 outsourcing by company size, small companies indicated they will outsource slightly less across the board than large or midsize organizations.

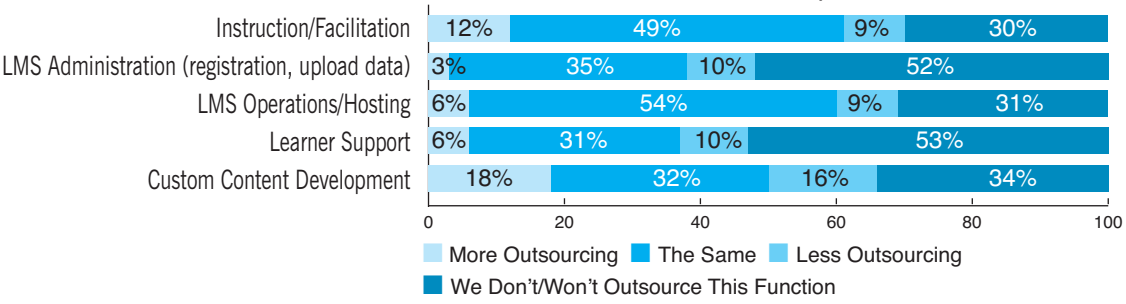
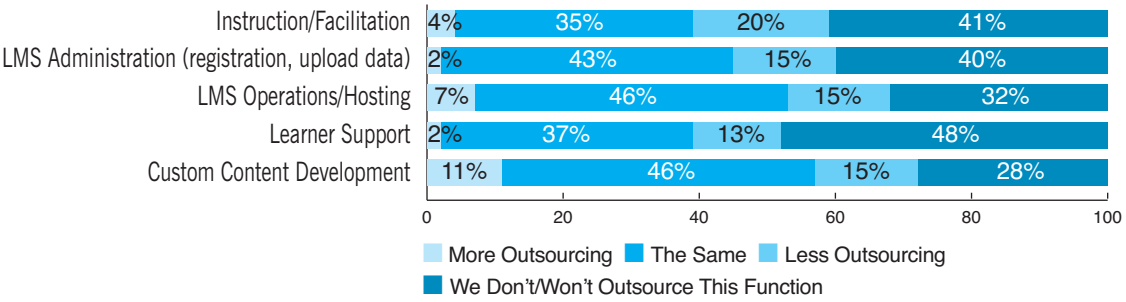
Projected Use of Outsourcing All Companies



Small Companies



Midsize Companies



Large Companies