ELEARNINGNEWS ARTICLE

Year 6 - number 229 Wednesday 21 december 2022

How to decide the price of an online course?

We explore the results of a report that studied the prices of more than 132,000 online courses.

Until recently, most training took place offline in physical classrooms and with in-person events. The problem was the lack of infrastructure for an adequate Internet connection. Fiber optics was not available in homes, and ADSL connections were suitable for downloading files but not for transmitting audio and video. In addition, there was a widespread view that only in-person training was considered synonymous with quality.
Those who wanted to train had to travel to attend in-presence, and often the cost of transportation was as great as the cost of training, if not greater.

Today this paradigm has changed. The fast Internet has relieved those who wanted to participate in these courses from having to travel to participate in attendance. Anyone can take a course anywhere there is an Internet connection.
In the process of digitizing courses, training has been completely disrupted to adapt to new technologies. Two major changes have been:

- **the significant lowering of barriers to course creation**
- **the significant lowering of the cost of course distribution**

On the one hand, the barriers to course creation have all but disappeared thanks to the spread of platforms that allow anyone to create courses and sell them on those platforms. On the other, the spread of social media has zeroed out distribution costs.

The **zeroing of course creation and distribution costs** is having repercussions on the online course market, especially when it comes to the price of courses.
As described in an article in the Post, if the costs of creating and distributing a course are close to zero, just selling a course at a slightly higher price is enough to make a profit. Since anyone who knows how to use an Internet connection can do this, this would lead to a **war on price declines**. The price drop is demonstrated by the popularity of free online courses. In many cases it is possible to participate in webinars or online classes for free, in exchange for entering our data on the platforms that will then be used to try to sell us something else.
So the popularity of online courses on the one hand has made available to anyone an unprecedented amount of information in human history, and on the other hand has significantly lowered the cost of training.

In this article we try to understand **how much one should charge for an eLearning course**. The goal is to shed light on the issue of online course pricing by providing useful benchmark data for those who are faced with choosing the price of their eLearning courses. The article refers to a study published by Podia that examines more than 132,000 courses for sale online.

General data on online course pricing

The first interesting data offered by this study concerns the average price of online courses.

- Out of 132,009 courses sold, the **average price of a course is $137**
- The standard deviation of online course prices, which measures the distance of the data from the center, is $167. The standard deviation is high, which means there is a lot of variability in the data
- Given the high variability in the data, the report states that the **range of average online course prices is from $0 to $30**4

This range is corroborated by another finding: the study shows that **89% of online course prices are $350 or less**.

Average number of courses

The study examined the average number of courses offered by creators and obtained the following data:

- Out of 18,133 creators sampled, **the median number of online courses offered by a creator is 13**.
- In contrast, the median is 6.
- The most frequently repeated number of courses in the data set, is 1 (fashion).

In practice, while many creators offer about six courses, there are many other creators who offer only one course.
One must take these numbers with care. The quantity of courses has no correlation with success. So, especially if you are just starting out, figure out what is sustainable for you.

Average price of a creator's first online course

Looking at the prices of the first online courses offered by creators the study obtained the following data:

- Out of 12,818 creators, the **median selling price of their first online course is $157**
- The median selling price of a creator's first online course is $89
- **The most frequent value** in the data set of the selling price of the first online course is **$97** (fashion)
- The standard deviation of the price of a creator's first online course is $185

The reason the data vary so much is because the dataset used is extensive and covers creators from every industry, so there is no precise average.
But the report's authors confidently state that, given the similarity between median and fashion, **most online course prices are close to $100**, even for novice creators.

Data on payment plans

Payment plans allow customers to pay for the online course over time and in some cases can lower the barrier to entry. The study also examined courses offered through this payment method and obtained the following results:

Out of 14,617 creators, 3062 offered payment plans. This means that **21 percent** of course creators in the sample use payment plans.

The payment plan can be useful because it allows you to pay over time instead of at once. This can attract customers who are hesitant about paying for a course they are not 100% convinced about. However, the opposite can also be true, and a payment plan can hurt the perceived value of your product. If the price is too low, it may be synonymous with low quality.

What to rely on when deciding on prices

Very often those who create online courses have income goals, just like any job. But in such a dynamic and sometimes confusing market, it often feels as if the goals you set do not match the price you think you should charge your customers.

The first thing to do to end this worry is to understand that whatever decision you make is only half the job. Once you set the price, you have to validate it with your customers. The other half of the job must in fact be done by them reacting to the change in price. If you lower the price too much, you risk giving the perception that your products are of low quality. Similarly, if the price is too high you must be sure to create a product that lives up to the price, otherwise people will be disappointed.

The best way to validate the price of an online course is to **ask customers for feedback**. No one has better answers than them about how much they are willing to pay.
In today's world there are many ways to send questionnaires or simple questions to your customers. The easiest tools are undoubtedly email and social media.
Email can be used for more in-depth questionnaires to send to loyal customers, while social media can be used to test potential customers on any kind of information you want to glean. You can offer discounts on courses to get answers to questions about

pricing, course length or content. In addition, the use of **social media** in the long term can lead to the creation of a community of people who may become your customers.
Don't be afraid to join as many to groups, pages on social media related to your industry. This will allow you to find more and more customers and get more and more responses. **Social media and forums are great and especially free places to start building connections with your audience and validating your ideas.**

The experts' advice

The report concludes with a list of tips and best practices that the authors were able to observe during their analysis.

- **$100** is the perfect starting price for an online course.
- **There is no "right price" f**or an online course. Data show that online courses are as diverse as the industries they are in and the customers who participate in them. Start with $100 and adjust as you go along based on feedback.
- If you want to charge more than $100, you must have an audience willing to pay. The only way to find out is to **ask your target audience directly**, and, in parallel, plan marketing strategies to persuade people to pay the surcharge.
- Aim to grow the number of courses you sell over time. The median number of courses for creators is 6. Again, you should act thoughtfully. Start with **three courses** and then increase when resources allow.
- Payment plans are offered for about one in five online courses. The report authors recommend them for courses greater than or equal to $99.

The authors point out that if the price of the first online course does not work for your audience, you can always change it. One of the advantages of creating and selling online courses lies in versatility. To change a price, a course content, or an advertisement on social media, it only takes a few gestures on the computer to do so.

Translated with www.DeepL.com/Translator